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DELTA REPORT

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VTLE - VITAL ENERGY, INC.

10-K - DECEMBER 31, 2024 COMPARED TO 10-K - DECEMBER 31, 2023

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TOTAL DELTAS 3853

█ CHANGES 474

█ DELETIONS 2036

█ ADDITIONS 1343

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended **December 31, 2023** **December 31, 2024**
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number: 001-35380


Vital Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware

45-3007926

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

521 E. Second Street Suite 1000

Tulsa Oklahoma

74120

(Address of principal executive offices)

(Zip code)

(918) 513-4570

(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
Common stock, \$0.01 par value per share	VTLE	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: **None**

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to 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. (Check one):

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

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

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

Aggregate market value of the voting and non-voting common equity held by non-affiliates was approximately **\$825.5 million** **\$1.7 billion** on **June 30, 2023** **June 30, 2024**, based on **\$45.15** **\$44.82** per share, the last reported sales price of the common stock on the New York Stock Exchange on such date.

Number of shares of registrant's common stock outstanding as of **March 4, 2024** **February 19, 2025**: **36,678,051** **38,121,479**

Documents Incorporated by Reference:

Vital Energy, Inc.

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Glossary of Oil and Natural Gas Terms

The following terms are used throughout this Annual Report on Form 10-K (this "Annual Report"):

"3D"—Method for collecting, processing and interpreting seismic data in three dimensions.

"Allocation well"—A horizontal well drilled by an oil and gas producer under two or more leaseholds that are not pooled, under a permit issued by the RRC.

"Argus WTI Midland"—An index price reflecting the weighted average price of WTI at the pipeline and storage hub at Midland.

"Argus WTI Formula Basis"—The outright price at Cushing that is used as the basis for pricing all other Argus US Gulf coast physical crudes.

"Basin"—A large natural depression on the earth's surface in which sediments, generally brought by water, accumulate.

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

"Benchmark Prices"—The unweighted arithmetic average first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period before differentials, as required by SEC guidelines.

"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.

"BOE/D"—BOE per day.

"Btu"—British thermal unit, the quantity of heat required to raise the temperature of a one pound mass of water by one degree Fahrenheit.

"Completion"—The process of treating a drilled well followed by the installation of permanent equipment for the production of oil or natural gas, or in the case of a dry hole, the reporting of abandonment to the appropriate agency.

"Developed acreage"—The number of acres that are allocated or assignable to productive wells or wells capable of 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.

"Dry hole"—A well found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.

"Exchange Act"—The Securities Exchange Act of 1934, as amended.

"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 differ from nearby rock.

"Fracturing" or **"Frac"**—The propagation of fractures in a rock layer by a pressurized fluid. This technique is used to release petroleum and natural gas for extraction.

"GAAP"—Generally accepted accounting principles in the United States.

"Gross acres" or **"gross wells"**—The total acres or wells, as the case may be, in which a working interest is owned.

"HBP"—Acreage that is held by production.

"Henry Hub"—A natural gas pipeline delivery point in south Louisiana that serves as the benchmark natural gas price underlying NYMEX natural gas futures contracts.

"Horizon"—A term used to denote a surface in or of rock, or a distinctive layer of rock that might be represented by a reflection in seismic data.

"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"—The Intercontinental Exchange.

"Initial Production"—The measurement of production from an oil or gas well when first brought on stream. Often stated in terms of production during the first thirty days.

"Liquids"—Describes oil, condensate and natural gas liquids.

"MBbl"—One thousand barrels of crude oil, condensate or natural gas liquids.

"MBOE"—One thousand BOE.

"Mcf"—One thousand cubic feet of natural gas.

"MMBtu"—One million Btu.

"MMcf"—One million cubic feet of natural gas.

"Natural gas liquids" or **"NGL"**—Components of natural gas that are separated from the gas state in the form of liquids, which include propane, butanes and ethane, among others.

"Net acres"—The percentage of gross acres an owner has out of a particular number of acres, or a specified tract. An owner who has 50% interest in 100 acres owns 50 net acres.

"Net revenue interest"—An owner's interest in the revenues of a well after deduction proceeds allocated to royalty and overriding interests.

"NYMEX"—The New York Mercantile Exchange.

"Overriding royalty interest"—A fractional undivided interest or right to production or revenues, free of costs, of a lessee with respect to an oil or natural gas well, that overrides a working interest.

"Productive well"—A well that is found to be capable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of the production exceed production expenses and taxes.

"Proved developed reserves" or **"PDP"**—Reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

"Proved reserves"—The estimated quantities of oil, natural gas and natural gas liquids 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 within five years from new wells on undrilled locations and for which a specific capital commitment has been made or from existing wells where a relatively major expenditure is required for recompletion.

"Realized Prices"—Prices which reflect adjustments to the Benchmark Prices for quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point without giving effect to our commodity derivative transactions.

"Recompletion"—The process of re-entering an existing wellbore that is either producing or not producing and completing in new reservoirs in an attempt to establish or increase existing production.

"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 separate from other reservoirs.

"Royalty interest"—An interest that gives an owner the right to receive a portion of the resources or revenues without having to carry any development **or operating** costs, which may be subject to expiration.

"RRC"—The Railroad Commission of Texas.

"SEC" — The U.S. Securities and Exchange Commission.

"Securities Act" — The Securities Act of 1933, as amended.

"Senior Secured Credit Facility" — The Fifth Amended and Restated Credit Agreement among Vital Energy, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Vital Midstream Services, LLC, as guarantor, and the banks signatory thereto.

"Spacing"—The distance between wells producing from the same reservoir.

"Standardized measure"—Discounted future net cash flows estimated by applying Realized Prices to the estimated future production of year-end proved reserves. Future cash inflows are reduced by estimated future production and development costs based on period end costs to determine pre-tax cash inflows. Future income taxes, if applicable, are computed by applying the statutory tax rate to the excess of pre-tax cash inflows over our tax basis in the oil and natural gas properties. Future net cash inflows after income taxes are discounted using a 10% annual discount rate.

"Three stream"—Production or reserve volumes of oil, natural gas liquids and natural gas, where the natural gas liquids have been removed from the natural gas stream and the economic value of the natural gas liquids is separated from the **wellhead price** of natural gas **price produced at or near the well**.

"Undeveloped acreage"—Lease acreage on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and natural gas regardless of whether such acreage contains proved reserves.

"WAHA"—Waha West Texas Natural Gas Index price as quoted in Platt's Inside FERC.

"Wellhead natural gas"—Natural gas produced at or near the well.

"Working interest" or **"WI"**—The right granted to the lessee of a property to explore for and to produce and own crude oil, natural gas liquids, natural gas or other minerals. The working interest owners bear the exploration, development and operating costs on either a cash, penalty or carried basis.

"WTI"—West Texas Intermediate grade crude oil. A light (low density) and sweet (low sulfur) crude oil, used as a pricing benchmark for NYMEX oil futures contracts.

Cautionary Statement Regarding Forward-Looking Statements

Various statements contained in or incorporated by reference into this Annual Report are forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. These forward-looking statements include statements, projections and estimates concerning our operations, performance, business strategy, oil, NGL and natural gas reserves, drilling program capital expenditures, liquidity and capital resources, the timing and success of specific projects, outcomes and effects of litigation, claims and disputes, derivative activities and potential financing. Forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "could," "may," "will," "foresee," "plan," "goal," "should," "intend," "pursue," "target," "continue," "suggest" or the negative thereof or other variations thereof or other words that convey the uncertainty of future events or outcomes. Forward-looking statements are not guarantees of performance. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Among the factors that significantly impact our business and could impact our business in the future are:

- the volatility of oil, NGL and natural gas prices, including our area of operation in the Permian Basin;
- continuing and/or worsening inflationary pressures and associated changes in monetary policy that may cause costs to rise;
- changes in domestic and global production, supply and demand for oil, NGL and natural gas, and actions by the Organization of the Petroleum Exporting Countries members and other oil exporting nations ("OPEC+");
- our ability to execute our strategies, including our ability to successfully identify and consummate strategic acquisitions at purchase prices that are accretive to our financial results and to successfully integrate acquired businesses, assets and properties;
- our ability to realize the anticipated benefits of acquisitions, including effectively managing our expanded acreage;
- reduced demand due to shifting market perception towards the oil and gas industry;
- our ability to optimize spacing, drilling and completions techniques in order to maximize our rate of return, cash flows from operations and stockholder value;
- the ongoing instability and uncertainty in the United States ("U.S.") and international energy, financial and consumer markets that could adversely affect the liquidity available to us and our customers and the demand for commodities, including oil, NGL and natural gas;
- competition in the oil and gas industry;
- our ability to discover, estimate, develop and replace oil, NGL and natural gas reserves and inventory;
- insufficient transportation capacity in the Permian Basin and challenges associated with such constraint, and the availability and costs of sufficient gathering, processing, storage and export capacity;
- a decrease in production levels which may impair our ability to meet our contractual obligations and ability to retain our leases;
- risks associated with the uncertainty of potential drilling locations and plans to drill in the future;
- the inability of significant customers to meet their obligations;
- revisions to our reserve estimates as a result of changes in commodity prices, decline curves and other uncertainties;
- the availability and costs of drilling and production equipment, supplies, labor and oil and natural gas processing and other services;
- the effects, duration and other implications of, including government response to, widespread epidemic or pandemic diseases;

- ongoing war and political instability in Ukraine, Israel and the Middle East and the effects of such conflicts on the global hydrocarbon market; market and supply chains;
- loss of senior management or other key personnel;
- risks related to the geographic concentration of our assets;
- capital requirements for our operations and projects;
- our ability to hedge commercial risk, including commodity price volatility, and regulations that affect our ability to hedge such risks;
- our ability to continue to maintain the borrowing capacity under our Senior Secured Credit Facility (as defined herein) or access other means of obtaining capital and liquidity, especially during periods of sustained low commodity prices;
- our ability to comply with restrictions contained in our debt agreements, including our Senior Secured Credit Facility and the indentures governing our senior unsecured notes, as well as debt that could be incurred in the future;
- our ability to generate sufficient cash to service our indebtedness and pay dividends on our 2.0% Mandatorily Convertible Series A Preferred Stock, fund our capital requirements and generate future profits;
- drilling and operating risks, including risks related to hydraulic fracturing activities and those related to inclement or extreme weather, impacting our ability to produce existing wells and/or drill and complete new wells over an extended period of time;
- the impact of legislation or regulatory initiatives intended to address induced seismicity on our ability to conduct our operations;
- U.S. and international economic conditions and legal, tax, political and administrative developments, including the effects of energy, trade and environmental policies and existing and future laws and government regulations as well as volatility in the political, legal and regulatory environments ahead as a result of the upcoming U.S. presidential election;
- our ability to comply with federal, state and local regulatory requirements;

- the impact of repurchases, if any, of securities from time to time;
- our ability to maintain the health and safety of, as well as recruit and retain, qualified personnel necessary to operate our business;
- 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 others with authorized access, cyber or phishing attacks, ransomware, social engineering, physical breaches or other actions;**
- our ability to secure or generate sufficient electricity to produce our wells without limitations; and
- our belief that the outcome of any **current** legal proceedings will not materially affect our financial results and operations.

Reserve engineering is a process of estimating underground accumulations of oil, NGL 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 upward or downward 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, NGL and natural gas that are ultimately recovered.

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various factors, including those set forth in this Annual Report under "Item 1A. Risk Factors," in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report. In light of such risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date of this Annual Report, or if earlier, as of the date they were made.

Should one or more of the risks or uncertainties described herein occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. All forward-looking statements, expressed or implied, included in this Annual Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Annual Report.

Summary Risk Factors

Risks related to our business

- Oil, NGL and natural gas prices are volatile.** Volatility in oil, NGL and natural gas prices has adversely affected, and may continue to adversely affect, our business, financial condition and results of operations and may in the future affect our ability to meet our capital expenditure obligations and financial commitments as well as negatively impact our stock price.
- Conservation measures, technological advances and negative shift in market perception towards the oil and natural gas industry could reduce demand for oil and natural gas.
- We may be subject to risks in connection with acquisitions and dispositions of assets.
- Acquisitions may not achieve the intended results and our results may suffer if we do not effectively manage our expanded operations following such transactions.
- Continuing or worsening inflationary pressures and associated changes in monetary policy have resulted in and may result in additional increases to our drilling and completions costs and costs of oilfield services, equipment, and materials, which in turn have caused and may continue to cause our capital expenditures and operating costs to rise.
- As a result of the volatility in prices for oil, NGL and natural gas, we have taken and may be required to take further write-downs of the carrying values of our properties.
- There is no guarantee that we will be successful in optimizing our spacing, drilling and completions **techniques in order to maximize our rate of return, cash flows from operations and stockholder value.** **techniques.**
- Competition** **Intense competition** in the oil and natural gas industry **is intense, making** **may make** it difficult **for us to acquire properties, market oil, NGL** **secure assets and natural gas and secure** trained personnel.
- Recent transactions may expose us to contingent liabilities.
- Estimating reserves and future net cash flows involves uncertainties.
- Unless we replace our oil, NGL and natural gas production, our reserves and production will decline.
- The marketability of our production is dependent upon transportation, processing and storage, certain of which we do not control. If these services are unavailable, our operations could be interrupted and our revenues reduced.
- The inability of our significant customers to meet **their** **obligations to us** may materially adversely affect our financial results.

- Our business and operations may be further impacted by epidemics, outbreaks and other public health events.
- Our business could be negatively impacted by disruption of electronic systems, system disruptions, security threats, including cybersecurity threats and other disruptions.
- Our business could be negatively impacted by hydrocarbon, oil and natural gas price volatility as the result of, or with the intensification of global geopolitical tensions.
- Our producing properties are in a concentrated geographic area, making us vulnerable to risks associated with operating in one major geographic area.
- Our targets and disclosures related to sustainability and emissions reduction initiatives including our public statements and disclosures regarding them, may expose us to numerous certain risks.

Risks related to our financing and indebtedness

- Our business requires significant capital expenditures and we may be unable to obtain needed capital or financing on satisfactory terms or at all.
- Currently, we receive a level of cash flow stability as a result of our hedging activity. To the extent we are unable to obtain future hedges at beneficial prices or our commodity derivative activities are not effective, our cash flows and financial condition may be adversely impacted.
- We require a significant amount of cash to service our indebtedness and may incur significant additional amounts of debt. Our ability to generate cash depends on many factors beyond our control.
- Increases in our cost of and ability to access capital could adversely affect our business.

- Borrowings under our Senior Secured Credit Facility expose us to interest rate risk.
- We require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control.
- Any significant reduction in our borrowing base under our Senior Secured Credit Facility as a result of a periodic borrowing base redetermination or otherwise will negatively impact our liquidity, and, consequently, our ability to fund our operations as well as our and ability to repay borrowings under our Senior Secured Credit Facility or any other obligation if required. required obligation.
- Our debt agreements contain restrictions that limit our flexibility in operating our business.

Risks related to regulation of our business

- If we are unable to drill new allocation wells, it could have a material adverse impact on our future production results.
- Federal and state legislation and regulatory initiatives relating to hydraulic fracturing and water disposal wells could prohibit projects or result in materially increased costs and additional operating restrictions or delays because of the significance of hydraulic fracturing and water disposal wells in our business. delays.
- New legislation and regulatory initiatives or restrictions relating to water disposal wells could have a material adverse effect on our future business, financial condition, operating results and prospects.
- Legislation or regulatory initiatives intended to address seismic activity could restrict our drilling, and production activities, as well as our ability to dispose of and produced water gathered from such disposal activities, which could have a material adverse effect on our business.
- A change in the jurisdictional characterization of some of our assets or in policy by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation, of our assets, which may cause our revenues to decline and operating expenses to increase.
- The adoption of climate change legislation or regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil, NGL and natural gas, we produce, while potential physical effects of climate change could disrupt our operations and cause us to incur significant costs in preparing for or responding to those effects.
- Our operations may be exposed to significant delays, costs and liabilities as a result of environmental, health and safety requirements applicable to our business activities.
- Derivatives reform legislation and related regulations could have an adverse effect on our ability to hedge risks associated with our business. risks.

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

Risks related to our common stock

- Our amended and restated current certificate of incorporation amended and restated bylaws and Delaware state law contain provisions that may have the effect of delaying or preventing a change in control and may adversely affect the market price of our capital stock.

- The availability of shares for sale in the future could reduce the market price of our common stock.
- Because we have no current plans to pay, and certain of our agreements may under specified conditions, limit our ability to pay, dividends on our common stock, investors must look primarily to stock appreciation for a return on their investment in us.

Part I

Item 1. Business

Except where the context indicates otherwise, amounts, numbers, dollars and percentages presented in this Annual Report are rounded and therefore approximate. Unless the context otherwise requires, references in this Annual Report to "Vital," the "Company," "we," "our," "us," or similar terms refer to Vital Energy, Inc. and its subsidiaries at the applicable time, including former subsidiaries and predecessor companies, as applicable.

Overview

Vital Energy, Inc., together with its wholly-owned subsidiaries, is an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties in the Permian Basin of West Texas. The oil and liquids-rich Permian Basin is characterized by multiple target horizons, extensive production histories, long-lived reserves, high drilling success rates and high initial production rates. As of December 31, 2023 December 31, 2024, we had assembled 265,306 286,796 largely contiguous net acres in the Permian Basin, most of which is prospective for multi-zone development in Crane, Glasscock, Howard, Midland, Reagan, and Upton counties in the Midland Basin and Pecos, Reeves, and Ward counties in the Delaware Basin. We have identified one operating segment: exploration and production.

Business strategy and 2023 2024 operational highlights

Our strategy is to create long-term value for our shareholders through the efficient development and acquisition of high-margin properties, combined with prudent balance sheet management and sustainable environmental practices, sensible emissions targets. We have operated in the Permian Basin since 2008, drilling 700 760 operated horizontal wells. Our extensive operating experience in the basin underpins our ability to successfully develop our properties, assess attractive acquisition opportunities and operate safely and efficiently, ultimately maximizing returns on our development program.

Since late 2019, we have significantly expanded our Permian Basin leasehold, acquiring approximately 140,000 165,000 net acres of capital efficient, oil-weighted properties in both the Midland and Delaware basins. We have increased the scale of our business, while maintaining a strong capital structure and exercising capital discipline to maximize cash flow. Our larger acreage footprint expands opportunities to create value by acquiring or leasing acreage adjacent to our properties, enabling the addition of new drilling locations or improving the economics of existing locations. We will continue to evaluate additional prospective formations to potentially add additional economic inventory to our existing leasehold.

The year 2023 was significant for Vital Energy as we We executed six large, high-value acquisitions in 2023 and 2024, including our single largest transaction in the Permian Basin for an aggregate consideration Company's public history with the acquisition of approximately \$1.6 billion. These acquisitions (i) the assets of Point Energy Partners. Successful integration of these assets enhanced the scale and durability of our business, (ii) added approximately 52,000 BOE/d driving total production growth of production, at the time 39%, revenue growth of announcement, 88,000 net acres 27% and 280 gross oil-weighted locations increased estimated proved reserves of 12% in 2024.

We have incorporated appropriate emissions targets into our operations. By 2024, we achieved our 2025 targets for greenhouse gas intensity, methane emissions and (iii) water recycling and established a new core operating position in the Delaware Basin. We began developing this acreage in 2023 as we integrated the acquisitions combined Scope 1 and expect approximately 45% of 2 emissions target for 2030 that is 62% below our development budget in 2024 to be allocated to these new assets.

Our 2023 development program delivered strong returns as new wells exceeded production expectations and well costs declined throughout the year. Base production exceeded expectations by 10% as we focused on utilizing digital technologies and specialized teams to optimize artificial lift operations. 2019 baseline.

Throughout 2023, 2024, we took steps to strengthen strengthened our balance sheet and liquidity. We funded approximately 60% issued \$1 billion of the value of our acquisitions in 2023 with equity in the form of common stock and 2.0% Mandatorily Convertible Series A Preferred Stock, paid off the entire principal amount of our 9.500% new senior unsecured notes due 2025 2032, utilizing proceeds to redeem near-term maturities, resulting in no term-debt maturities until 2029. The lenders party to our senior secured credit facility increased their elected commitments by \$250 million to \$1.5 billion and expanded our Senior Secured Credit Facility's elected commitment to \$1.25 billion. We have hedged approximately 19,053 MBbl 75% of our anticipated 2025 oil production at \$75 WTI for 2024. per barrel WTI.

We believe that we have incorporated robust environmental, social and governance ("ESG") practices into our operations, and described these practices in the sustainability reports we have published since 2020. The disclosures in these reports are generally aligned to multiple globally recognized standards and communicate our ambitious emissions reductions targets and outline goals for reducing both greenhouse gas intensity and methane emissions, as well as eliminating routine flaring by

2025. Our 2022 report expanded our emissions reduction targets to include a 2025 target for the percentage of recycled water to be used in our completions operations as well as a 2030 combined Scope 1 and Scope 2 greenhouse gas intensity target. Our 2023 report describes the meaningful progress we've made toward our environmental targets, with our 2025 goals for greenhouse gas (GHG) emissions and methane intensity already being achieved. Beyond our emissions reduction targets, we also disclosed climate-related scenario

analysis, Scope 3 emissions estimates, and EEO-1 workforce diversity data. We also described our expanded continuous emissions monitoring program, the certification of portions of our oil and natural gas production as responsibly sourced through the Project Canary TrustWell™ Certification and being the first operator to achieve the Project Canary TrustWell™ Certification Low Methane Rating. We remain committed to achieving our emission reduction targets and continue to incorporate environmental measures into our executive compensation program.

Our business strategy is clear and we believe it is sustainable even in a low carbon economy. We will continue to focus on safely developing our highest return oil-weighted inventory while opportunistically adding more high-margin acreage as we seek and optimize all of our properties to improve our margins and profitability. Our priority is to generate cash flow, further reduce leverage and make progress to a return of cash program build long-term value for our stockholders. shareholders.

Operating areas

We currently focus our exploration, development and production efforts in one geographic operating area, the Permian Basin.

Well data

We are currently focusing our development activities on horizontal drilling targets in the Wolfcamp, Spraberry, and Bone Spring formations. As of December 31, 2023 December 31, 2024, we had an average working interest of 72% 74% in Vital-operated active productive wells and 66% 69% in all wells in which Vital Energy has an interest, and our leases are 92% 91% held by production.

The following table sets forth certain information regarding productive wells as of December 31, 2023 December 31, 2024. Wells are classified as oil or natural gas wells according to the predominant production stream. All but 100 101 of our wells are classified as oil wells, all of which also produce liquids-rich natural gas and condensate when in a producing status. We also own royalty and overriding royalty interests in a small number of wells in which we do not own a working interest.

	Total productive wells		Average WI %		Total productive wells		Average WI %	
Permian-Midland Basin:								
Permian-Midland Basin:								
Permian-Midland Basin:								
Operated								
Operated	965	915	915	1,880	1,880	1,335	941	991
Non-operated	167	62	62	229	229	57	157	66
Non-operated	57	25	25	71	71	25 %	66	223
Permian-Delaware Basin:								
Permian-Delaware Basin:								
Permian-Delaware Basin:								
Operated								
Operated	127	184	184	311	311	236	27	445
Non-operated	16	40	40	56	56	8	1	51
Non-operated	8	15	15	76	76	15 %	51	52
Total	1,275	1,201	1,201	2,476	2,476	1,636	1,126	1,553
Total	1,636	66	66	66	66	66 %	1,553	2,679

Drilling activity

On December 31, 2023 As of December 31, 2024, we had contracted four five drilling rigs drilling horizontal wells and two completions crews. crews contracted to drill and complete horizontal wells in the Permian Basin. Throughout 2024, 2025, we anticipate running four to six drilling rigs and one to two three completions crews. We may adjust our drilling rig count and/or completions crews to maximize efficiencies and cash flow. If we decrease our drilling rig count and/or completions crews, it may have a negative impact on our production. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and capital resources" and Note 15 to our consolidated financial statements included elsewhere in this Annual Report for additional information.

The following table summarizes our drilling activity with respect to the number of wells completed and turned-in line for the periods presented. Gross wells reflect the sum of all operated wells in which we own an interest. Net wells reflect the sum of our working interests in **these** gross wells.

	Years ended December 31,											
	2023		2022		2021		2024		2023		2022	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Development wells:												
Productive												
Productive												
Productive												
Dry												
Total development wells												
Exploratory wells:												
Productive												
Productive												
Productive												
Dry												
Total exploratory wells												

Sales volumes, revenues, prices and expenses history

The following tables present information regarding our oil, NGL and natural gas sales volumes, sales revenues, average sales prices, and selected average costs and expenses per BOE sold for the periods presented and corresponding changes for such periods. Our reserves and sales volumes are reported in three streams: crude oil, NGL and natural gas. For additional information on price calculations, see the information in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

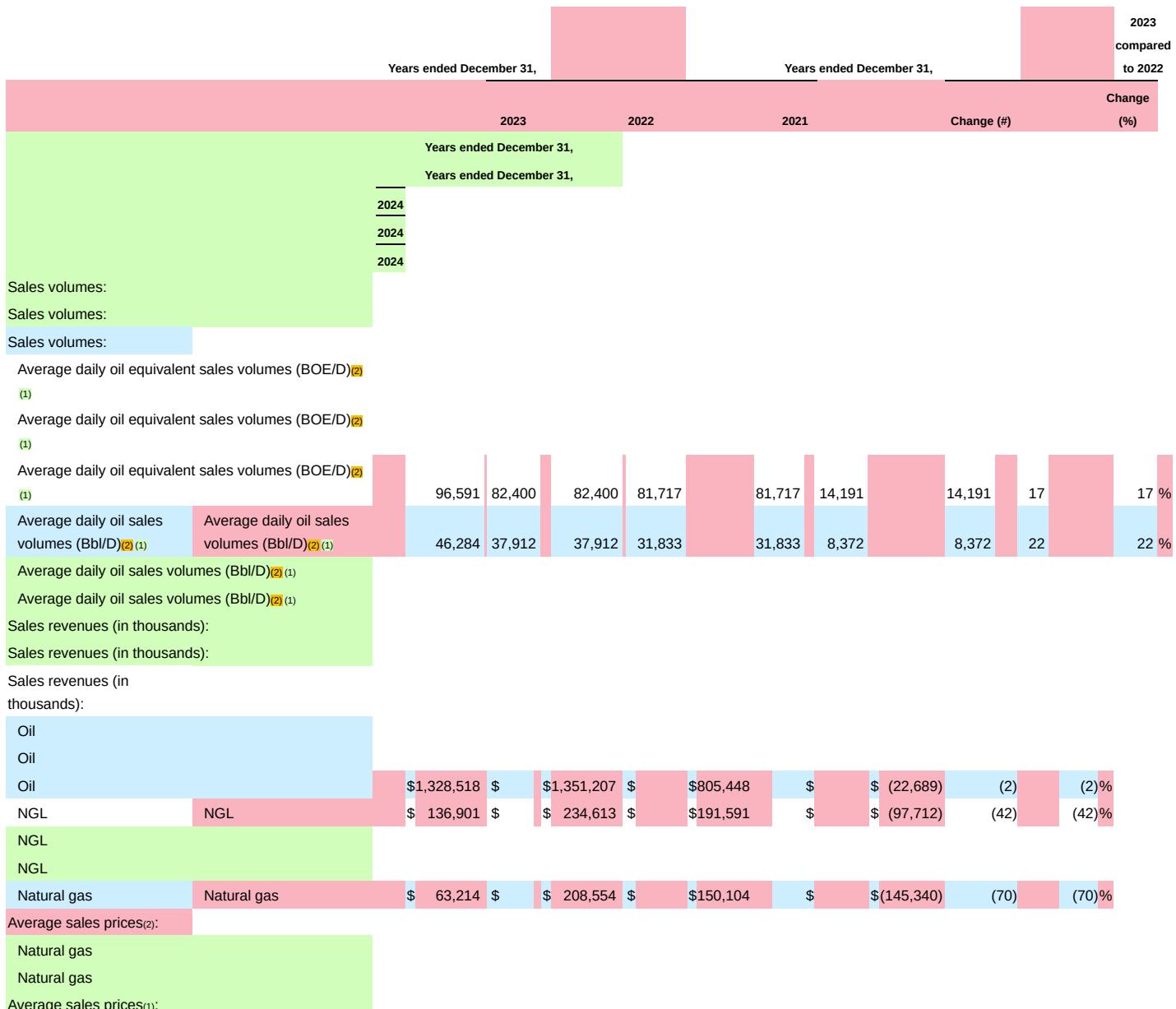
	Midland Basin	Midland Basin	Delaware Basin ⁽³⁾	Total	Midland Basin	Delaware Basin ⁽²⁾	Total
Sales volumes:							
Year ended December 31, 2021							
Year ended December 31, 2021							
Year ended December 31, 2021							
Year ended December 31, 2022:							
Year ended December 31, 2022:							
Year ended December 31, 2022:							
Oil (MBbl)							
Oil (MBbl)							
Oil (MBbl)							
NGL (MBbl)							
Natural gas (MMcf)							
Total oil equivalents (MBOE) ⁽¹⁾⁽²⁾							
Year ended December 31, 2022							
Total oil equivalents (MBOE) ⁽¹⁾							
Year ended December 31, 2023:							
Oil (MBbl)							
Oil (MBbl)							
Oil (MBbl)							
NGL (MBbl)							
Natural gas (MMcf)							
Total oil equivalents (MBOE) ^{(2) (1)}							
Year ended December 31, 2023							
Year ended December 31, 2024:							
Oil (MBbl)							

Oil (MBbl)
Oil (MBbl)
NGL (MBbl)
Natural gas (MMcf)
Total oil equivalents (MBOE) ⁽¹⁾⁽²⁾
Total oil equivalents (MBOE) ⁽¹⁾

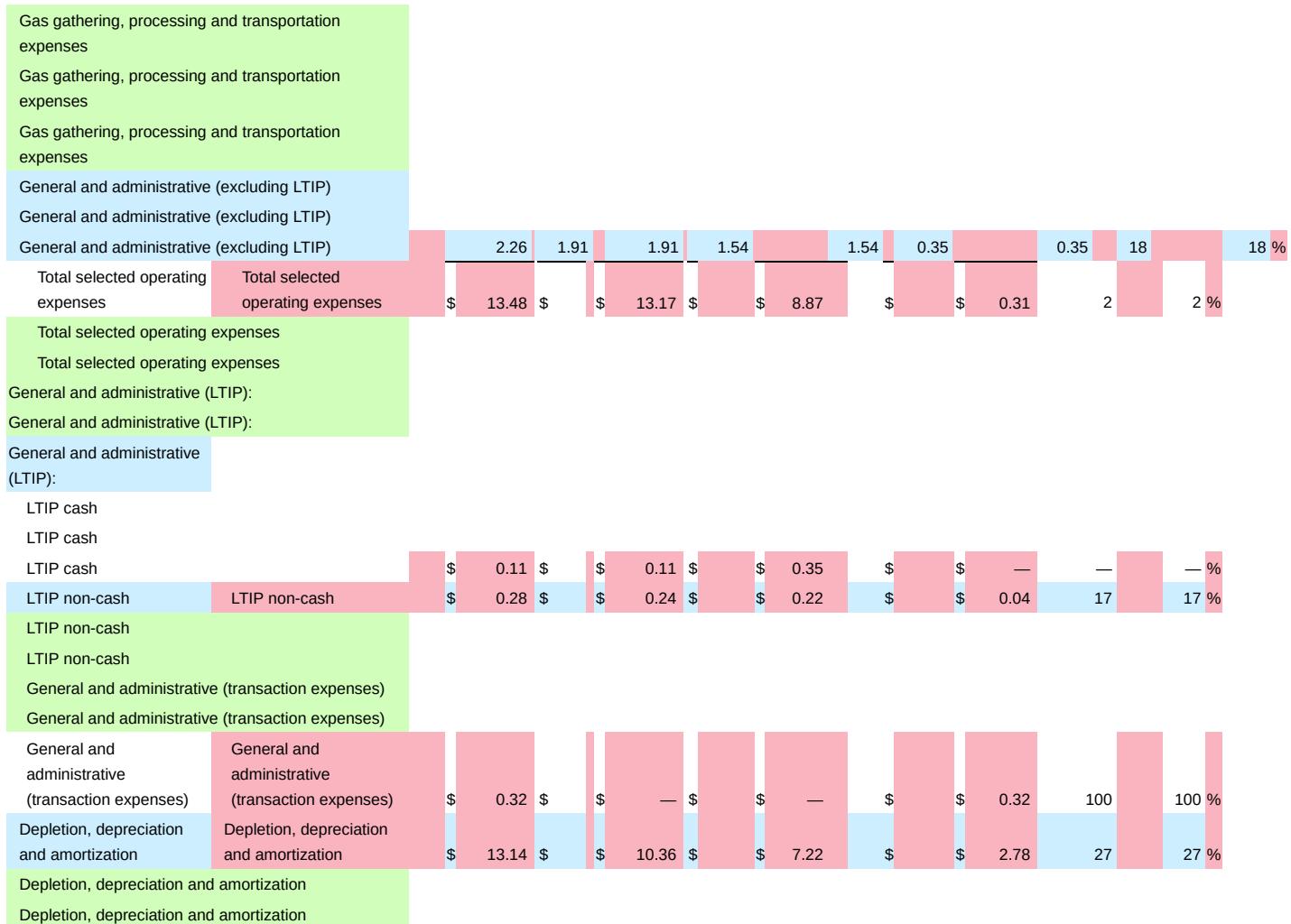
(1) BOE is calculated using a conversion rate of six Mcf per one Bbl.

(2) The numbers presented in the years ended December 31, 2023, 2022 and 2021 are based on actual amounts and may not recalculate using the rounded numbers presented in the table above.

(3) Delaware Basin production is the result of oil and natural gas properties acquired during the year ended December 31, 2023. See Note 4 to our consolidated financial statements included elsewhere in this Annual Report for additional information on our acquisitions of oil and natural gas properties.



Average sales prices ⁽¹⁾ :									
Average sales prices ⁽¹⁾ :									
Oil (\$/Bbl) ⁽³⁾⁽²⁾									
Oil (\$/Bbl) ⁽³⁾⁽²⁾		\$ 78.64	\$ 97.65	\$ 69.32	\$ (19.01)	\$ (19)	\$ (19)%		
NGL (\$/Bbl) ⁽³⁾⁽²⁾	NGL (\$/Bbl) ⁽³⁾⁽²⁾	\$ 15.00	\$ 29.22	\$ 22.08	\$ (14.22)	\$ (49)	\$ (49)%		
NGL (\$/Bbl) ⁽³⁾⁽²⁾									
NGL (\$/Bbl) ⁽³⁾⁽²⁾									
Natural gas (\$/Mcf) ⁽³⁾⁽²⁾									
Natural gas (\$/Mcf) ⁽³⁾⁽²⁾	Natural gas (\$/Mcf) ⁽³⁾⁽²⁾	\$ 1.14	\$ 4.23	\$ 2.63	\$ (3.09)	\$ (73)	\$ (73)%		
Average sales price (\$/BOE) ⁽³⁾⁽²⁾	Average sales price (\$/BOE) ⁽³⁾⁽²⁾	\$ 43.36	\$ 59.66	\$ 38.46	\$ (16.30)	\$ (27)	\$ (27)%		
Average sales price (\$/BOE) ⁽³⁾⁽²⁾									
Average sales price (\$/BOE) ⁽³⁾⁽²⁾									
Oil, with commodity derivatives (\$/Bbl) ⁽⁴⁾⁽³⁾									
Oil, with commodity derivatives (\$/Bbl) ⁽⁴⁾⁽³⁾	Oil, with commodity derivatives (\$/Bbl) ⁽⁴⁾⁽³⁾	\$ 76.99	\$ 70.32	\$ 52.09	\$ 6.67	\$ 9	\$ 9 %		
NGL, with commodity derivatives (\$/Bbl) ⁽⁴⁾⁽³⁾	NGL, with commodity derivatives (\$/Bbl) ⁽⁴⁾⁽³⁾	\$ 15.00	\$ 24.29	\$ 10.55	\$ (9.29)	\$ (38)	\$ (38)%		
NGL, with commodity derivatives (\$/Bbl) ⁽⁴⁾⁽³⁾									
NGL, with commodity derivatives (\$/Bbl) ⁽⁴⁾⁽³⁾									
Natural gas, with commodity derivatives (\$/Mcf) ⁽⁴⁾⁽³⁾	Natural gas, with commodity derivatives (\$/Mcf) ⁽⁴⁾⁽³⁾	\$ 1.34	\$ 2.83	\$ 1.56	\$ (1.49)	\$ (53)	\$ (53)%		
Average sales price, with commodity derivatives (\$/BOE) ⁽¹⁾⁽⁴⁾		\$ 42.87	\$ 43.48	\$ 26.36	\$ (0.61)	\$ (1)	\$ (1) %		
Selected average costs and expenses per BOE sold ⁽¹⁾⁽²⁾ :									
Natural gas, with commodity derivatives (\$/Mcf) ⁽⁴⁾⁽³⁾									
Natural gas, with commodity derivatives (\$/Mcf) ⁽⁴⁾⁽³⁾									
Average sales price, with commodity derivatives (\$/BOE) ⁽³⁾									
Average sales price, with commodity derivatives (\$/BOE) ⁽³⁾									
Average sales price, with commodity derivatives (\$/BOE) ⁽³⁾									
Selected average costs and expenses per BOE sold ⁽¹⁾ :									
Selected average costs and expenses per BOE sold ⁽¹⁾ :									
Selected average costs and expenses per BOE sold ⁽¹⁾ :									
Lease operating expenses									
Lease operating expenses									
Lease operating expenses		\$ 7.41	\$ 5.78	\$ 3.42	\$ 1.63	\$ 28	\$ 28 %		
Production and ad valorem taxes	Production and ad valorem taxes	2.64	3.69	2.30	(1.05)	(1.05)	(28)	(28)	(28)%
Production and ad valorem taxes									
Production and ad valorem taxes									
Oil transportation and marketing expenses	Oil transportation and marketing expenses	1.17	1.79	1.61	(0.62)	(0.62)	(35)	(35)%	
Oil transportation and marketing expenses									
Oil transportation and marketing expenses									



(1) BOE is calculated using a conversion rate of six Mcf per one Bbl.

(2) The numbers presented in the years ended December 31, 2023, 2022 and 2021 columns are based on actual amounts and may not recalculate using the rounded numbers presented in the table above.

(3) (2) Price reflects the average of actual sales prices received when control passes to the purchaser/customer adjusted for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point.

(4) (3) Price reflects the after-effects of our commodity derivative transactions on our average sales prices. Our calculation of such after-effects includes settlements of matured commodity derivatives during the respective periods and an adjustment to reflect premiums incurred previously or upon settlement that are attributable to commodity derivatives that settled during the respective periods.

Reserves

In this Annual Report, the information with respect to our estimated proved reserves has been prepared by Ryder Scott Company, L.P. ("Ryder Scott"), our independent reserve engineers, in accordance with the rules and regulations of the SEC applicable to the reporting dates presented.

The following table summarizes our total estimated net proved reserves presented on a three-stream basis, net acreage and producing wells as of the date presented, and net average daily production presented on a three-stream basis for the period presented.

December 31, 2023	December 31, 2023	December 31, 2023	Year ended December 31, 2023

		December 31, 2024													
		December 31, 2024		Year ended December 31, 2024											
		Estimated proved reserves ⁽¹⁾		Estimated proved reserves ⁽¹⁾		Producing wells		Average daily production				Estimated proved reserves ⁽¹⁾			
		MBOE	MBOE	% Oil	Net acreage	Gross	Net	(BOE/D)	% Oil	% NGL	%	% Natural gas		MBOE	
Total	Total	404,883	39	39 %	265,306	2,476	1,636	1,636	96,591	48	48 %	26 %	26 %	Total Permian Basin	455,275
Permian Basin	Permian Basin														40
															40

(1) See "—Our operations—Estimated proved reserves" for discussion of the prices utilized to estimate our reserves.

Our estimated proved reserves as of December 31, 2023 December 31, 2024 assume our ability to fund the capital costs necessary for their development and are affected by pricing assumptions. See Note 6 to our consolidated financial statements included elsewhere in this Annual Report for additional discussion of our Realized Prices. See "Item 1A. Risk Factors—Risks related to our business—Estimating reserves and future net cash flows involves uncertainties. Negative revisions to reserve estimates, decreases in oil, NGL and natural gas prices or increases in service costs, may lead to decreased earnings and increased losses or impairment of oil and natural gas properties." The following table sets forth additional information regarding our estimated proved reserves as of the dates presented:

	December 31, 2023		December 31, 2022	
	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2023
Proved developed:				
Oil (MBbl)				
Oil (MBbl)				
Oil (MBbl)				
NGL (MMbbl)				
Natural gas (MMcf)				
Total proved developed (MBOE)				
Proved undeveloped:				
Oil (MBbl)				
Oil (MBbl)				
Oil (MBbl)				
NGL (MMbbl)				
Natural gas (MMcf)				
Total proved undeveloped (MBOE)				
Estimated proved reserves:				
Oil (MBbl)				
Oil (MBbl)				
Oil (MBbl)				
NGL (MMbbl)				
Natural gas (MMcf)				
Total estimated proved reserves (MBOE)				
Percent developed	Percent developed	71 %	74 %	Percent developed
				70 %
				71 %

Technology used to establish proved reserves

Under SEC rules, proved reserves are those quantities of oil, NGL and natural gas that by analysis of geoscience and engineering data can be estimated with "reasonable certainty" to be economically producible from a given date forward from known reservoirs, and under existing economic conditions, operating methods and government regulations. Reasonable certainty implies a high degree of confidence that the quantities of oil, NGL and/or natural gas actually recovered will equal or exceed the estimate. Reasonable certainty can be established using techniques that have been proven effective by actual production from projects in the same reservoir or an analogous reservoir or by other evidence using reliable technology that establishes reasonable certainty. Reliable technology is a grouping of one or more technologies (including computational methods) that has been field tested and has been demonstrated to provide reasonably certain results with consistency and repeatability in the formation being evaluated or in an analogous formation.

To establish reasonable certainty with respect to our estimated proved reserves, our internal reserve engineers and Ryder Scott our independent reserve engineers, employed reliable technologies that have been demonstrated to yield results with consistency and repeatability.

Qualifications of technical persons and internal controls over reserves estimation process

In accordance with the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers ("SPE Reserves Auditing Standards") and guidelines established by the SEC, Ryder Scott ~~our independent reserve engineers~~, estimated 100% of our proved reserve information as of December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 included in this Annual Report. The technical persons responsible for preparing the reserve estimates presented herein meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth in the SPE Reserves Auditing Standards.

We maintain an internal staff of petroleum engineers and geoscience professionals who work closely with our independent reserve engineers to ensure the integrity, accuracy and timeliness of data furnished to Ryder Scott in their reserves estimation process. Our technical team meets regularly with representatives of Ryder Scott to review properties and discuss methods and assumptions used in Ryder Scott's preparation of the year-end reserve estimates. The Ryder Scott reserve report is reviewed with representatives of Ryder Scott and our internal technical staff before dissemination of the information.

Our Director of Reserves serves as the technical person primarily responsible for overseeing the preparation of our reserves estimates. She has more than 20 years of practical experience, with 910 years of this experience being in the estimation and evaluation of reserves. She has a Bachelor of Science in Petroleum Engineering from the Missouri University of Science and Technology. Our Director of Reserves reports to our Chief Operating Officer. Reserve estimates are reviewed and approved by our senior engineering staff, other members of senior management and our technical staff, our audit committee and our Chief Executive Officer.

Proved undeveloped reserves

We limit the portion of reserves categorized as "proved undeveloped" or "PUD" in order to emphasize operations on our most economic investments, maximize operational flexibility and maintain conservative assurance that all PUD locations will be converted despite potential commodity price volatility.

Our proved undeveloped reserves increased from 79,401 MBOE as of December 31, 2022 to 117,862 MBOE as of December 31, 2023 to 137,116 MBOE as of December 31, 2024. We estimate that we incurred \$430.9 million \$667 million of costs to convert 26,824 40,914 MBOE of proved undeveloped reserves from 53 73 locations into proved developed reserves in 2023, 2024. New proved undeveloped reserves of 30,247 60,083 MBOE were added during the year in the Delaware and Midland Basins. An additional 27,072 MBOE were added from 5 Spraberry and 41 Wolfcamp locations. 26,215 acquisitions of proved undeveloped reserves during the year. Negative revisions of 26,987 MBOE of negative revisions consisted of 26,122 reflected (i) 27,033 MBOE of negative revisions due to 45 proved undeveloped locations that were removed due to a change in the development plan and 93 following consideration of recent acquisitions, (ii) 3,312 MBOE of negative revisions from a decrease changes in previously estimated quantities due to performance, price and other changes, changes and (iii) 3,358 MBOE of positive revisions due to proved undeveloped locations that were removed from the development plan in prior years. A final investment decision has been made on all 212 199 proved undeveloped locations, and they are scheduled to be developed within five years from the date they were initially recorded.

Estimated total future development and abandonment costs related to the development of proved undeveloped reserves as shown in our December 31, 2023 December 31, 2024 reserve report are **\$1.7 billion** **\$1.8 billion**. Based on this report and our PUD booking methodology, the capital estimated to be spent to develop the proved undeveloped reserves from spud date through production is **\$566.8 million** in 2024, **\$335.4 million** **\$539 million** in 2025, **\$398.3 million** **\$403 million** in 2026, **\$271.3 million** **\$372 million** in 2027, **\$342 million** in 2028 and **\$83.6 million** **\$135 million** in 2028, 2029. Based on our anticipated cash flows and capital expenditures, as well as the availability of capital markets transactions, all of the proved undeveloped locations are expected to be drilled and completed from 2024 2025 to 2028, 2029. Reserve calculations at any end-of-year period are representative of our development plans at that time. While we have made our final investment decision to develop our PUDs, it is possible that changes in circumstance, including commodity pricing, oilfield service costs, drilling and production results, technology, acreage position and availability and other economic and regulatory factors may lead to changes in our development plans.

Acreage

The following table sets forth our developed and undeveloped acreage as of December 31, 2023 December 31, 2024, including acreage HBP. A majority of our developed acreage is subject to liens securing our Senior Secured Credit Facility.

	Developed acres	Developed acres	Undeveloped acres	Total acres	%	Developed acres											
Gross						HBP											
Permian-Midland Basin																	
Permian-Midland Basin																	
Permian-Midland Basin	217,280	182,868	182,868	20,867	20,867	15,141	15,141	238,147	238,147	198,009	198,009	92	92 %	218,973	184,933	7	
Permian-Delaware Basin	89,753	62,497	62,497	7,879	7,879	4,800	4,800	97,632	97,632	67,297	67,297	93	93 %	Permian-Delaware Basin	112,100	7	
Total	Total	307,033	245,365	245,365	28,746	28,746	19,941	19,941	335,779	335,779	265,306	265,306	92	92 %	Total	331,073	26

The following table sets forth our gross and net undeveloped acreage as of **December 31, 2023** **December 31, 2024** that will expire over the next four years unless production is established within the spacing units covering the acreage or the lease is renewed, renegotiated or extended under continuous drilling provisions prior to the primary term expiration dates.

Years ended December 31,

	Gross		Net		Gross		Net		Gross		Net		Gross		Net		Gross		Net	
Permian-Midland Basin																				
Permian-Delaware Basin																				
Total																				

Of the total undeveloped acreage identified as potentially expiring over the next five years as of December 31, 2024, 4,670 net acres have associated PUD reserves included in our reserve report as of December 31, 2024, which we anticipate drilling to hold or renewing the associated leases. These PUD reserves represent 10% of our total PUD reserves as of December 31, 2024.

Of the total undeveloped acreage identified as potentially expiring over the next five years as of December 31, 2023, 4,859 net acres have associated PUD reserves included in our reserve report as of December 31, 2023, which we anticipate drilling to hold or renewing the associated leases. These PUD reserves represent 7% of our total PUD reserves as of December 31, 2023.

Of the total undeveloped acreage identified as potentially expiring over the next five years as of December 31, 2022, 1,881 net acres had associated PUD reserves on our reserve report as of December 31, 2022 December 31, 2023. Of the total undeveloped acreage expiring in 2023, 2024, there were no associated net acres that were not drilled to hold or otherwise retained.

Marketing

We market the majority of production from properties we operate for both our account and the account of the other working interest owners. We sell substantially all of our production under contracts ranging from terms of one month to multiple years, all at monthly calculated market prices. We typically sell production to a relatively limited number of customers, as is customary in the exploration, development and production business; however, we believe that our customer diversification affords us optionality in our sales destination.

We are committed to deliver, for sale or transportation, fixed volumes of product under certain contractual arrangements that specify the delivery of a fixed and determinable quantity. The following table presents our material firm sale and transportation commitments as of December 31, 2023 December 31, 2024:

	Total	2024	2025	2026	2027 and after
Crude oil (MBbl):					
Sales commitments	5,930	5,930	—	—	—
Transportation commitments:					
Field	10,980	10,980	—	—	—
To U.S. Gulf Coast	41,510	12,810	12,775	12,775	3,150
Natural gas (MMcf):					
Sales commitments	44,135	9,264	7,447	7,312	20,112
Total commitments (MBOE) ⁽¹⁾	65,776	31,264	14,016	13,994	6,502

(1) BOE is calculated using a conversion rate of six Mcf per one Bbl.

We have firm field transportation agreements that enable us or the purchasers of our oil production to transport oil from our production area to major market hubs, including Midland, Texas and Crane, Texas. If not fulfilled, we are subject to transportation payments on excess pipeline capacity and other contractual penalties. These commitments are normal and customary for our business. Our firm field transportation agreements are related to transportation commitments extending into 2024 with Medallion Pipeline Company, LLC ("Medallion") under which Medallion provides firm transportation capacity from our established Reagan County and Glasscock County acreage for redelivery to various major market hubs. In addition, we have a transportation commitment with Gray Oak Pipeline, LLC extending into 2027 to transport 35,000 barrels of oil per day of our production, or the oil purchased from third parties, from Crane, Texas to the U.S. Gulf Coast. We believe these commitments enhance our ability to efficiently market our crude oil at various locations both in and out of the Permian Basin and give us access to multiple pricing points for the sale of our crude oil.

	Total	2025	2026	2027	2028 and after
Crude oil (MBbl):					
Sales commitments	9,125	9,125	—	—	—
Transportation commitments:					
Field	5,154	1,374	1,374	1,374	1,032
To U.S. Gulf Coast	28,700	12,775	12,775	3,150	—
Natural gas (MMcf):					
Sales commitments	37,485	9,027	8,114	7,396	12,948
Natural gas liquids (MBbl):					
Sales commitments	5,356	1,460	1,460	1,460	976
Total commitments (MBOE)	54,583	26,239	16,962	7,217	4,166

As shown in the table above, we have committed to deliver, for sale or transportation, fixed volumes of product under certain contractual arrangements that specify the delivery of a fixed and determinable quantity. We expect to fulfill our delivery commitments for the next one to three years with production from our existing proved developed and proved undeveloped reserves, which we regularly monitor to ensure sufficient availability. In addition, we monitor our current production, our anticipated future production and our future development plans in order to meet our delivery commitments. If production volumes are not sufficient to meet these contractual delivery commitments, and we elect not to, or are unable to, purchase third-party production to fulfill these contractual delivery commitment, we may be subject to firm transportation payments on excess pipeline capacity and other contractual penalties. See Note 15 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our transportation commitments.

We believe that we could sell our production to numerous companies, so that the loss of any one of our major purchasers would not have a material adverse effect on our financial condition and results of operations solely by reason of such loss. For discussion on purchasers that individually accounted for 10% or more of each (i) oil, NGL and natural gas sales and (ii) sales of purchased oil in at least one of the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, see Note 14 to our consolidated financial statements included elsewhere in this Annual Report. See also "Item 1A. Risk Factors—Risks related to our business—The inability of our significant customers to meet their obligations to us may materially adversely affect our financial results."

Title to properties

We believe that we have satisfactory title to all of our producing properties in accordance with generally accepted industry standards. As is customary in the industry, in the case of undeveloped properties, often cursory investigation of record title is made at the time of lease acquisition. Investigations are made before the consummation of an acquisition of producing properties and before commencement of drilling operations on undeveloped properties. Individual properties may be subject to burdens that we believe do not materially interfere with the use or affect the value of the properties. Burdens on properties may include customary royalty interests, liens incident to operating agreements and for current taxes, obligations or duties under applicable laws, development obligations under oil and gas leases or net profit interests.

The typical oil and natural gas lease agreement covering our properties provides for the payment of royalties to the mineral owner for all oil, NGL and natural gas produced from any wells drilled on the leased premises. The lessor royalties and other leasehold burdens on our properties generally range from 12.5% to 25%, resulting in a net revenue interest to us generally ranging from 75% to 87.5%.

Seasonality

Demand for oil and natural gas generally decreases during the spring and fall months and increases during the summer and winter months. However, seasonal anomalies such as mild winters or mild summers sometimes lessen this fluctuation. In addition, certain natural gas users utilize natural gas storage facilities and purchase some of their anticipated winter requirements during the summer. This can also lessen seasonal demand fluctuations. These seasonal anomalies can increase competition for equipment, supplies and personnel during the spring and summer months, which could lead to shortages and increase costs or delay our operations.

Regulation of the oil and natural gas industry

Our operations are substantially affected by federal, state and local laws and regulations. In particular, the production of oil and natural gas is subject to regulation under a wide range of local, state and federal statutes, rules, orders and regulations. Federal, state and local statutes and regulations require permits for drilling operations, drilling bonds and reports concerning operations. The State of Texas has regulations governing environmental and conservation matters, including provisions for the pooling of oil and natural gas properties, the permitting of allocation wells, the establishment of maximum allowable rates of production from oil and natural gas wells (including the proration of production to the market demand for oil, NGL and natural gas), the regulation of well spacing, the handling and disposal or discharge of waste materials and plugging and abandonment of wells. The effect of these regulations is to limit the amount of oil, NGL and natural gas that we can produce from our wells and to limit the number of wells or the locations at which we can drill, although we can apply for exceptions to such regulations or to have reductions in well spacing. Moreover, Texas imposes a production or severance tax with respect to the production and sale of oil, NGL and natural gas within its jurisdiction. Texas further regulates drilling and operating activities by, among other things, requiring permits and bonds for the drilling and operation of wells and regulating the location of wells, method of drilling and casing wells, surface use and restoration of properties upon which wells are drilled and plugging and abandonment of wells. The failure to comply with these rules and regulations can result in substantial penalties. Our competitors in the oil and natural gas industry are subject to the same regulatory requirements and restrictions that affect our operations.

The regulatory burden on the industry increases the cost of doing business and affects profitability. Additional proposals and proceedings that affect the natural gas industry are regularly considered by the current administration, Congress, the states, the Environmental Protection Agency ("EPA"), the Federal Energy Regulatory Commission ("FERC") and the courts. We cannot predict when or whether any such proposals may become effective, under the current or any future administration. For example, on January 26, 2024, President Biden announced a temporary pause on pending decisions on new exports of liquified natural gas ("LNG") to countries that the United States does not have free trade agreements with, pending Department of Energy review of the underlying analyses for authorizations. The pause is intended to provide time to integrate certain considerations, including potential energy cost increases for consumers and manufacturers and the latest assessment of the impact of GHG emissions, to ensure adequate guards against health risks are in place. This In July 2024, a federal judge in Louisiana stayed the pause, allowing the Department of Energy to continue reviewing pending export permit applications. In December 2024, the Department of Energy published its 2024 LNG Export Study analyzing potential effects of LNG exports to inform its public interest review of, and ultimately decisions on, applications to export LNG to countries that the United States does not have a free trade agreement with. The Department of Energy is accepting public comments on its 2024 LNG Export Study and has stated that it does not intend to revise the potential study in response to adversely public comments. However, we cannot predict what actions the Trump administration may take with respect to the 2024 LNG Export Study and the timing with respect to the same. As a result, the ultimate impact of the 2024 LNG Export Study on our industry and consequently could adversely affect our financial condition and results of operation. business is uncertain.

Oil and gas pipelines

Our oil and gas pipelines are subject to construction, installation, operation and safety regulation by the U.S. Department of Transportation ("DOT") and various other federal, state and local agencies. Congress has enacted several pipeline safety acts over the years. Currently, the Pipeline and Hazardous Materials Safety Administration ("PHMSA") under DOT administers pipeline safety requirements for natural gas and hazardous liquid pipelines. These regulations, among other things, address pipeline integrity management and pipeline operator qualification rules. In June 2016, Congress approved pipeline safety legislation, the "Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2016" (the "2016 PIPES Act"), which provides the PHMSA with additional authority to address imminent hazards by imposing emergency restrictions, prohibitions and safety measures on owners and operators of gas or hazardous liquids pipeline facilities. In December 2020, the "Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2020" (the "2020 PIPES Act"), was signed into law. The 2020 PIPES Act extends the PHMSA's statutory mandate through 2023. It continues the legislative and regulatory mandates that were

established in the 2016 PIPES Act and creates new mandates for PHMSA to abide by. Some of the key PHMSA regulations enacted in response to these pieces of legislation include final rules published on October 1, 2019, which took effect on July 1, 2020 to expand PHMSA's integrity management requirements and impose new pressure testing requirements on regulated pipelines, including certain segments outside high consequence areas. The rules also extend reporting requirements to certain previously unregulated hazardous liquid gravity and rural gathering lines. Also, on June 7, 2021, the PHMSA issued an advisory bulletin reminding pipeline owners and operators that they must take several steps to eliminate hazardous leaks and minimize releases of natural gas by December 27, 2021 pursuant to directives set forth in the 2020 PIPES Act. In addition, on November 15, 2021, the PHMSA published a final rule extending reporting requirements to all onshore gas gathering operators and establishing a set of minimum safety requirements for certain gas gathering pipelines with large diameters and high operating pressures. Additional final rules were announced in 2022, including a final rule regarding the installation of rupture-mitigation valves, published on April 8, 2022. On August 1, 2023, the PHMSA issued editorial and technical corrections clarifying the regulations promulgated in its April 8, 2022 final rule, which also codified the results of judicial review of that final rule.

Further, on August 24, 2022, the PHMSA published a final rule strengthening integrity management requirements for onshore gas transmission lines, bolstering corrosion control standards and repair criteria, and imposing new requirements for inspections after extreme weather events. On April 24, 2023, the PHMSA published necessary technical corrections to ensure consistency within and the intended effect of the August 24, 2022 final rule. ~~In addition, On January 17, 2025, PHMSA published a proposed final rule in May 2023 that would impose~~ more stringent leak detection and repair obligations to address methane leaks on pipelines subject to PHMSA regulation. ~~regulation; however, implementation of this final rule is uncertain at this time following the change in U.S. presidential administration.~~

Compliance with these existing regulations, as well as with future rules, could require us to install new or modified safety controls, pursue additional capital projects or conduct maintenance programs on an accelerated basis, any or all of which tasks could result in our incurring increased operating costs that could have a material adverse effect on our results of operation or financial position. In addition, any material penalties or fines issued to us under these or other statutes, rules, regulations or orders could have an adverse impact on our business, financial condition, results of operation and cash flow.

States are largely pre-empted by federal law from regulating pipeline safety but may assume responsibility for enforcing intrastate pipeline regulations at least as stringent as the federal standards, and many states have undertaken responsibility to enforce the federal standards. The RRC is the agency vested with intrastate natural gas pipeline regulatory and enforcement authority in Texas. The Commission's regulations adopt by reference the minimum federal safety standards for the transportation of natural gas. In addition, on December 17, 2019, the Commission adopted rules requiring that operators of gathering lines take "appropriate" actions to fix safety hazards.

Environmental and occupational health and safety matters

Our operations are subject to numerous stringent federal, state and local statutes and regulations governing the discharge of materials into the environment or otherwise relating to protection of the environment or occupational health and safety. Numerous governmental agencies, such as the EPA, issue regulations that often require difficult and costly compliance measures, the noncompliance with which carries substantial administrative, civil and criminal penalties and may result in injunctive obligations to remediate noncompliance. These laws and regulations may require the acquisition of a permit before drilling commences, restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling, production and transporting through pipelines, govern the sourcing and disposal of water used in the drilling, completion and production process, limit or prohibit drilling activities in certain areas and on certain lands lying within wilderness, wetlands, frontier, seismically active areas and other protected areas, require some form of remedial action to prevent or mitigate pollution from current or former operations such as plugging abandoned wells or closing earthen pits, result in the suspension or revocation of necessary permits, licenses and authorizations, require that additional pollution controls be installed and impose substantial liabilities for pollution resulting from operations or failure to comply with regulatory filings. In addition, these laws and regulations may restrict the rate of production.

Certain of these laws and regulations impose strict liability (i.e., no showing of "fault" is required) that, in some circumstances, may be joint and several. Public interest in the protection of the environment has tended to increase over time. The trend of more expansive and stringent environmental legislation and regulations applied to the oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. Changes in environmental laws and regulations occur frequently, and to the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and clean-up requirements, our business and prospects, as well as the oil and natural gas industry in general, could be materially adversely affected.

Hazardous substance and waste handling

Our operations are subject to environmental laws and regulations relating to the management and release of hazardous substances, solid and hazardous wastes, and petroleum hydrocarbons. These laws generally regulate the generation, storage, treatment, transportation and disposal of solid and hazardous waste and may impose strict and, in some cases, joint and several liability for the investigation and remediation of affected areas where hazardous substances may have been released or disposed. The Comprehensive Environmental Response, Compensation, and Liability Act, as amended (referred to as "CERCLA" or the "Superfund law") and comparable state laws, impose liability, without regard to fault or the legality of the original conduct, on certain classes of persons deemed "responsible parties." These persons include current owners or operators of the site where a release of hazardous substances occurred, prior owners or operators that owned or operated the site at the time of the release or disposal of hazardous substances, and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Under CERCLA, these persons may be subject to strict, joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies. CERCLA also authorizes the EPA and, in some instances, third parties to act in response to threats to the public health or the environment and to seek to recover the costs they incur from the responsible classes of persons. Despite the "petroleum exclusion" of Section 101(14) of CERCLA, which currently encompasses natural gas, we may nonetheless handle hazardous substances within the meaning of CERCLA, or similar state statutes, in the course of our ordinary operations and, as a result, may be jointly and severally liable under CERCLA for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment. In addition, we may have liability for releases of hazardous substances at our properties by prior owners or operators or other third parties. Finally, it is not uncommon for neighboring landowners and other third parties to file common law based claims for personal injury and property damage allegedly caused by hazardous substances or other pollutants released into the environment.

The Oil Pollution Act of 1990 (the "OPA") is the primary federal law imposing oil spill liability. The OPA contains numerous requirements relating to the prevention of and response to petroleum releases into waters of the United States, including the requirement that operators of offshore facilities and certain onshore facilities near or crossing waterways must

maintain certain significant levels of financial assurance to cover potential environmental cleanup and restoration costs. Under the OPA, strict, joint and several liability may be imposed on "responsible parties" for all containment and clean-up costs and certain other damages arising from a release, including, but not limited to, the costs of responding to a release of oil to surface waters and natural resource damages, resulting from oil spills into or upon navigable waters, adjoining shorelines or in the exclusive economic zone of the United States. A "responsible party" includes the owner or operator of an onshore facility. The OPA establishes a liability limit for onshore facilities, but these liability limits may not apply if: a spill is caused by a party's gross negligence or willful misconduct; the spill resulted from a violation of a federal safety, construction or operating regulation; or a party fails to report a spill or to cooperate fully in a clean-up. We are also subject to analogous state statutes that impose liabilities with respect to oil spills.

We also generate solid wastes, including hazardous wastes, which are subject to the requirements of the Resource Conservation and Recovery Act ("RCRA") and comparable state statutes. Although RCRA regulates both solid and hazardous wastes, it imposes strict requirements on the generation, storage, treatment, transportation and disposal of hazardous wastes. Certain petroleum production wastes are excluded from RCRA's hazardous waste regulations. These wastes, instead, are regulated under RCRA's less stringent solid waste provisions, state laws or other federal laws. It is also possible that these wastes, which could include wastes currently generated during our operations, will be designated as "hazardous wastes" in the future and, therefore, be subject to more rigorous and costly disposal requirements. Indeed, legislation has been proposed from time to time in Congress to re-categorize certain oil and natural gas exploration and production wastes as "hazardous wastes." While no changes have been made with respect to this exemption to date, from time to time, the EPA

has reconsidered whether or not to maintain the current exemption for exploration and production wastes. Any such changes in the laws and regulations could have a material adverse effect on our maintenance capital expenditures and operating expenses.

Water and other waste discharges and spills

The Federal Water Pollution Control Act, as amended, also known as the Clean Water Act, the Safe Drinking Water Act ("SDWA"), the OPA and comparable state laws impose restrictions and strict controls regarding the discharge of pollutants, including produced waters and other natural gas wastes, into federal and state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or the state. The discharge of dredge and fill material in regulated waters, including wetlands, is also prohibited, unless authorized by a permit issued by the U.S. Army Corps of Engineers ("Corps").

The scope of waters regulated under the Clean Water Act has fluctuated in recent years. On June 29, 2015, the EPA and the Corps jointly promulgated final rules expanding the scope of waters protected under the Clean Water Act. However, on October 22, 2019, the agencies repealed the 2015 rules, and on April 21, 2020, the EPA and the Corps published a final rule replacing the 2015 rules, and significantly reduced the waters subject to federal regulation under the Clean Water Act. On August 30, 2021, a federal court struck down the replacement rule and on January 18, 2023, the EPA and the Corps published a final rule that would restore water protections that were in place prior to 2015. However, the January 2023 rule was challenged and is currently enjoined in 27 states. Separately, in May 2023 the U.S. Supreme Court released its opinion in *Sackett v. EPA*, which involved issues relating to the legal tests used to determine whether wetlands qualify as WOTUS. The *Sackett* decision invalidated certain parts of the January 2023 rule and significantly narrowed its scope, resulting in a revised regulation being issued in September 2023. However, due to the injunction on the January 2023 rule, the implementation of the September 2023 rule currently varies by state. As a result of such recent developments, substantial uncertainty exists regarding the scope of waters protected under the Clean Water Act. To the extent the rules expand the range of properties subject to the Clean Water Act's jurisdiction, we could face increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas.

The EPA has also adopted regulations requiring certain oil and natural gas exploration and production facilities to obtain individual permits or coverage under general permits for storm water discharges. Costs may be associated with the treatment of wastewater or developing and implementing storm water pollution prevention plans, as well as for monitoring and sampling the storm water runoff from certain of our facilities. The State of Texas also maintains groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions. The underground injection of fluids is subject to permitting and other requirements under state laws and regulation. Obtaining permits has the potential to delay the development of oil and natural gas projects. These same regulatory programs also limit the total volume of water that can be discharged, hence limiting the rate of development, and require us to incur compliance costs.

These laws and any implementing regulations provide for administrative, civil and criminal penalties for any unauthorized discharges of oil and other substances and may impose substantial potential liability for the costs of removal, remediation and damages. Pursuant to these laws and regulations, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water and the underground injection of fluids and are required to develop and implement spill prevention, control and countermeasure plans, also referred to as "SPCC plans," in connection with on-site storage of significant quantities of oil.

Hydraulic fracturing

We use hydraulic fracturing as a means to maximize the productivity of almost every well that we drill and complete. Hydraulic fracturing is a necessary part of the completion process for our producing properties in Texas because our properties are dependent upon our ability to effectively fracture the producing formations in order to produce at economic rates. While hydraulic fracturing is not required to maintain any of our leasehold acreage that is currently held by production from existing wells, it will be required in the future to develop the provided non-producing and proved undeveloped reserves associated with this acreage. Nearly all of our proved undeveloped reserves associated with future completion, recompletion and re-fracture stimulation projects require hydraulic fracturing.

Hydraulic fracturing is a practice that is used to stimulate production of hydrocarbons from tight formations. The process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production. We have and continue to follow standard industry practices and applicable legal requirements. These protective measures include setting surface casing at a depth sufficient to protect fresh water formations and cementing the well to create a permanent isolating barrier between the casing pipe and surrounding geological formations. This well design is intended to **eliminate** **minimize** a pathway for the fracturing fluid to contact any aquifers. For recompletions of existing wells, the production casing is pressure tested prior to perforating the new completion interval. Injections rates and pressures are monitored in real time at the surface during our hydraulic fracturing operations. Pressure is monitored on both the injection string and the immediate annulus to the injection string. Our hydraulic fracturing operations are designed to be shut down immediately if an abrupt change occurred to the injection pressure or annular pressure.

Approximately 99% of the hydraulic fracturing fluids we use are made up of water and sand. The remainder of the constituents in the fracturing fluid are managed and used in accordance with applicable requirements. In accordance with Texas regulations, we report the constituents of the hydraulic fracturing fluids utilized in our well completions on FracFocus (www.fracfocus.org). Hydraulic fracture stimulation requires the use of a significant volume of water. Upon flowback of the water, we dispose of it by recycling or by discharging into the approved disposal wells. We currently do not discharge water to the surface. Based upon results of testing the performance of recycled flowback/produced water in our fracking operations, we endeavor to maximize the utilization of recycled flowback/produced water via our owned and operated recycling facilities in Glasscock and Reagan County or via contractual arrangements with third parties in Howard County.

Hydraulic fracturing is generally not regulated at the federal level, though from time to time legislation has been proposed in recent sessions of Congress to repeal the hydraulic fracturing exemption from the SDWA, provide for federal regulation of hydraulic fracturing and require public disclosure of the chemicals used in the fracturing process. The SDWA regulates the underground injection of substances through the Underground Injection Control Program (the "UIC"). However, hydraulic fracturing is generally exempt from regulation under the UIC, and thus the process is typically regulated by state oil and gas commissions. Nevertheless, the EPA has asserted federal regulatory authority over hydraulic fracturing involving diesel additives under the UIC, and the EPA has issued guidance for such injection activities. The EPA has separately issued a final rule prohibiting the discharge of wastewater from onshore unconventional oil and gas extraction facilities to publicly owned wastewater treatment plants.

Furthermore, from time to time certain governmental reviews have been conducted that focus on environmental aspects of hydraulic fracturing practices. For example, in 2016, the EPA released a study examining the potential for hydraulic fracturing activities to impact drinking water resources, finding that, under some circumstances, the use of water in hydraulic fracturing activities can impact drinking water resources. Notwithstanding the lack of comprehensive federal regulation of hydraulic fracturing to date, any further regulation of hydraulic fracturing activities could restrict, limit or otherwise increase our operating costs and accordingly could have a material impact on our business, financial condition, and results of operation.

Some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances, impose additional requirements on hydraulic fracturing activities or otherwise require the public disclosure of chemicals used in the hydraulic fracturing process. For example, in Texas, the **Railroad Commission ("RRC")** has adopted rules requiring the disclosure of chemicals used in the hydraulic fracturing process, as well as rules governing well casing, cementing and other standards for ensuring that hydraulic fracturing operations do not contaminate nearby water resources. Recently, there has been increased scrutiny of the use of the injection wells for the disposal of produced water from hydraulic fracturing and the potential for injection well operations to result in seismic activity. The RRC has issued rules that, among other things, require applicants for new disposal wells that will receive non-hazardous produced water and hydraulic fracturing flowback fluid to conduct seismic activity searches utilizing the U.S. Geological Survey. The rules also clarified the RRC's authority to modify, suspend or terminate a disposal well permit if scientific data indicates a disposal well is likely to contribute to seismic activity. The RRC has used this authority to deny permits and temporarily suspend operations for waste disposal wells and, in September 2021, the RRC curtailed the amount of water companies were permitted to inject into some wells near Midland and Odessa in the Permian Basin and has since indefinitely suspended some permits there and expanded the restrictions to other areas. More recently, in December 2023, the RRC suspended the permits of 23 deep disposal wells in the seismic response area covering Culberson and Reeves Counties. These restrictions on the disposal of produced water could result in increased operating costs, forcing us or our service providers to truck produced water, recycle it or pump it through the pipeline network or other means, all of which could be costly.

In addition, a number of lawsuits and enforcement actions have been initiated across the country alleging that hydraulic fracturing practices have induced seismic activity and adversely impacted drinking water supplies, use of surface water, and the environment generally. Several states and municipalities have adopted, or are considering adopting, regulations that could restrict or prohibit hydraulic fracturing in certain circumstances. If these or any other new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly for us to drill and produce from tight formations as well as make it easier for third parties opposing the hydraulic fracturing process to initiate legal proceedings. In addition, if hydraulic fracturing is regulated at the federal level, fracturing activities could become subject to additional permitting and financial assurance requirements, more stringent construction specifications, increased monitoring, reporting and recordkeeping obligations, plugging and abandonment requirements and also to attendant permitting delays and potential increases in costs. These developments, as well as new laws or regulations, could cause us to incur substantial compliance costs, and compliance or the consequences of failure to comply by us could have a material adverse effect on our financial condition and results of operations. At this time, it is not possible to estimate the potential impact on our business that may arise if federal or state legislation governing hydraulic fracturing is enacted into law.

Air quality

The federal Clean Air Act, as amended, and comparable state laws restrict the emission of air pollutants from many sources, including production facilities, salt water disposal facilities, and compressor stations, through the issuance of permits and the imposition of other requirements. In addition, the EPA has developed, and continues to develop, strict and stringent regulations governing emissions of toxic air pollutants at specified sources; emissions from specific sources such as tanks, engines, dehydration units, and heaters; and maintenance requirements for such equipment. Also, on June 3, 2016, the EPA published a final rule regarding the criteria for aggregating multiple small surface sites into a single source for air-quality permitting purposes applicable to the oil and gas industry. This rule clarified the term "adjacent" and defined when sources are required to be aggregated. The consequences of these requirements are that smaller sites may need to be combined, triggering more stringent air permitting processes and requirements. Current air permitting regulations require us to obtain pre-approval for the construction or modification of projects or facilities expected to produce or increase air emissions. Once obtained these air permits require compliance with strict and stringent requirements and utilize specific equipment or technologies to control and monitor emissions of certain pollutants. The need to obtain air permits and emission control equipment prior to construction requires timely planning to ensure that the development of oil and natural gas projects is not delayed.

In recent years, the regulation of methane emissions from oil and gas operations has been subject to increased scrutiny. Following a series of rulemakings imposing various emission standards and leak detection and repair ("LDAR") requirements for first volatile organic compounds and then methane, in December 2023, the EPA finalized more stringent methane rules for new, modified, and reconstructed facilities in the oil and gas sector, known as OOOOb, as well as standards for existing sources for the first time ever, known as OOOOc. Under the final rules, states have two years to prepare and submit their plans to impose methane emission controls on existing sources. The presumptive standards established under the final rule are generally the same for both new and existing sources and include enhanced leak detection survey requirements using optical gas imaging and other advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions, reduction of emissions by 95% through capture and control systems, zero-emission requirements for certain devices, and the establishment of a "super emitter" response program that would allow third parties to make reports to EPA of large methane emission events, triggering certain investigation and repair requirements. ~~In January 2023, CarbonMapper became the first EPA approved third party under the "super emitter" program. Fines and penalties for violations of these rules can be substantial. The final methane rule is likely, however, that currently being challenged by 23 states and a coalition of industry groups in the final rule U.S. Circuit Court of Appeals for the D.C. Circuit and its requirements will be subject to legal challenges. These rules will require operational changes, additional equipment and retrofits of existing equipment, and modification repealed or addition of modified by the Trump Administration. Moreover, compliance programs. Compliance with the new rules may affect the amount we owe under the Inflation Reduction Act of 2022's ("IRA") methane fee described below because compliance with the EPA's methane rules would exempt an otherwise covered facility from the requirement to pay the methane fee. Moreover, failure to comply with these CAA requirements can result in the imposition of substantial fines and penalties as well as costly injunctive relief.~~ The requirements of the EPA's final methane rules have the potential to increase our operating costs and thus may adversely affect our financial results and cash flows. ~~Failure to comply with these CAA requirements can result in the imposition of substantial fines and penalties as well as costly injunctive relief.~~

The above standards, as well as any future laws and their implementing regulations, require us to obtain pre-approval for the expansion or modification of existing facilities or the construction of new facilities expected to produce air emissions and impose stringent air permit requirements. These regulations also mandate the use of specific equipment or technologies to minimize, eliminate, or control emissions. Our failure to comply with these requirements could subject us to monetary penalties, injunctions, conditions or restrictions on operations and, potentially, criminal enforcement actions.

We have incurred additional capital expenditures, which were not material, to comply with these new regulations as they come into effect. We may also be required to incur additional capital expenditures in the next few years for air pollution control equipment needed to comply with new air regulations, maintaining or obtaining operating permits addressing other air emission related issues, which may have a material adverse effect on our operations and has the potential to delay the development of oil and natural gas projects.

"Greenhouse gas" gas ("GHG") emissions

In recent years, federal, state and local governments have taken steps to reduce emissions of greenhouse gases ("GHGs"). GHGs. Although the Biden Administration took legislative, regulatory and executive action to address GHG emissions and climate change, policy priorities, such as climate change, are likely to change depending on political administration. In August 2022, President Biden signed the IRA into law. The IRA contains billions of dollars in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles, investments in advanced biofuels and supporting infrastructure and carbon capture and sequestration, amongst other provisions. These incentives could accelerate the transition of the economy away from the use of fossil fuels towards lower- or zero-carbon emissions alternatives, which could decrease demand for, and in turn the prices of, the oil and natural gas that we produce and sell. In addition, the IRA imposes the first ever federal fee on the emission of GHGs through a methane emissions charge. The IRA amends the Clean Air Act to impose a fee on the emission of methane that exceeds an applicable waste emissions threshold from sources required to report their GHG emissions to the EPA, including those sources in the offshore and onshore petroleum and natural gas production and gathering and boosting source categories. The methane emissions charge ~~would start~~ starts in calendar year 2024 at \$900 per ton of methane, ~~increase~~ increases to \$1,200 in 2025, and ~~will~~ be set at \$1,500 for 2026 and each year after. Calculation of the fee is based on certain thresholds established in the IRA. ~~The EPA finalized regulations implementing the IRA's methane emissions charge in November 2024. We cannot predict what actions Congress may take with respect to the IRA's methane emissions charge and the timing with respect to the same. The Trump administration may also seek to revise or repeal the methane emissions charge implementing rule though we cannot predict whether such action will occur or its timing. As a result, the ultimate impact of the IRA's methane emissions charge and its implementing rule on our business is uncertain. In August 2023, May 2024, the EPA also proposed finalized revisions to the GHG reporting program, which propose to expand reporting to include new sources of emissions and revise the emissions factors used to calculate emissions reported to EPA under the program. These changes, if finalized, could increase the amount of GHG emissions we report and accordingly increase the amount we owe under the methane emission charge.~~

The EPA has also finalized a series of GHG monitoring, reporting and emission control rules for the oil and natural gas industry and almost one-half of the states have taken measures to reduce GHG emissions primarily through the development of GHG emission inventories and/or regional GHG cap-and-trade programs. Also, states have imposed increasingly stringent requirements related to the venting or flaring of gas during oil and gas operations. In addition, several states have enacted renewable portfolio standards, which require utilities to purchase a certain percentage of their energy from renewable fuel sources.

~~In addition, Additionally, the United States Securities and Exchange Commission released its final rule on climate-related disclosures on March 6, 2024, requiring the disclosure of certain climate-related risks and financial impacts, as well as greenhouse gas emissions. Large accelerated filers will be required to incorporate the applicable climate-related disclosures into their filings beginning in 2022 fiscal year 2025, with additional requirements relating to the disclosure of Scope 1 and 2 greenhouse gas emissions, if material, and attestation reports for certain large accelerated filers subsequently phasing in. However, the future of the SEC climate rule is uncertain at this time given that its implementation has proposed been stayed pending the outcome of legal challenges; moreover, the Trump administration may seek to repeal the rule though we cannot predict whether such action will occur or its timing. On his first day in office, President Trump issued several Executive Orders, rescinding many of the previous administration's climate-related initiatives. As a result, the ultimate impact of the SEC rule, or any similar climate-related disclosure requirements imposed in the future, on our business is uncertain and may result in increased compliance costs and increased costs of and restrictions on access to capital. Even absent any significant GHG-related rulemaking in the near-term at the federal level, states may continue to aggressively pursue the regulation of GHG emissions. For instance, in October 2023, California passed climate-related disclosure laws requiring registrants public and private companies doing business in California with total annual revenues exceeding certain thresholds to include certain climate-related make disclosures, including Scope 1, 2 and 3 GHG emissions climate-related targets data and goals, and certain climate-related financial statement metrics, risks. Other U.S. states are considering or in registration statements and periodic reports. The final rule is expected in 2024. Some states have enacted or are considering various stages of enacting similar climate-related disclosure laws. Finalization To the extent that the Company is required to make disclosures under any of these jurisdictions, these new and implementation proposed laws may result in additional costs to comply with these disclosure requirements as well as increased costs of and restrictions on access to capital. Separately, enhanced climate related disclosure requirements~~

could lead to reputational or other harm with customers, regulators, investors or other stakeholders and could also increase our litigation risks relating to alleged climate-related damages resulting from our operations, statements alleged to have been made by us or others in our industry regarding climate change risks, or in connection with any future disclosures we may make regarding reported emissions or progress towards our sustainability targets, particularly given the inherent uncertainties and estimations with respect to calculating and reporting GHG emissions.

At the international level, in December 2015, the United States participated in the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change in Paris, France. The resulting Paris Agreement calls for the parties to undertake "ambitious efforts" to limit the average global temperature and to conserve and enhance sinks and reservoirs of GHGs. The Paris Agreement went into effect on November 4, 2016. Although the United States withdrew from the Paris Agreement, effective November 4, 2020, President Biden issued an Executive Order on January 20, 2021 to rejoin the Paris Agreement, which took effect on February 19, 2021. On April 21, 2021, the United States announced that it was setting an economy-wide target of reducing its GHG emissions by 50-52 percent below 2005 levels in 2030. In November 2021, Further, in connection with the 26th Conference of the Parties in Glasgow, Scotland, the United States and other world leaders made further commitments to reduce GHGs, including reducing global methane emissions by December 2023, at least 30% by 2030. At the 28th Conference of the Parties ("COP 28") in December 2023, the parties signed onto an agreement to transition away from fossil fuels in energy systems and increase renewable energy capacity, although no timeline for doing so was set. In relation, many state and local leaders have stated their intent to intensify efforts to support the international climate commitments. However, on January 20, 2025, President Trump signed an Executive Order calling for withdrawal of the United States from the Paris Agreement and revocation of any related financial commitments thereunder as part of a broader series of executive orders announcing a deregulatory approach with respect to climate change matters. State or local governments may, however, elect to continue to participate in international climate change initiatives or pursue state- or regional-level climate change-related regulations.

Restrictions on GHG emissions that may be imposed could adversely affect the oil and gas industry. The adoption of legislation or regulatory programs to reduce GHG emissions could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, to acquire emissions allowances or comply with new regulatory requirements. Any GHG emissions legislation or regulatory programs applicable to power plants or refineries could also increase the cost of consuming, and thereby reduce demand for, the oil, NGL and natural gas we produce. Consequently, legislation and regulatory programs to reduce GHG emissions could have an adverse effect on our business, financial condition and results of operations.

In addition, there have also been efforts in recent years to influence the investment community, including investment advisors and certain sovereign wealth, pension and endowment funds promoting divestment of fossil fuel equities and pressuring lenders to limit funding to companies engaged in the extraction of fossil fuel reserves, reserves, although this trend has waned in recent years. Such environmental activism and initiatives aimed at limiting climate change and reducing air pollution could interfere with our business activities, operations and ability to access capital. Furthermore, claims have been made against certain energy companies alleging that greenhouse gas emissions from oil and natural gas operations constitute a public nuisance under federal and/or state common law and claiming that their operations have contributed to climate change. As a result, private individuals or public entities may seek to enforce environmental laws and regulations against us and could allege personal injury, property damages or other liabilities. Moreover, public statements with respect to emissions reduction goals or progress, other environmental targets or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from public and governmental authorities related to the risk of potential "greenwashing," (i.e., misleading information or false claims overstating potential ESG benefits). For example, the SEC has recently taken enforcement action against companies for ESG-related misconduct, including alleged greenwashing. Certain regulators, such as the SEC and various state agencies, as well as nongovernmental organizations and other private actors have filed lawsuits under various securities and consumer protection laws alleging that certain ESG-related statements, goals or standards were misleading, false or otherwise deceptive. Certain employment practices and social initiatives are also the subject of scrutiny by both those calling for the continued advancement of such policies, as well as those who believe they should be curbed, including government actors, and the complex regulatory and frameworks applicable to such initiatives continue to evolve. More recent political developments could mean that the Company faces increasing criticism or litigation risks from certain "anti-ESG" parties, including various governmental agencies. Such sentiment may focus on the Company's environmental commitments (such as reducing GHG emissions) or its pursuit of certain employment practices or social initiatives that are alleged to be political or polarizing in nature or are alleged to violate laws based, in part, on changing priorities of, or interpretations by, federal agencies or state governments. The complex regulatory and legal frameworks applicable to such initiatives continue to evolve. Consideration of ESG-related factors in the Company's decision-making could be subject to increasing scrutiny and objection from such anti-ESG parties. While our business is not a party to any such litigation, we could be named in actions making similar allegations. An unfavorable ruling in any such case or even negative perceptions of the Company or our business resulting from any allegations could significantly impact our operations and could have an adverse impact on our financial condition. Moreover, to the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to the Company's causation of or contribution to the asserted damage, or to other mitigating factors. Additionally, demand for hydrocarbons, and therefore our products and services, may be reduced by actions taken at the federal, state or local levels to restrict, ban or limit products that rely on oil and natural gas.

Occupational Safety and Health Act

Certain of our operations are subject to applicable requirements of the federal Occupational Safety and Health Act, as amended ("OSHA") and comparable state laws that regulate the protection of the health and safety of employees. In addition, OSHA's hazard communication standard requires that information be maintained about hazardous materials used or produced in our operations and that certain information be provided to employees, state and local government authorities and citizens.

Endangered Species Act

The Endangered Species Act ("ESA") was established to protect endangered and threatened species. Pursuant to the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species or its habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act. The U.S. Fish and Wildlife Service ("FWS") may designate critical habitat and suitable habitat areas that it believes are necessary for survival of a threatened or endangered species. A critical habitat or suitable habitat designation could result in further material restrictions to federal land use and may materially delay or prohibit land access for oil and natural gas development. If newly listed species, such as the lesser prairie chicken or dunes sagebrush lizard, are located in areas where we operate or previously unprotected species, such as the dunes sagebrush lizard, monarch butterfly, are designated as endangered or threatened, or if we were to have a portion of our leases designated as critical or suitable habitat, it could cause us to incur additional costs or become subject to operating restrictions or bans in the affected areas, which could adversely impact the value of our leases. For example, in July 2023, December 2024, FWS proposed listing the dunes sagebrush lizard monarch butterfly as an endangered a threatened species. At this time we cannot predict the ultimate impact any final listing of the dunes sagebrush lizard monarch butterfly under the ESA may have on our operations.

Summary

We believe we are in substantial compliance with currently applicable environmental federal, state and local laws and regulations and that we hold all necessary, valid and up-to-date permits, registrations and other authorizations required under such laws and regulations or are in the process of obtaining such items. However, current regulatory

requirements may change, currently unforeseen incidents may occur or past non-compliance with laws or regulations may be discovered, and such laws and regulations are frequently amended or reinterpreted. Therefore, we are unable to predict the future costs or impacts of compliance. Although we have not experienced any material adverse effect from compliance with environmental requirements and believe that the current costs of compliance are appropriately reflected in our budget, there is no assurance that this will continue. We did not have any material capital or other non-recurring expenditures in connection with complying with environmental laws and regulations or environmental remediation matters during the years ended December 31, 2023 December 31, 2024, 2022 2023 or 2021 2022.

Regulation of derivatives

The July 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") provides for federal oversight of the over-the-counter derivatives market and entities that participate in that market and mandates that the Commodity Futures Trading Commission (the "CFTC"), the SEC, and federal regulators of financial institutions (the "Prudential Regulators") adopt rules or regulations implementing the Dodd-Frank Act and providing definitions of terms used in the Dodd-Frank Act. The Dodd-Frank Act establishes margin requirements and requires clearing and trade execution practices for certain market participants and may result in certain market participants needing to curtail or cease their derivatives activities.

The CFTC, the SEC and the Prudential Regulators have issued many rules to implement the Dodd-Frank Act, including rules (the "Adopted Derivatives Rules") (i) requiring clearing of hedges, or swaps, that are subject to the Dodd-Frank Act (currently, only certain interest rate and credit default swaps, which we do not presently have) (the "Mandatory Clearing Rule"), and also establishing an "end user" exception to the Mandatory Clearing Rule (the "End User Exception"), (ii) setting forth collateral requirements in connection with swaps that are not cleared (the "Margin Rule") and also an exception to the Margin Rule for end users that are not financial end users (the "Non-Financial End User Exception") and (iii) imposing position limits on certain futures contracts, including the NYMEX "Henry Hub" gas contract and "Light Sweet Crude" oil contract, and economically equivalent swaps (the "Position Limit Rule"). The Position Limit Rule took effect March 15, 2021 and the position limits, other than those for economically equivalent swaps provided for in the Position Limit Rule, took effect on January 1, 2022; the position limits for economically equivalent swaps took effect on January 1, 2023. The Position Limit Rule provides an exemption from the position limits for swaps that constitute "bona fide hedging positions" within the definition of such term under the Position Limit Rule, subject to the party claiming the exemption complying with the applicable filing, recordkeeping and reporting requirements of the Position Limit Rule.

We qualify for the End User Exception and will utilize it if the Mandatory Clearing Rule is expanded to cover swaps in which we participate. We qualify for the Non-Financial End User Exception and will not be required to post margin in connection with uncleared swaps under the Margin Rule. Our existing and anticipated hedging positions constitute "bona fide hedging positions" under the Position Limit Rule, and we intend to undertake the filing, recordkeeping and reporting necessary to utilize the bona fide hedging position exemption under the Position Limit Rule, so we do not expect to be directly affected by any such rules. However, most if not all of our hedge counterparties will be subject to mandatory clearing in connection with their hedging activities with parties who do not qualify for the End User Exception and will be required to post margin in connection with their hedging activities with other swap dealers, major swap participants, financial end users and other persons that do not qualify for the Non-Financial End User Exception. In addition, the European Union and other non-U.S. jurisdictions have enacted laws and regulations (including laws and regulations giving the European Union financial authorities the power to write down amounts we may be owed on hedging agreements with counterparties subject to such laws and regulations and/or require that we accept equity interests in such counterparties in lieu of cash in satisfaction of such amounts, collectively the "Foreign Regulations"), which may apply to our transactions with counterparties subject to such Foreign Regulations (the "Foreign Counterparties") and the U.S. adopted law and rules (the "U.S. Resolution Stay Rules") clarifying similar rights of U.S. banking authorities with respect to banking institutions subject to their regulation.

Human capital

At Vital Energy, we believe that our people set us apart from our peers. We seek to energize the potential of our people through the "Vital Way," which is intended to bring together unique and sound ideas, approaches and individual experiences, fuel innovation and maximize operational performance. We strive to empower our people through Vital's core values of Unafrain, Unshakeable Unshakable and Unbiased. Accordingly, Vital's key human capital objectives are to attract, retain, motivate and develop the highest quality talent possible. We seek to foster a collegial work environment to help our employees attain their highest level of productivity, creativity and efficiency. To support these objectives, our board of directors oversees our human capital strategy. Our Nominating, Corporate Governance, Environmental and Social Committee has been delegated the responsibility of reviewing strategies and policies related to human capital management, including with respect to diversity, equity and inclusion, our employment practices, workplace culture, talent development and retention, and the safety of our workforce. Our Compensation Committee has also been delegated the responsibility of overseeing our total rewards program and promoting its alignment with Vital's strategic objectives and stockholders' interest.

We have adopted are committed to cultivating a workplace culture built on safety, equal employment opportunity and continuous improvement. Our Code of Conduct and Business Ethics which helps us provides a foundation to uphold an environment of safety and inclusion. We also provide these values supported by regular employee trainings, which cover training on topics such as anti-harassment, whistleblower procedures, avoiding conflicts conflict of interest avoidance, and anti-trust matters. Further, at the end of 2022, we conducted an employee compliance.

Employee feedback plays a crucial role in shaping our initiatives. Through engagement survey to help us understand what we are doing well, measure job satisfaction surveys and engagement, and determine where we could improve. To continue the momentum we gained from the survey, in 2023 we conducted employee-led focus groups, to learn more about our employees' perception of their we've gained valuable insights into areas such as workload and flexibility, DEI, workplace culture, communication, recognition, and rewards. Additionally, These efforts guide us in creating meaningful practices that align with the needs and aspirations of our workforce. To further foster transparency and collaboration, we host regular townhalls town halls where employees can hear directly from Vital Leaders our leadership team on important Company updates. key updates and initiatives. Together, these actions reflect our dedication to building an environment where everyone feels valued and empowered to succeed.

Workforce Composition

As of December 31, 2023 December 31, 2024, we employed 326 405 full-time employees, 161 199 of which were based in our field offices. The remaining (nearly one-half) of our employees possess technical and professional backgrounds, often holding advanced degrees. Our professional staff includes geoscientists, petroleum and chemical engineers, land women and men, accountants, computer and data scientists, financial analysts, lawyers, human resource specialists and many more. None of our employees are represented by labor unions or covered by collective bargaining agreements.

Diversity and Inclusion Equal Employment Opportunity

We believe that having a diverse workforce our commitment to equal employment opportunity will help our organization better accomplish our mission as it provides us with an opportunity to obtain unique perspectives, experiences and ideas that can help our organization succeed.

At Vital Energy, we are dedicated to providing a collaborative workplace where open communication and mutual respect are at the core of our fiscal year 2023, our workforce consisted of:

- 31% people that are diverse based on race/ethnicity
- 25% people that are diverse based on gender
- 4% US military veterans
- 77% of women in our company hold professional roles

Vital strives to provide a comfortable and progressive workplace where communication is open and problems can be discussed and resolved in a mutually respectful atmosphere. culture. We believe that by working together, we are stronger, and we will continue strive to seek create an environment where challenges can be addressed collaboratively and respectfully.

Diversity of thought is fundamental to honor diversity the Vital Way. We are committed to honoring this value as we grow and inclusion as key values of the Vital Way, evolve. By embracing our employees' many perspectives and ideas, we aim to foster innovation, strengthen our community, and ensure that every employee feels valued and empowered to contribute to our shared success.

Health and Safety

It is important that our people stay healthy and safe. We know that an engaged, healthy, safe and well-trained workforce helps us accomplish our strategic goals. We seek to achieve these goals through all-hands safety meetings, hazard hunts, stop-work authority and root-cause analysis.

Total Rewards

Vital believes that it is important to empower We believe in empowering our employees. To achieve this result, we provide our employees by offering a comprehensive total rewards program which includes a comprehensive compensation package and benefits offering. Our total rewards program is designed to attract and retain exceptional talent to achieve Vital's business strategy. We seek to accomplish this strategy through This program includes a competitive compensation package and a wide range of benefits aimed at fostering employee satisfaction and engagement. Our compensation model is built on three primary tenets that uphold our compensation model: 1) core principles: (i) providing competitive base salaries and benefits, 2) (ii) rewarding for both short-term and long-term performance and 3) tying (iii) linking pay to individual performance and company performance to pay. Our compensation model includes a regular review of the market as part of our efforts to remain competitive performance. To maintain competitiveness within our industry, for all jobs. Such we conduct regular market benchmarking consists of regular review against our an annually selected peer group and against the broader market. These regular market total reward reviews include updates and analyses on help us stay aligned with trends in compensation, benefits, and best practices and industry trends which support and align ensuring our model supports Vital's evolving human capital needs. In addition to competitive salaries, we offer our model features both short-term and long-term incentive programs. Our goal is for our compensation model programs that connect employee pay to tie all employees' pay not only to their individual performance, but also to certain components of the business's performance. Vital's These performance measures are designed to reflect our environmental, safety, operational and financial priorities, which we believe align aligning with our stockholders' priorities. stockholder expectations and fostering a shared commitment to Vital's success. We believe paying our pay for performance leads to approach drives better business results, stronger outcomes, strengthens employee capabilities, improved employee improves productivity, higher employee and boosts retention, levels, heightened motivation and overall employee satisfaction. Vital Our total rewards program also provides includes a generous company-matched 401(k) plan with immediate vesting, flexible working schedules, and many more a variety of employee-focused programs. initiatives, underscoring our commitment to fostering a supportive and a rewarding workplace.

Learning and Development

Attracting, At Vital Energy, attracting, retaining, and developing our workforce top talent is crucial fundamental to all aspects of Vital's overall our success and it is central to our long-term strategy. We To support our employees' growth, we offer tuition reimbursement benefits for extended educational learning opportunities. Additionally, we have a robust We also provide an in-depth training program for our Lease Operators and Field Technicians that allows for Technicians. This program ensures consistency in our processes and gives the offers leadership team clarity clear insights when considering evaluating field employees for promotional opportunities. Administration of this program is a joint effort between Administered collaboratively by our Production leadership on the Production team and the Learning and Development staff that allows us teams, the program reflects our commitment to intentionally train our employees with the goal of training and promoting from within. We take pride in recognizing and advancing the exceptional talent within for all promotions our workforce, reinforcing our belief in the field. Vital prides itself on the ability to promote our great employees. value of internal growth and development.

Available information

We are required to file annual, quarterly and current reports, proxy statements and other information with the SEC, which are available to the public from commercial document retrieval services and at the SEC's website at <https://www.sec.gov>. Our common stock is listed and traded on the New York Stock Exchange under the symbol "VTLE."

We also make available on our website (<https://www.vitalenergy.com>) all of the documents that we file with the SEC and amendments to those reports, including related exhibits and supplemental schedules, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, free of charge, as soon as reasonably practicable after we electronically file such material with the SEC. Our Code of Conduct and Business Ethics, Code of Ethics for Senior Financial Officers, Corporate Governance Guidelines, Policy Statement Regarding Related Party Transactions and the charters of our audit committee, compensation committee, finance committee, and nominating, corporate governance, environmental and social committee are also available on our website and in print free of charge to any stockholder who requests them. Requests should be sent by mail to our corporate secretary at our executive office. Information contained on our website, **in our Sustainability Reports or in any other reports discussed herein** is not incorporated by reference into this Annual Report. We intend to disclose on our website any amendments or waivers to our Code of Conduct and Business Ethics or Code of Ethics for Senior Financial Officers that are required to be disclosed pursuant to Item 5.05 of Form 8-K.

Item 1A. Risk Factors

Our business involves a high degree of risk. If any of the following risks, or any risks described elsewhere in this Annual Report, were actually to occur, our business, financial condition or results of operations could be materially adversely affected and the trading price of our shares could decline resulting in the loss of part or all of your investment. The risks described below are not the only ones facing us. Additional risks not presently known to us or which we currently consider immaterial may also adversely affect us.

Risks related to our business

Oil, NGL and natural gas prices are volatile. Volatility in oil, NGL and natural gas prices has adversely affected, and may continue to adversely affect, our business, financial condition and results of operations and may in the future affect our ability to meet our capital expenditure obligations and financial commitments as well as negatively impact our stock price.

The prices we receive for our oil, NGL and natural gas production heavily influence our revenue, profitability, access to capital and future rate of growth. Commodity prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. Historically, the market for oil, NGL and natural gas has been volatile and will likely continue to be volatile in the future. The prices we receive for our production, and the levels of our production, depend on numerous factors beyond our control. See "Cautionary Statement Regarding Forward-Looking Statements" for a list of the factors that significantly impact our business and could impact our business in the future, including those specifically related to pricing and production.

Lower oil, NGL and natural gas prices have reduced, and may in the future continue to reduce, our cash flows and borrowing ability. We may be unable to obtain needed capital or financing on satisfactory terms, which could lead to a decline in our oil, NGL and natural gas reserves as existing reserves are depleted. A further decrease in oil, NGL and natural gas prices could render uneconomic a large portion of our exploration, development and exploitation projects. This has already resulted in us having to make significant downward adjustments to our estimated proved reserves, and we may need to make further downward adjustments in the future. Furthermore, lower oil, NGL and natural gas prices could lead to a reduced borrowing base under our Senior Secured Credit Facility, which could trigger repayments under such facility. Also, lower oil, NGL and natural gas prices would likely cause a decline in our stock price.

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

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

Additionally, certain segments of the investor community have recently expressed negative sentiment towards investing in the oil and natural gas industry. In the past, equity returns in the sector versus other industry sectors have led to lower oil and natural gas representation in certain key equity market indices. Some investors, including certain pension funds, university endowments and family foundations, have stated policies to reduce or eliminate their investments in the oil and natural gas sector based on social and environmental considerations. Furthermore, certain other stakeholders have pressured commercial and investment banks to stop funding oil and gas projects. With the volatility in oil and natural gas prices and the likelihood that elevated interest rates will continue to rise in the near term, increasing the cost of borrowing, certain investors have emphasized capital efficiency and free cash flow from earnings as key drivers for energy companies, especially shale producers. This may also result in a reduction of available capital funding for potential development projects, further impacting our future financial results. See "Item 1. Business—Regulation of the oil and natural gas industry—"Greenhouse gas" emissions" for further discussion.

The impact of the changing demand for oil and natural gas services and products, together with a change in investor sentiment, may have a material adverse effect on our business, financial condition, results of operations and cash flows. Furthermore, if we are unable to achieve the desired level of capital efficiency or free cash flow within the timeframe expected by the market, our stock price may be adversely affected.

We may be subject to risks in connection with acquisitions and dispositions of assets.

Our growth strategy will, in part, rely on acquisitions. We expect to grow in the future by expanding the exploitation and development of our existing assets, in addition to growing through targeted acquisitions in the Permian Basin or in other basins. Our ability to achieve the anticipated benefits of our acquisitions, including the **2023 Acquisitions, Point Acquisition**, depends in part on whether we can integrate the businesses we acquire into our existing business in an effective and efficient manner. We may not be able to

accomplish this integration process successfully. The successful acquisition of producing properties requires an assessment of several factors, including (i) recoverable reserves; (ii) future oil, NGL and natural gas prices and their applicable differentials; (iii) timing of development; (iv) capital and operating costs; and (v) potential environmental and other liabilities.

The successful disposition of assets requires an assessment of several factors, including historical operations, potential environmental and other liabilities and impact on our business. The accuracy of these assessments is inherently uncertain.

Our assessment will not reveal all existing or potential problems, nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not always be performed on every well, and environmental problems are not necessarily observable even when an inspection is undertaken. Even when problems are identified, the seller or buyer may be unwilling or unable to provide effective contractual protection against all or part of the problems. We often are not entitled to contractual indemnification for environmental liabilities and acquire or sell assets on an "as is" basis. Even in those circumstances in which we have contractual indemnification rights for pre-closing liabilities, it remains possible that the seller or buyer will not be able to fulfill its contractual obligations. Problems with assets we acquire or dispose of could have a material adverse effect on our business, financial condition and results of operations. See "Item 1. Business—Regulation of the oil and natural gas industry—Hazardous substance and waste handling" for further discussion.

Acquisitions may not achieve the intended results and our results may suffer if we do not effectively manage our expanded operations following such transactions.

Some of the assumptions that we have made, such as the nature of assets to be acquired, may not be realized. There could also be undisclosed or unknown liabilities and unforeseen expenses associated with the acquisition that were not discovered in the due diligence review conducted by us prior to entering into the transaction agreements. Further, transaction costs and other non-recurring expenses incurred in connection with acquisitions may be greater than we initially anticipate. **Further, we make certain assumptions regarding the estimated proved reserves we acquire which are based in part on commodity prices at the time of any such acquisition. To the extent commodity prices thereafter decline, we may have to make downward adjustments to our estimated proved reserves.**

We may use more cash and other financial resources on integration and implementation activities than we expect. We may not be able to successfully integrate the assets acquired into our existing operations or realize the expected economic benefits of the acquisition, including those acquired in the **2023 Acquisitions, Point Acquisition**, which may have a material and adverse effect on our business, financial condition and results of operations.

In instances where a portion of the acreage we are acquiring is undeveloped, our plans, development schedule and production schedule associated with the acreage may fail to materialize. As a result, our investment in these areas may not be as economic as we anticipate, and we could incur material write-downs of unevaluated properties.

In addition, integrated acquired businesses and assets involves a number of special risks and unforeseen difficulties that can arise in integrating operations and systems and in retaining and assimilating employees. These difficulties include, among other things:

- Operating a larger organization;
- Coordinating geographically disparate organizations, system and facilities;
- Integrating corporate, technology and administrative functions;
- Diverting management's attention from regular business concerns;
- Diverting financial resources away from existing operations;
- Increasing our indebtedness; and
- Incurring potential environmental or regulatory liabilities and title problems.

Any of these or other similar risks could lead to potential adverse short-term or long-term effects on our operating results. The process of integrating our operations could cause an interruption of, or loss of momentum in, the activities of our business. Members of our management may be required to devote considerable amounts of time to this integration process, which decreases the time they have to manage our business. If our management is not able to effectively manage the integration process, or if any business activities are interrupted as a result of the integration process, our business could suffer.

Continuing or worsening inflationary pressures and associated changes in monetary policy have resulted in and may result in additional increases to our drilling and completions costs and costs of oilfield services, equipment, and materials, which in turn have caused and may continue to cause our capital expenditures and operating costs to rise.

The U.S. inflation rate increased in 2021 and 2022 before declining in **2023, 2023 and 2024**. These inflationary pressures have resulted in and may result in additional increases to our drilling and completions costs and costs of oilfield services, equipment, and materials, which in turn have caused and may continue to cause our capital expenditures and operating costs to rise. **Further, the costs of oilfield services, equipment and materials may be increased as a result of the imposition or increase of tariffs on certain raw materials.** The Federal Reserve and other central banks increased interest rates in 2022 and 2023 to curb inflation. The Federal Reserve **reduced benchmark interest rates in 2024 and has indicated that it may further reduce benchmark interest rates in 2024, 2025.** However, there is no guarantee that interest rates will decline, and to the extent interest rates increase, the cost of capital could increase and economic growth could be depressed, either of which —or the combination thereof — could hurt the financial and operating results of our business.

As a result of the volatility in prices for oil, NGL and natural gas, we have taken and may be required to take further write-downs of the carrying values of our properties.

Accounting rules require that we periodically **We use the full cost method of accounting for our oil and natural gas properties, with the full cost ceiling based principally on the estimated future net cash flows from our proved oil, NGL and natural gas reserves, which exclude the effect of our commodity derivative transactions, discounted at 10% under required SEC guidelines for pricing methodology. The SEC pricing methodology is the unweighted arithmetic average first-day-of the month commodity price for each month within the trailing 12-month period adjusted for differentials. We review the carrying value of our oil and natural gas properties for possible impairment. under the full cost accounting rules of the SEC on a quarterly basis. In the event the unamortized cost, or net book value, of our evaluated oil and natural gas properties being depleted exceeds the full cost ceiling, the**

excess is expensed in the period such excess occurs. Once incurred, a write-down of evaluated oil and natural gas properties is not reversible and constitutes a non-cash charge to earnings. In the fourth quarter of 2024, our unamortized cost of evaluated oil and natural gas properties exceeded the full cost ceiling and, as such, we recorded a non-cash full cost ceiling impairment during the year ended December 31, 2024.

Based on prevailing commodity prices and specific market factors and circumstances at the time of prospective impairment reviews, and the continuing evaluation of development plans, production data, economics and other factors, we have been required to, and may be required to further, write-down the carrying value of our properties. A write-down constitutes a non-cash charge to earnings. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Pricing and reserves" and Note 6 to our consolidated financial statements included elsewhere in this Annual Report for additional information.

There is no guarantee that we will be successful in optimizing our well spacing, drilling and completions techniques in order to maximize our rate of return, cash flows from operations and stockholder value.

As we accumulate and process geological and production data, we attempt to create a development plan, including well spacing and completion design, that maximizes our rate of return, cash flows from operations and stockholder value. However, due to many factors, including some beyond our control, there is no guarantee that we will be able to find the optimal plan or one that provides continuous improvement. If we are unable to design and implement an effective spacing, drilling and completions strategy, it may have a material adverse effect on our production results, financial performance, stock price and net asset value.

In addition, we use 3D seismic and other advanced technologies, which are relatively unproven and require greater pre-drilling expenditures than traditional drilling strategies, which may result in a reduction in our returns. As a result, our drilling activities may not be successful or economical, and our overall drilling success rate or our drilling success rate for activities in a particular area could decline.

Competition in the oil and natural gas industry is intense, making it difficult for us to acquire properties, market oil, NGL and natural gas and secure trained personnel.

Our ability to acquire additional drilling locations and to find and develop reserves in the future may depend on our ability to evaluate and select suitable properties and to consummate transactions in a highly competitive, concentrated geographic environment for acquiring properties, marketing oil, NGL and natural gas and securing trained personnel. Also, there is substantial competition for capital available for investment in the oil, NGL and natural gas industry, especially in our focus areas. Many of our competitors possess and employ financial, technical and personnel resources substantially greater than ours. Those companies may be able to pay more for productive oil, NGL and natural gas properties and exploratory locations and to evaluate, bid for and purchase a greater number of properties and locations than our financial or personnel resources permit. In addition, other companies may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. We may not be able to compete successfully in the future in acquiring prospective reserves, developing reserves, procuring goods and services, marketing hydrocarbons, attracting and retaining quality personnel and raising additional capital, which could have a material adverse effect on our business.

Recent transactions may expose us to contingent liabilities.

We have agreed to indemnify the sellers of assets in recent transactions, including in connection with the **2023 Acquisitions**, **Point Acquisition**, against certain liabilities related to (i) production, processing and other imbalances, (ii) obligations to pay working interests and related payments, (iii) obligations for plugging and abandonment of applicable wells and (iv) certain other items. In addition, we have agreed to indemnify the buyer of assets for breaches of certain specified fundamental representations and warranties and failure to perform covenants or obligations contained in the respective transaction agreement, subject to certain limitations, and certain other indemnities.

Our indemnification obligations are, in some cases, subject to limitations, but the amount of our maximum exposure could be material. In some instances, our indemnification obligations are not subject to any limitations. Significant indemnification claims by such sellers or buyers could materially and adversely affect our business, financial condition and results of operations.

We may be unable to quickly adapt to changes in market/investor priorities.

Historically, one of the key drivers of external capital investment in the unconventional resource industry has been growth in production and reserves. However, in light of recent trends such as historical levels of volatility in oil and natural gas prices and sustained high interest rates increasing the cost of borrowing, capital efficiency and free cash flow from earnings have become the key drivers for energy companies, particularly shale producers like ourselves. Such shifts in focus sometimes require changes in planning and resource management, which may not occur instantaneously. Any delay in responding to such changes in market sentiment or perception may result in the investment community having a negative sentiment regarding our business plan, potential profitability and our ability to operate in a manner deemed "efficient," which may have a negative impact on the price of our common stock.

Estimating reserves and future net cash flows involves uncertainties. Negative revisions to reserve estimates, decreases in oil, NGL and natural gas prices or increases in service costs, may lead to decreased earnings and increased losses or impairment of oil and natural gas properties.

The reserves data included in this Annual Report represent estimates. Reserves estimation is a subjective process of evaluating underground accumulations of oil, NGL and natural gas that cannot be measured in an exact manner. Reserves that are "proved reserves" are those estimated quantities of oil, NGL and natural gas that geological and engineering data demonstrate with reasonable certainty are recoverable in future years from known reservoirs under existing economic and operating conditions and that relate to specific locations for which the extraction of hydrocarbons must have commenced or the operator must be reasonably certain will commence within a five-year period.

The estimation process relies on interpretations of available geological, geophysical, engineering and production data. There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of developmental expenditures, including more rapid production declines than previously expected and many other factors beyond the control of the operator. Further, initial production rates reported by us or other operators may not be indicative of future or long-term production rates. Production declines may be rapid and irregular when compared to a well's initial production or initial estimates. In addition, the estimates of future net cash flows

from our proved reserves and the present value of such estimates are based upon certain assumptions about future production levels, prices and costs that may not prove to be correct.

Negative revisions in the estimated quantities of proved reserves have the effect of increasing the rates of depletion on the affected properties, which decrease earnings or result in losses through higher depletion expense. These revisions, as well as revisions in the assumptions of future cash flows of these reserves, may also trigger impairment losses on certain properties, which would result in a non-cash charge to earnings. See Unaudited Supplementary Information included elsewhere in this Annual Report.

Unless we replace our oil, NGL and natural gas production, our reserves and production will continue to decline, which would adversely affect our future cash flows and results of operations.

Producing oil, NGL and natural gas reservoirs are generally characterized by rapidly declining production rates that vary depending upon reservoir characteristics and other factors. Unless we conduct successful ongoing exploration, development and exploitation activities and/or continually acquire properties containing proved reserves, our proved reserves will continue to decline as those reserves are produced. Our future oil, NGL and natural gas reserves and production, and therefore our future cash flow and results of operations, are highly dependent on our success in efficiently developing and exploiting our current reserves and economically finding or acquiring additional recoverable reserves. We may not be able to develop, exploit, find or acquire sufficient additional reserves to replace our current and future production. If we are unable to replace our current and future production, the value of our reserves will decrease, and our business, financial condition and results of operations would be adversely affected.

Insufficient transportation capacity in the Permian Basin, and the challenges to alleviating such transportation constraints, could cause significant fluctuations in our realized oil prices and our results of operations.

In our area of operation, the Permian Basin has been characterized by periods when oil and/or natural gas production has surpassed local transportation capacity, resulting in substantial discounts to the price received for commodity prices quoted for WTI oil and Henry Hub natural gas. The expansion and construction of pipeline facilities are affected by the availability and costs of necessary equipment, supplies, labor and other services, as well as the length of time to complete such projects. In addition, these projects can be affected by changes in international trade relationships, including the imposition of trade restrictions or tariffs relating to crude oil and natural gas and any materials or products used to expand or construct pipeline facilities, such as certain imported steel mill products that may be subject to a 25% tariff. All of these factors could negatively impact our realized oil prices, as well as actual results of our operations.

The marketability of our production is dependent upon transportation, processing and storage, certain of which we do not control. If these services are unavailable, our operations could be interrupted and our revenues reduced.

The marketability of our oil, NGL and natural gas production depends on a variety of factors, including the availability, proximity, capacity and quality constraints of transportation, compression, natural gas processing, fractionation, export terminals and storage facilities owned by us or third parties. We do not control third-party facilities and pipelines that may be utilized for the transportation to market of the products originating at our leases. Our failure to provide or obtain such services on acceptable terms could materially harm our business.

Insufficient production from our wells to support the construction of pipeline facilities by third parties or a significant disruption in the availability of our or third-party transportation facilities or other production facilities could adversely impact our ability to deliver to market or produce our oil, NGL and natural gas and thereby cause a significant interruption in our operations. If we are unable, for any sustained period, to implement acceptable delivery or transportation arrangements or specifications or encounter production-related difficulties, we may be required to shut in or curtail production. Any such shut-in or curtailment, or an inability to obtain favorable terms for delivery of the oil, NGL and natural gas produced from our fields, could materially and adversely affect our financial condition and results of operations.

A decrease in our production of oil, NGL and natural gas could negatively impact our ability to meet our contractual obligations to deliver oil, NGL and natural gas and our ability to retain our leases.

A portion of our oil, NGL and gas production in any region may be interrupted, or shut in, from time to time for numerous reasons, including as a result of extreme weather conditions, such as the freezing of wells and pipelines in the Permian Basin or a decision by the Electric Reliability Council of Texas ("ERCOT") to implement statewide electricity blackouts due to supply/

demand imbalances in the electricity grid caused by the extreme cold weather, accidents, loss or unavailability of pipeline or gathering system access and capacity, field labor issues or strikes. Alternatively, we might voluntarily curtail production in response to market conditions, including low oil, NGL and gas prices. If a substantial amount of our production is interrupted at the same time, it could temporarily adversely affect our cash flow. Furthermore, if we were required to shut in wells, we might also be obligated to pay shut-in royalties to certain mineral interest owners to maintain our leases.

In addition, we have entered into agreements with third-party pipelines and purchasers that require us to deliver for transportation or sale minimum amounts of oil and natural gas. Pursuant to these agreements, we must deliver specific amounts of oil or gas over the next **six** **five** years. If we are unable to fulfill all of our contractual delivery obligations from our own production, we may be required to pay penalties or damages pursuant to these agreements or we may have to purchase oil from third parties to fulfill our delivery obligations. This could adversely impact our cash flows, profit margins and net income.

The potential drilling locations that we have tentatively internally identified for our future wells will be drilled, if at all, over many years. This makes them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling.

Although our management team has established certain potential drilling locations as a part of our long-range development plan, our ability to drill and develop these locations depends on a number of uncertainties, including oil, NGL and natural gas prices, the availability and cost of capital, drilling and production costs, our ability to leverage our data and development experience, the availability of drilling services and equipment, lease expirations, gathering systems, marketing and pipeline transportation constraints, regulatory

approvals and other factors. Because of these uncertainties, we do not know if the numerous potential drilling locations we have currently identified will ever be drilled or if we will be able to produce oil, NGL or natural gas from these or any other potential drilling locations. As such, it is likely that our actual drilling activities, especially in the long term, could materially differ from those presently anticipated. See "Item 1. Business—Regulation of the oil and natural gas industry—Water and other waste discharges and spills" for further discussion regarding the issuance of permits that can affect our ability to drill wells.

The inability of our significant customers to meet their obligations to us may materially adversely affect our financial results.

Our oil, NGL and natural gas production sales are made to a variety of purchasers, including intrastate and interstate pipelines or their marketing affiliates and independent marketing companies. Certain purchasers individually account for 10% or more of our oil, NGL and natural gas sales in a given year. The inability or failure of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. See Notes 2 and 14 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our accounts receivable and credit risk, respectively.

The unavailability or high cost of additional oilfield services, including personnel, drilling rigs, equipment and supplies, as well as fees for the cancellation of such services, could adversely affect our ability to execute our exploration and development plans within our budget and on a timely basis.

The demand for and availability of qualified and experienced personnel to drill and complete wells and conduct field operations, including, but not limited to, frac crews, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil, NGL and natural gas prices, causing periodic shortages. From time to time, there have also been shortages of drilling and workover rigs, pipe, sand, water and equipment as demand for such items has increased along with the number of wells being drilled. We have committed in the past, and we may in the future commit, to drilling rig contracts with various third parties that contain penalties for early terminations. These penalties could negatively impact our financial statements upon contract termination. Shortages in rigs, crews, supplies and equipment, as well as related fees could result in delays or cause us to incur significant expenditures that are not provided for in our capital budget, which could have a material adverse effect on our business, financial condition or results of operations.

Our business and operations may be further impacted by epidemics, outbreaks and other public health events.

Epidemics, outbreaks or other public health events that are outside of our control could significantly disrupt our operations and adversely affect our financial condition. The global or national outbreak of an illness or other communicable disease, or any other public health crisis, such as COVID-19, may cause disruptions to our business and operations, which may include (i) shortages of employees, (ii) unavailability of contractors or subcontractors, (iii) interruption of supplies from third parties upon which we rely, (iv) recommendations of, or restrictions imposed by government and health authorities, including quarantines, to address an outbreak and (v) restrictions that we and our contractors, subcontractors and our customers impose, including facility shutdowns, to ensure the safety of employees.

Our business could be negatively impacted by disruption of electronic systems, security threats, including cybersecurity threats, and other disruptions.

We are heavily dependent on our information systems and computer-based programs, including our well operations information, seismic data, electronic data processing and accounting data. ~~If~~ We also rely on the information systems of our third-party vendors, contractors and other partners to support these aspects of our operations. Moreover, some of our networks and systems are managed by third-party service providers and are not under our direct control. A failure or substandard performance of any of ~~such~~ these systems due to outages, natural disasters, acts of war, or programs ~~were~~ usage error, or a successful cyberattack or breach targeting us or our third-party partners, could lead to ~~fail or we were~~ subject to cyberspace breaches or attacks, possible consequences ~~include~~ loss of communication links; an inability to find, produce, process and sell oil, NGL and natural gas; an inability to automatically process commercial transactions or engage in similar automated or computerized business activities; data loss or corruption; misdirected wire transfers; an inability to maintain our books or records; and an inability to prevent environmental damage. Any such ~~consequence~~ events could lead to ~~operation~~ disruptions, regulatory scrutiny or financial losses, all of which could have a material adverse effect on our business, reputation and financial condition.

As an oil and natural gas producer, we face various security threats, including cybersecurity threats to gain unauthorized access to sensitive information or to render data or systems unusable, threats to the safety of our employees, threats to the security of our or third-party facilities and infrastructure and threats from terrorist acts. These threats may materialize as successful attacks. In particular, cybersecurity attacks are ~~dynamic and~~ evolving and include, but are not limited to, malicious software, surveillance, credential stuffing, spear phishing, social engineering, use of deepfakes (i.e., highly realistic synthetic media generated by artificial intelligence), attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. ~~As cyberattacks evolve, we may need to allocate additional resources to strengthen our security measures, address vulnerabilities and investigate or resolve potential cybersecurity threats.~~ Although we utilize various procedures and controls to ~~detect, monitor and protect against these threats and to mitigate our exposure to such threats, including through the implementation of continuous monitoring of threat detection, regular security audit, employee security training and incident response exercises and plans,~~ there can be no assurance that these procedures and controls will be sufficient in preventing security threats from ~~materializing, materializing, detecting such threats or effectively mitigating their impact.~~ In the event of a successful attack, our ability to quickly detect, respond to and recover from the incident may be limited, leading to prolonged disruptions and increased costs associated with containment, investigation and recovery efforts. Though we and our service providers have experienced certain cybersecurity incidents, we are not aware of any previous cybersecurity threats or incidents that have materially affected or are reasonably likely to materially affect us or our operational and financial results. Despite the implementation of our cybersecurity processes, our security measures cannot guarantee that we will remain unaffected in the future, as no security measure is infallible. If any of these ~~events~~ threats were to materialize, ~~successful, they could lead to losses of sensitive information, critical infrastructure, personnel or capabilities essential to our operations, which could result in liability from data privacy or cybersecurity claims, regulator penalties, damage to our reputation or additional costs for remediation and could~~ modification or enhancement of our information systems to prevent future occurrences and have a material adverse effect on our reputation, financial position, results of operations or cash flows.

Moreover, the growing regulatory landscape around data protection adds additional complexity to safeguarding our information. Compliance with various data privacy and cybersecurity regulations may impose significant costs, and any perceived or actual failure to comply could result in regulatory penalties, litigation and reputational harm.

Our business could be negatively impacted by hydrocarbon price volatility as the result of, or with the intensification of global geopolitical tensions that may create heightened volatility in oil and natural gas prices.

Our revenues and our profitability are heavily dependent on the prices we receive from our sales of oil and natural gas. Oil prices are particularly sensitive to actual and perceived threats to global political stability and to changes in production from OPEC+ member states. Specifically, volatility in oil and gas prices may be created as a result of the ongoing war between Russia and Ukraine, continued ~~hostilities or intensified conflict in the Middle East between Israel and Hamas~~ and the potential impact to global shipping caused by

Houthi rebels in Yemen. Such volatility could reduce the prices we receive from our sales of oil and natural gas and adversely affect our profitability.

The loss of senior management or technical personnel and the failure to attract, train and retain qualified personnel could adversely affect our operations.

Effective succession planning is important to our long-term success. Failure to ensure effective transfer of knowledge and smooth transitions involving senior management and technical personnel could hinder our strategic planning and execution and could have a material adverse impact on our operations. We do not maintain any key-man or similar insurance for any officer or other employee.

We may not always foresee new operational/technical issues as new technology enables greater operational capabilities.

The unconventional oil and natural gas industry has seen a large increase in new technologies to enhance all aspects of operations. This has arguably accelerated as a result of the extended downturn in commodity prices, forcing companies to find new ways to more efficiently produce oil and natural gas. While such technologies can and often ultimately enhance operations, production and profitability, the utilization of such technologies, especially in their early phases, may result in unforeseen consequences and operational issues, resulting in negative consequences.

Our producing properties are in a concentrated geographic area, making us vulnerable to risks associated with operating in one major geographic area.

Our producing properties are geographically concentrated in the Permian Basin. As of December 31, 2023 December 31, 2024, all of our total estimated proved reserves were attributable to properties located in this area. As a result of this concentration, we may be disproportionately exposed to the impact of regional transportation constraints, supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, processing and storage capacity constraints, market limitations, water shortages, interruption of the processing or transportation of oil or natural gas, as well as impacts from extreme weather or other natural disasters impacting the Permian Basin, such as the freezing of wells and pipelines in the Permian Basin or a decision by ERCOT to implement statewide electricity blackouts due to supply/demand imbalances in the electricity grid caused by the extreme cold weather.

Our balance sheet includes a significant amount of deferred tax assets, which are primarily related to net operating losses. Fluctuations in our tax obligations and effective tax rate and realization of our deferred tax assets may result in volatility of our operating results and adversely affect our financial condition.

We have significant deferred tax assets, which are substantially comprised of federal net operating losses ("NOL"). We must generate sufficient earnings of the appropriate character in order to utilize our deferred tax assets. We recorded a pre-tax loss for the year ended December 31, 2024, which was mainly due to a significant non-cash full cost ceiling impairment. If we were to continue experiencing pre-tax losses over an extended period of time, we may not be able to demonstrate the ability to utilize our deferred tax assets and, as a result, may need to record a valuation allowance against them. Recording a valuation allowance could adversely affect our results of operations in a material way in the period the valuation allowance is recorded.

If we were to experience an ownership change, we could be limited in our ability to use net operating losses arising prior to the ownership change to offset future taxable income. In addition, our ability to use net operating loss carryforwards to reduce future tax payments may be limited if our taxable income does not reach sufficient levels.

As of December 31, 2023 December 31, 2024, the Company had federal net operating loss ("NOL") carryforwards totaling \$1.2 billion \$897.0 million, \$789.8 \$530.2 million of which will begin to expire in 2034 2035 and \$366.8 million of which will not expire but may be limited in future periods, and state of Oklahoma NOL carryforwards totaling \$523.7 \$459.3 million, none of which \$34.6 million will begin expiring in 2032 and \$489.1 million will not expire. An ownership change would establish an annual limitation on the amount of our federal and Oklahoma pre-change NOLs we could utilize to offset our taxable income in any future taxable year to an amount generally equal to the value of our stock immediately prior to the ownership change multiplied by the long-term tax-exempt rate, periodically promulgated by the IRS. In general, an ownership change will occur if there is a cumulative increase in our ownership of more than 50 percentage points by one or more "5% shareholders" (as defined in the Internal Revenue Code) at any time during a rolling three-year period. Future changes in our stock ownership may materially limit our NOLs and other tax attributes, which may harm our financial condition and results of operation by effectively increasing our tax obligations. We will continue to review the realizability of the NOLs and other tax attributes.

We may incur substantial losses and be subject to substantial liability claims as a result of our operations. Additionally, we may not be insured for, or our insurance may be inadequate to protect us against, these risks.

We could be impacted by the outcome of pending litigation as well as unexpected litigation or proceedings. Certain litigation claims may not be covered under our insurance policies, or our insurance carriers may seek to deny coverage. Because we cannot accurately predict the outcome of any action, it is possible that, as a result of pending and/or unexpected litigation, we will be subject to adverse judgments or settlements that could significantly reduce our earnings or result in losses. See "Item 3. Legal Proceedings" for a description of our pending litigation, as well as "Item 1. Business—Regulation of the oil and natural gas industry—"Greenhouse gas" emissions" for a discussion about climate change litigation brought against the oil and natural gas industry.

We are not insured against all risks. Losses and liabilities arising from uninsured and underinsured events could materially and adversely affect our business, financial condition or results of operations. Our oil, NGL and natural gas exploration and production activities are subject to all of the operating risks associated with drilling for and producing oil, NGL and natural gas, including the possibility of (i) environmental hazards, such as uncontrollable flows of oil, natural gas, brine, well fluids, toxic gas or other pollution into the environment, including groundwater and shoreline contamination, (ii) abnormally pressured formations, (iii) mechanical difficulties, such as stuck oilfield drilling and service tools and casing collapse, (iv) fires, explosions and ruptures of pipelines, (v) disagreements regarding the royalty due to our royalty owners, (vi) personal injuries and death, (vii) electronic system disruption and cybersecurity threats, (viii) natural disasters and (ix) terrorist attacks targeting oil, NGL and natural gas related facilities and infrastructure.

Any of these risks could adversely affect our ability to conduct operations or result in substantial losses to us.

We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The impact of litigation as well as the occurrence of an event that is not fully covered by insurance could have a material adverse effect on our

business, financial condition and results of operations.

Our targets related to sustainability and emissions reduction initiatives, including our public statements and disclosures regarding them, may expose us to numerous risks.

We have developed, and expect to continue to develop, **voluntary** targets related to ESG initiatives, including our emissions reduction targets and **strategy**, **strategy**, which are often **aspirational**. Public statements related to these initiatives reflect our current plans, and are based on **hypothetical** expectations and assumptions and **hypothetical scenarios** and are not a guarantee the targets will be achieved or achieved on the stated timeline. Our efforts to research, establish, accomplish, and accurately report on these targets may expose us to operational, reputational, financial, legal and other risks. Our ability to achieve our stated targets, including emissions reductions, is subject to numerous factors and conditions, many of which are outside of our control. Moreover, we may seek to enter into various contractual arrangements, including the purchase of various environmental credits or offsets, in an effort to meet any targets or goals that we may set. While we would generally seek to procure such offsets from verified registries, we cannot guarantee that sufficient quality offsets will be available or ultimately achieve the emission reductions that such offsets or credits may represent. Additionally, emission accounting methodologies are subject to change, resulting in increases in our reported emissions. Moreover, we cannot guarantee that all of our relevant stakeholders will agree with the ultimate approach we may select to meeting our ESG-related targets or goals. Any of these issues could adversely impact our ability to meet any ESG-related targets we may set or give rise to reputational risks.

Our business may face increased scrutiny from investors and other stakeholders related to our ESG initiatives, including our publicly announced targets, as well as our methodologies and timelines for pursuing those initiatives. If our ESG initiatives do not meet evolving investor or other stakeholder expectations and standards, our reputation, ability to attract or retain employees, and attractiveness as an investment or business partner may be negatively impacted. Similarly, our failure to achieve our announced targets within the announced timelines, or at all or comply with ethical, environmental or other standards, including reporting standards, may adversely impact our business or reputation, or may expose us to government enforcement actions or private litigation.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. **Unfavorable** While such ratings do not impact all investors' investment or voting decisions,

unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy-related assets could lead to increased negative sentiment toward us, our customers and our industry and to the diversion of investment to other industries, which could have a negative impact on our revenue and profits and our access to and costs of capital. Furthermore, while we may participate in various voluntary frameworks and certification programs to improve the ESG profile of our operations and services, we cannot guarantee that such participation or certification will have the intended results on our ESG profile.

Risks related to our financing and indebtedness

Our business requires significant capital expenditures and we may be unable to obtain needed capital or financing on satisfactory terms or at all.

Our exploration, development, marketing, transportation and acquisition activities require substantial capital expenditures. Historically, we have funded our capital expenditures through a combination of cash flows from operations, proceeds from equity offerings, proceeds from **senior unsecured and subordinated note** **debt** offerings, borrowings under our Senior Secured Credit Facility and proceeds from asset dispositions. We do not have commitments from anyone to contribute equity capital to us. Future cash flows are subject to a number of variables, including the level of production from existing wells, prices of oil, NGL and natural gas and our success in developing and producing new reserves. If our cash flow from operations is not sufficient to fund our capital expenditure budget, we may have limited ability to obtain the additional capital necessary to sustain our operations at current levels. We may not be able to obtain debt or equity financing on terms favorable to us or at all. The failure to obtain additional capital could result in a curtailment of our operations relating to exploration and development of our prospects, which in turn could lead to a decline in our oil, NGL and natural gas production or reserves and, in some areas, a loss of properties.

Currently, we receive a level of cash flow stability as a result of our hedging activity. To the extent we are unable to obtain future hedges at beneficial prices or our commodity derivative activities are not effective, our cash flows and financial condition may be adversely impacted.

To achieve more predictable cash flows and reduce our exposure to adverse fluctuations in the prices of oil, NGL and natural gas, we enter into commodity derivative instrument contracts for a portion of our oil, NGL and natural gas production, including puts, swaps, collars, basis swaps and, in the past, call spreads. In accordance with applicable accounting principles, we are required to record our derivatives at fair market value, and they are included on our consolidated balance sheet as assets or liabilities and in our consolidated statements of operations as gain (loss) on derivatives. Gain (loss) on derivatives are included in our cash flows from operating activities. Accordingly, our earnings may fluctuate significantly as a result of changes in the fair market value of our derivative instruments, including a decrease in earnings if the price of commodities increases above the price of hedges that we have in place. As our current hedges expire, there is a significant uncertainty that we will be able to put new hedges in place that satisfy our hedge philosophy.

Derivative instruments also expose us to the risk of financial loss in some circumstances, including when (i) production is less than the volume covered by the commodity derivative instruments; (ii) the counter-party to the commodity derivative instrument defaults on its contractual obligations; (iii) there is an increase in the differential between the underlying price in the derivative instrument and actual prices received; or (iv) there are issues with regard to legal enforceability of such instruments.

In addition, government regulation may adversely impact our ability to hedge these risks.

For additional information regarding our hedging activities, please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Notes 11 and 12 to our consolidated financial statements included elsewhere in this Annual Report.

We may incur significant additional amounts of debt.

As of **December 31, 2023** December 31, 2024, we had total long-term indebtedness of **\$1.63 billion** **\$2.48 billion**. We may incur substantial additional indebtedness, including secured indebtedness, in the future. The restrictions on the incurrence of additional indebtedness contained in the indentures governing our senior unsecured notes and in our Senior Secured Credit Facility are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be

incurred in compliance with these restrictions could be substantial. If new debt is added to our existing debt levels, the related risks that we face would increase and may make it more difficult to satisfy our existing financial obligations. In

addition, the restrictions on the incurrence of additional indebtedness contained in the indentures governing the senior unsecured notes apply only to debt that constitutes indebtedness under the indentures. However, such increased debt may reduce the amount of outstanding debt allowed under the Senior Secured Credit Facility.

Increases in our cost of and ability to access capital, including as a result of increasing attention to ESG matters, could adversely affect our business.

We require continued access to capital. Our business and operating results can be harmed by factors such as the availability, terms of and cost of capital, increases in interest rates or a reduction in credit rating. These changes could cause our cost of doing business to increase, limit our ability to pursue acquisition opportunities, reduce our cash flow and/or liquidity available for drilling and place us at a competitive disadvantage. Disruptions and volatility in the global financial markets and a downgrade in our credit ratings could negatively impact our costs of capital and ability to raise debt in the public debt markets, and the cost of any new debt could be much higher than our outstanding debt. A significant reduction in our cash flows from operations or the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results. Further, while membership in certain alliances or similar organizations is in flux, certain financial institutions have announced their intention to cease investment banking and corporate lending activities in the North American oil and gas sector or have established climate-related funding commitments or screens for ESG performance that could have the effect of limiting their investment in us or our industry. If we are unable to meet such ESG standards for investment, lending, ratings or voting criteria and policies set by these parties, we may lose investors, investors may allocate a portion of their capital away from us, we may become a target for ESG-focused activism, we may face increased costs of or limitations on access to capital or insurance necessary to sustain or grow our business, the price of our common stock or debt securities may be adversely impacted, demand for our services and products may be adversely impacted, and our reputation may be adversely affected, all of which could adversely impact our future financial results. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk—Interest rate risk" for additional information regarding interest rate risk. See Note 7 to our consolidated financial statements included elsewhere in this Annual Report for additional information regarding our debt and borrowing base.

Borrowings under our Senior Secured Credit Facility expose us to interest rate risk.

Our earnings are exposed to interest rate risk associated with borrowings under our Senior Secured Credit Facility. The terms of our Senior Secured Credit Facility provide for interest on borrowings at a floating rate equal to an adjusted base rate tied to Term SOFR, a forward-looking term rate that is based on the secure overnight financing rate determined by the Federal Reserve bank of New York. SOFR is a volume weighted measure of the cost of overnight borrowings collateralized by treasury securities and can fluctuate based on multiple factors. In response to inflation, the U.S. Federal Reserve increased rates several times in 2022 in an effort to curb inflationary pressure on the cost of goods and services across the United States. While the U.S. Federal Reserve indicated in December 2023 that it may reduce reduced benchmark interest rates in 2024 and has indicated that it may further reduce rates in 2025, the continuation of rates at current elevated levels could raise the cost of capital and depress economic growth, either of which could negatively impact our financial or operational results of our business. From time to time, we use interest rate swaps to reduce interest rate exposure with respect to our fixed and/or floating rate debt. If interest rates were to increase, so would our interest costs, which may have a material adverse effect on our results of operations and financial condition.

We require a significant amount of cash to service our indebtedness. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness and the dividends on our 2.0% Mandatorily Convertible Series A Preferred Stock and to fund planned capital expenditures depends on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We cannot assure that we will generate sufficient cash flows from operations or that future funding will be available to us under our Senior Secured Credit Facility, equity or debt offerings or other actions in an amount sufficient to enable us to pay our indebtedness or dividends on our 2.0% Mandatorily Convertible Series A Preferred Stock or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness at or before maturity. We cannot assure that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

Any significant reduction in our borrowing base under our Senior Secured Credit Facility as a result of a periodic borrowing base redetermination or otherwise will negatively impact our liquidity and, consequently, our ability to fund our operations, as well as our ability to repay borrowings under our Senior Secured Credit Facility or any other obligation if required.

Availability under our Senior Secured Credit Facility is currently subject to a borrowing base which is subject to scheduled semiannual (May 1 and November 1) and other elective borrowing base redeterminations based upon, among other things, projected revenues from, and asset values of, the oil and natural gas properties securing the Senior Secured Credit Facility. The lenders under our Senior Secured Credit Facility can unilaterally adjust the borrowing base and the borrowings permitted to be outstanding under our Senior Secured Credit Facility. Reductions in estimates of our oil, NGL and natural gas reserves will result in a reduction in our borrowing base (if prices are kept constant). Reductions in our borrowing base could also arise from other factors, including but not limited to (i) lower commodity prices or production, (ii) increased leverage ratios, (iii) inability to drill or unfavorable drilling results, (iv) changes in oil, NGL and natural gas reserves engineering, (v) increased operating and/or capital costs, (vi) the lenders' inability to agree to an adequate borrowing base or (vii) adverse changes in the lenders' practices (including required regulatory changes) regarding estimation of reserves.

We anticipate borrowing under our Senior Secured Credit Facility in the future. Any significant reduction in our borrowing base as a result of such borrowing base redeterminations or otherwise will negatively impact our liquidity and our ability to fund our operations and, as a result, would have a material adverse effect on our financial position, results of

operation and cash flow. Further, if the outstanding borrowings under our Senior Secured Credit Facility were to exceed the borrowing base as a result of any such redetermination, we could be required to repay the excess. We may not have sufficient funds to make such repayments. If we do not have sufficient funds and we are otherwise unable to negotiate renewals of our borrowings or arrange new financing, we may have to sell significant assets. Any such sale could have a material adverse effect on our business and financial results. In addition, we keep cash at certain banks that are not FDIC insured or such deposits that exceed the FDIC insured amount. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and capital resources" for additional information regarding our liquidity. See Note 7 to our consolidated financial statements included elsewhere in this Annual Report for additional information regarding our debt and borrowing base.

We have incurred losses from operations for various periods since our inception and may do so in the future.

We incurred net losses in certain years of operation since our inception. Our development of and participation in an increasingly larger number of locations has required and will continue to require substantial capital expenditures. The uncertainty and factors described throughout this section may impede our ability to economically find, develop, exploit and acquire oil, NGL and natural gas reserves. As a result, we may not be able to achieve or sustain profitability or positive cash flows from operating activities in the future. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical accounting estimates."

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our debt agreements contain, and any future indebtedness we incur may contain, various covenants that limit the manner in which we operate our business and our ability to engage in specified types of transactions. These covenants limit our ability to, among other things (i) incur additional indebtedness; (ii) pay dividends on, repurchase or redeem stock; (iii) make certain investments; (iv) sell, transfer or dispose of assets; (v) hedge our production; (vi) consolidate or merge; and (vii) enter into certain transactions with our affiliates.

A breach of any of these covenants could result in a default under one or more of these agreements and, in the case of our Senior Secured Credit Facility, permit the lenders to cease making loans to us. A default, if not waived, could result in acceleration of our indebtedness, in which case the debt would become immediately due and payable. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance it on terms acceptable to us. Furthermore, we have pledged substantially all of our assets as collateral to secure the debt under our Senior Secured Credit Facility and if we were unable to repay such debt, the lenders could proceed against such collateral. The proceeds from the sale or foreclosure upon such collateral will first be used to repay debt under our Senior Secured Credit Facility, and we may not have sufficient assets to repay such debt to our unsecured indebtedness thereafter.

Risks related to regulation of our business

If we are unable to drill new allocation wells, it could have a material adverse impact on our future production results.

In the State of Texas, allocation wells allow an oil and gas producer to drill a horizontal well under two or more leaseholds that are not pooled. We are active in drilling and producing allocation wells. If regulations regarding allocation wells are made, the RRC denies or significantly delays the permitting of allocation wells or if legislation is enacted that negatively impacts the current process under which allocation wells are permitted, it could have an adverse impact on our ability to drill long horizontal lateral wells on some of our leases, which in turn could have a material adverse impact on our anticipated future production, rates of return and other projected capital efficiencies.

Federal and state legislation and regulatory initiatives relating to hydraulic fracturing and water disposal wells could prohibit projects or result in materially increased costs and additional operating restrictions or delays because of the significance of hydraulic fracturing and water disposal wells in our business.

Hydraulic fracturing is a practice that is used to stimulate production of oil and/or natural gas from tight formations. The process, which involves the injection of water, proppants and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production, is typically regulated by state oil and natural gas commissions. However, federal, state and local jurisdictions have adopted, or are considering adopting, regulations that could further restrict or prohibit hydraulic fracturing in certain circumstances, impose more stringent operating standards and/or require the disclosure of the composition of hydraulic fracturing fluids. See "Item 1. Business—Regulation of the oil and natural gas industry—Hydraulic fracturing" for a further description of federal and state regulations addressing hydraulic fracturing. Additionally, there are certain governmental reviews either under way or being proposed that focus on environmental aspects of hydraulic fracturing practices, which could spur initiatives to further regulate hydraulic fracturing. Additional levels of regulation and permits required through the adoption of new laws and regulations at the federal, state or local level could have a material adverse effect on our financial condition and results of operations. At this time, it is not possible to estimate the potential impact on our business that may arise if federal or state legislation or regulations governing hydraulic fracturing or water disposal wells are enacted into law.

Our operations are substantially dependent on the availability, use and disposal of water. New legislation and regulatory initiatives or restrictions relating to water disposal wells could have a material adverse effect on our future business, financial condition, operating results and prospects.

Water is an essential component of both the drilling and hydraulic fracturing processes. Historically, we have been able to purchase water from local land owners and other sources for use in our operations. Texas has previously experienced, and may experience again, low inflows of water. As a result of these conditions, some local water districts may begin restricting the use of water subject to their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If we are unable to obtain water to use in our operations from local sources, we may be unable to economically produce oil, NGL and natural gas, which could have an adverse effect on our results of operations, cash flows and financial condition.

Additionally, our operational and production procedures produce large volumes of water that we must properly dispose. The Clean Water Act, the Safe Drinking Water Act, the Oil Pollution Act, and comparable state laws impose restrictions and strict controls regarding the discharge of pollutants, including produced waters and other natural gas wastes, into federal and state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the U.S. Environmental Protection

Agency (the "EPA") or the state. Furthermore, the State of Texas maintains groundwater protection programs that require permits for discharges or operations that may impact groundwater conditions.

Because of the necessity to safely dispose of water produced during operational and production activities, these regulations, or others like them, could have a material adverse effect on our future business, financial condition, operating results and prospects. See "Item 1. Business—Regulation of the oil and natural gas industry" for a further description of the laws and regulations that affect us.

Legislation or regulatory initiatives intended to address seismic activity could restrict our drilling and production activities, as well as our ability to dispose of produced water gathered from such activities, which could have a material adverse effect on our business.

State and federal regulatory agencies have recently focused on a possible connection between hydraulic fracturing-related activities, particularly the underground injection of wastewater into disposal wells, and the increased occurrence of seismic activity, and regulatory agencies at all levels are continuing to study the possible linkage between oil and gas activity and induced seismicity. In addition, a number of lawsuits have been filed in some states alleging that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal. In an effort to control induced seismic activity and recent increase in earthquakes in the Permian Basin, which have been linked by the U.S. and local seismologist to wastewater disposal in oil fields, in September 2021, the RRC curtailed the amount of produced water companies were permitted to inject into some wells in the Permian Basin, and has since indefinitely suspended some permits there and expanded the restrictions to other areas.

Because we dispose of large volumes of produced water gathered from our drilling and production operations, these restrictions on the use of produced water and a moratorium on new produced water wells, together with the adoption and implementation of any new laws or regulations, could result in increased operating costs, requiring us or our service providers to truck produced water, recycle it or pump it through the pipeline network or other means, all of which could be costly. We or our service providers may also need to limit disposal well volumes, disposal rates and pressures or locations, which may require us or our service providers to shut down or curtail the injection of produced water into disposal wells. These factors may make drilling activity in the affected parts of the Permian Basin less economical and adversely impact our business, financial condition and results of operations. See "Item 1. Business—Regulation of the oil and natural gas industry—Hydraulic fracturing" for a further description of local regulations addressing seismic activity.

A change in the jurisdictional characterization of some of our assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of our assets, which may cause our revenues to decline and operating expenses to increase.

Section 1(b) of the Natural Gas Act of 1938 (the "NGA") exempts natural gas gathering facilities from regulation by the Federal Energy Regulatory Commission ("FERC"). We believe that the natural gas pipelines in our gathering systems meet the traditional tests FERC has used to establish whether a pipeline performs a gathering function and, therefore, are exempt from the FERC's jurisdiction under the NGA. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is a fact-based determination. The classification of facilities as unregulated gathering is the subject of ongoing litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by FERC, the courts or Congress, which could cause our revenues to decline and operating expenses to increase and may materially adversely affect our business, financial condition or results of operations. In addition, FERC has adopted regulations that may subject certain of our otherwise non-FERC jurisdictional facilities to FERC annual reporting and daily scheduled flow and capacity posting requirements. Additional rules and legislation pertaining to those and other matters may be considered or adopted by FERC from time to time. Failure to comply with those regulations in the future could subject us to civil penalty liability, which could have a material adverse effect on our business, financial condition or results of operations.

The adoption of climate change legislation or regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil, NGL and natural gas we produce, while potential physical effects of climate change could disrupt our operations and cause us to incur significant costs in preparing for or responding to those effects.

In August 2022, President Biden signed into law the IRA. The IRA contains billions of dollars in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles, investments in advanced biofuels and supporting infrastructure and carbon capture and sequestration, amongst other provisions. In addition, the IRA imposes the first ever federal fee on emission of GHGs through a methane emissions charge, which will be phased-in starting in 2024. The IRA could accelerate the transition of the economy away from the use of fossil fuels towards lower-or-zero-carbon emissions alternatives, which could decrease demand for, and in turn the prices of, the oil and natural gas that we produce and sell, which could have an adverse effect on our business, financial condition and results of operations. The EPA finalized regulations implementing the IRA's methane emissions charge in November 2024. We cannot predict what actions Congress may take with respect to the IRA's methane emissions charge and the timing with respect to the same. The Trump

administration may also seek to revise or repeal the methane emissions charge implementing rule though we cannot predict whether such action will occur or its timing. As a result, the ultimate impact of the IRA's methane emissions charge and its implementing rule on our business is uncertain.

Additional restrictions on GHG emissions that may be imposed could adversely affect the oil and gas industry. The adoption of legislation or regulatory programs to reduce GHG emissions could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems, acquire emissions allowances or comply with new regulatory requirements. Any GHG emissions legislation or regulatory programs applicable to power plants or refineries could also increase the cost of consuming, and thereby reduce demand for, the oil, NGL and natural gas we produce. Consequently, legislation and regulatory programs to reduce GHG emissions could have an adverse effect on our

business, financial condition and results of operations. See "Item 1. Business—Regulation of the oil and natural gas industry—"Greenhouse gas" emissions" for a further discussion of the laws and regulations related to greenhouse gases.

Moreover, climate change may also result in various physical risks such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns that could adversely impact our financial condition and operations, as well as those of our suppliers or customers. Such physical risks may result in damage to our facilities or otherwise adversely impact our operations, such as if we become subject to water use curtailments in response to drought, or demand for our services, such as to the extent warmer winters reduce the demand for energy for heating purposes. Such physical risks may also impact the infrastructure on which we rely to provide our services. One or more of these developments could have a material adverse effect on our business, financial condition and operations. Extreme weather conditions can interfere with our production and increase our costs, and damage resulting from extreme weather may not be fully insured.

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

We may incur significant delays, costs and liabilities as a result of federal, state and local environmental, health and safety requirements applicable to our exploration, development, marketing, transportation and production activities. These laws and regulations may require us to obtain and maintain a variety of permits, approvals, certificates or other authorizations governing our air emissions, water discharges, waste disposal or other environmental impacts associated with drilling, production and transporting product pipelines or other operations; regulate the sourcing and disposal of water used in the drilling, fracturing and completion processes; limit or prohibit drilling activities in certain areas and on certain lands lying within wilderness, wetlands, frontier, seismically active areas and other protected areas; require remedial action to prevent or mitigate pollution from former operations such as plugging abandoned wells or closing earthen pits; and/or impose substantial liabilities for spills, pollution or failure to comply with regulatory filings. In addition, these laws and regulations may restrict the rate of oil or natural gas production. These laws and regulations are complex, change frequently and have tended to become increasingly stringent over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of cleanup and site restoration costs and liens, the suspension or revocation of necessary permits, licenses and authorizations, the requirement that additional pollution controls be installed, and, in some instances, the issuance of orders or injunctions limiting or requiring discontinuation of certain operations.

Under certain environmental laws that impose strict as well as joint and several liability, we may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. In addition, accidental spills or releases from our operations could expose us to significant liabilities under environmental laws. Moreover, public interest in the protection of the environment has tended to increase over time. The trend of more expansive and stringent environmental legislation and regulations applied to the oil, NGL and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. To the extent laws are enacted or other governmental actions are taken that restricts drilling or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially adversely affected.

See "Item 1. Business—Regulation of the oil and natural gas industry" for a further description of the laws and regulations that affect us.

Derivatives reform legislation and related regulations could have an adverse effect on our ability to hedge risks associated with our business.

The Dodd-Frank Act, the Adopted Derivatives Rules, and the U.S. Resolution Stay Rules could significantly increase the cost of our derivative contracts, materially alter the terms of our derivative contracts, reduce the availability of derivatives to us that we have historically used to protect against risks that we encounter in our business, reduce our ability to monetize or restructure our existing derivative contracts and increase our exposure to less creditworthy counterparties. The Foreign Regulations could have similar effects. We have stopped entering into new hedging transactions with Foreign Counterparties and do not currently intend to resume hedging with Foreign Counterparties. If we reduce our use of derivatives as a result of the Dodd-Frank Act, the Adopted Derivatives Rules, the U.S. Resolution Stay Rules, and Foreign Regulations, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Any of these consequences could have a material adverse effect on us, our financial condition and our results of operations. See "Item 1. Business—Regulation of derivatives" for a further description of the laws and regulations that affect us.

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

From time to time, legislation has been proposed that, if enacted into law, would make significant changes to U.S. federal and state income tax laws, including to certain key U.S. federal and state income tax provisions currently available to oil and natural gas exploration and development companies. Such legislative changes have included, but have not been limited to, (i) the elimination of the immediate deduction for intangible drilling and development costs, (ii) the repeal of the percentage depletion allowance for oil and natural gas properties and (iii) an extension of the amortization period for certain geological and geophysical expenditures. No accurate prediction can be made as to whether any such legislative changes will be proposed or enacted in the future or, if enacted, what the specific provisions or the effective date of any such legislation would be. Additionally, states in which we operate or own assets may impose new or increased taxes or fees on oil and natural gas extraction. Any changes in tax laws, and significant variance in our interpretation of current tax laws or a successful challenge of one or more of our tax positions by any taxing authority could result in additional taxes on our activities, which could adversely affect our business, results of operations, financial condition and cash flow.

In addition, the IRA, among other things, introduced a 15% corporate alternative minimum tax ("CAMT"). Under the CAMT, a 15% minimum tax is imposed on certain adjusted financial statement income of "applicable corporations." The CAMT generally treats a corporation as an applicable corporation in any taxable year in which the "average annual adjusted financial statement income" of the corporation and certain of its subsidiaries and affiliates for a three-taxable-year period ending prior to such taxable year exceeds \$1 billion. The U.S. Department of the Treasury and the Internal Revenue Service have issued guidance on the application of the CAMT, which may be relied upon until final regulations are released. If our CAMT liability is greater than our regular U.S. federal income tax liability for any particular tax year, the CAMT liability would effectively accelerate our future U.S. federal income tax obligations, reducing our cash flows in that year, but provide an offsetting credit against our regular U.S. federal income tax liability in future years. Based on our interpretation of the IRA, CAMT and related guidance, we do not expect the CAMT to impact our tax obligation for the **2023** **2024** taxable year. We continue to evaluate the IRA and its effect on our financial results and operating cash flow.

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

Oil, NGL and natural gas operations in our operating areas can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife. Seasonal restrictions may limit our ability to operate in protected areas and can intensify competition for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages when drilling is allowed. These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs. Permanent restrictions imposed to protect threatened or endangered species could prohibit drilling in certain areas or require the implementation of

expensive mitigation measures. The presence of newly listed species, such as the lesser prairie chicken and **dunes sagebrush lizard**, or designation of previously unprotected species in areas where we operate, such as the **dunes sagebrush lizard** **monarch butterfly** could cause us to incur increased costs arising from species protection measures or could result in limitations on our exploration and production activities that could have an adverse impact on our ability to develop and produce our reserves. See "Item 1. Business—Regulation of the oil and natural gas industry—Endangered Species Act" for further discussion about the impact of regulations protecting certain species of wildlife.

Risks related to our common stock

Our amended and restated certificate of incorporation, amended and restated bylaws, and Delaware state law contain provisions that may have the effect of delaying or preventing a change in control and may adversely affect the market price of our capital stock.

Our amended and restated certificate of incorporation authorizes our board of directors to issue preferred stock without any further vote or action by the stockholders. The rights of the holders of our common stock will be subject to the rights of the holders of any preferred stock that may be issued in the future. The issuance of preferred stock could delay, deter or prevent a change in control and could adversely affect the voting power or economic value of our shares.

In addition, some provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders.

Delaware law prohibits us from engaging in any business combination with any "interested stockholder," meaning generally that a stockholder who owns 15% of our stock cannot acquire us for a period of three years from the date such stockholder became an interested stockholder, unless various conditions are met, such as the approval of the transaction by our board of directors. Provisions such as these are also not favored by various institutional investor services, which may periodically "grade" us on various factors, including stockholder rights and corporate governance policies. Certain institutional investors may have internal policies that prohibit investments in companies receiving a certain grade level from such services, and if we fail to meet such criteria, it could limit the number or type of certain investors which might otherwise be attracted to an investment in the Company, potentially negatively impacting the public float and/or market price of our common stock.

The availability of shares for sale in the future could reduce the market price of our common stock.

Subject to the rules of the NYSE, our board of directors has the authority, without action or vote of our stockholders, to issue our authorized but unissued shares of common stock. In the future, we may issue securities to raise cash for acquisitions, to pay down debt, to fund capital expenditures or general corporate expenses, in connection with the exercise of stock options or to satisfy our obligations under our incentive plans. We may also acquire interests in other companies by using a combination of cash and our equity securities or just our equity securities. We have in the past issued both shares of common stock and shares of **2.0% Mandatorily Convertible Series A Preferred Stock** **preferred stock** in order to fund acquisitions and have granted the recipients of such shares registration rights that may be used in order to sell such shares in registered and unregistered transactions, and we may do so in the future. We may also issue securities convertible into, exchangeable for, or that represent the right to receive, our common stock. Any of these events may dilute your ownership interest in our Company, reduce our earnings per share and have an adverse impact on the price of our common stock.

Because we have no current plans to pay, and certain of our agreements may, under specified conditions, limit our ability to pay, dividends on our common stock, investors must look primarily to stock appreciation for a return on their investment in us.

We do not anticipate paying any cash dividends on our common stock in the near term. We currently intend to retain all future earnings to fund the development and growth of our business, with the exception of the dividends accruing on our **2.0% Mandatorily Convertible Series A Preferred Stock** **business**. To the extent our earnings exceed our budgeted development plans, **and amounts of accrued dividends on our 2.0% Mandatorily Convertible Series A Preferred Stock**, if any, we currently expect that we would use such excess earnings to repay indebtedness. Any payment of future dividends will be at the discretion of our board of directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our board of directors deems relevant. Covenants contained in our Senior Secured Credit Facility and the indentures governing our senior unsecured notes may under specified conditions limit the payment of dividends by, for example, requiring compliance with certain financial ratios following the payment of any dividend. Investors must rely on sales of their common stock after price appreciation, which may never occur, as the primary means to realize a return on their investment on our common stock. Investors seeking cash dividends should not purchase our common stock.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 1C. Cybersecurity

Risk management and strategy

We have endeavored to implement a cybersecurity program that is structured on the National Institute of Standards and Technology ("NIST") framework, ensuring a comprehensive approach to managing and mitigating material risk from cybersecurity threats. We seek to assess, identify, and manage the risk from cybersecurity threats through a strategy that includes risk assessment, policies, vulnerability management, event management and continuous monitoring of threat detection. Through these measures we aim to safeguard **our company's** **the Company's** networks and digital assets and maintain the integrity of our operations.

We have a **robust comprehensive** cybersecurity training and awareness program. We require employees and contract employees to regularly participate in information security training and use internal phishing campaigns to measure the effectiveness of the training program.

Recognizing the complexity and evolving nature of cybersecurity threats, Vital **Energy** engages with a range of third-party service providers to evaluate and monitor our cybersecurity risk management program. These providers conduct cybersecurity assessments, penetration testing, vulnerability assessments, and threat analysis. This collaboration aims to fortify our cybersecurity program on an ongoing basis. Our information security and financial controls are audited annually by third-party auditors.

In the event of a breach or cybersecurity incident, we have an incident response plan that is designed to provide for action to contain the incident, mitigate the impact, and restore normal operations efficiently. We conduct periodic incident response tabletop exercises to refine and update incident response processes. We have a management-level Breach Disclosure Committee, which is a subcommittee of our Disclosure Committee and includes our Chief Technology Officer ("CTO") and Chief Information Security Officer ("CISO") that is responsible for assessing and identifying material risk from cybersecurity threats. In the event of a cybersecurity incident, the Breach Disclosure Committee is responsible for making recommendations to the General Counsel regarding the materiality of the incident based on documented guidelines for assessing risk.

We engage third-party vendors, assessors, consultants, auditors, and other third-party service providers. We recognize that third-party service providers introduce risk from cybersecurity threats. In an effort to mitigate these risks, we endeavor to include cybersecurity requirements in our contracts with these providers and endeavor to require third-party service providers to adhere to certain security standards and protocols.

The above cybersecurity risk management processes are integrated into the Company's overall enterprise risk management program. Risks from cybersecurity threats are understood to be significant business risks, and as such, are considered an important component of our enterprise-wide risk management approach.

Impact of risks from cybersecurity threat

As of the date of this Report, though the Company and our service providers have experienced certain cybersecurity incidents, threats, we are not aware of any previous cybersecurity threats that have materially affected or are reasonably likely to materially affect the Company or our operational and financial results. However, we acknowledge that cybersecurity threats are continually evolving, and the possibility of future cybersecurity incidents remains. Despite the implementation of our cybersecurity processes, our security measures cannot guarantee that a significant cyberattack will not occur. A successful attack on our information technology ("IT") systems could have significant consequences to the business. While we devote resources to our security measures to protect our systems and information, these measures cannot provide absolute security. No security measure is infallible. See "Risk Factors" for additional information about the risks to our business associated with a breach or compromise to our IT systems.

Board of directors' oversight and management's role

Our board of directors has primary oversight of risks from cybersecurity threats. The board of directors delegates oversight of our enterprise risk management process with respect to material risks from cybersecurity threats to the Audit Committee. The Audit Committee is responsible for reviewing and discussing with management the Company's risk from cybersecurity threats and the security of the Company's data and information technology systems, reviewing management's cybersecurity strategy, as well as the implementation of cybersecurity policies, procedures and strategies. Additionally, on a periodic basis, management reviews results from assessments of key risks with the Audit Committee and the steps taken to mitigate new risks which have been identified.

The CISO briefs the Audit Committee on cybersecurity matters at each quarterly meeting, and annually meets with the Audit Committee in executive session to report on cybersecurity matters. In addition, cybersecurity training on the current cybersecurity landscape and emerging threats is provided to the board of directors.

Our CTO and CISO meet regularly to assess current cybersecurity threats and evaluate our potential vulnerability to cybersecurity risks. The CTO and CISO also engage periodically with external and internal auditors and engage periodically with the guidance of outside threat intelligent agencies including the Cybersecurity and Infrastructure Security Agency and the Oil and Natural Gas Information Sharing and Analysis Center.

With oversight from the CTO, the CISO is responsible for assessing and managing cybersecurity risks. With over 30 years of IT management experience, the CISO has over 15 years experience in developing, leading and managing cybersecurity programs. The CISO holds Bachelor's degree in Management Science and Computer Systems along with a Certification in Cybersecurity Oversight through the National Association of Corporate Directors ("NACD") and the Software Engineering Institute of Carnegie Mellon University.

Item 2. Properties

Our executive offices are located at 521 E. Second Street, Suite 1000, Tulsa, Oklahoma, 74120. Additional information required by Item 2. is contained in "Item 1. Business" and is incorporated herein.

Item 3. Legal Proceedings

From time to time, we are subject to various legal proceedings arising in the ordinary course of business, including proceedings for which we may not have insurance coverage. While many of these matters involve inherent uncertainty as of the date hereof, we do not currently believe that any such legal proceedings will have a material adverse effect on our business, financial position, results of operations or liquidity. See Note 15 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of legal proceedings.

Item 4. Mine Safety Disclosures

The operation of our Howard County, Texas sand mine is subject to regulation by the Federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA may inspect our Howard County mine and may issue citations and orders when it believes a violation has occurred under the Mine Act. While we contract the mining operations of the Howard County mine to an independent contractor, we may be considered an "operator" for purposes of the Mine Act and may be issued notices or citations if MSHA believes that we are responsible for violations.

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 to this Annual Report.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market for registrant's common equity

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "VTLE."

As of **March 4, 2024** **February 19, 2025**, there were **125,107** holders of record of our common stock.

Dividends

We have not paid any cash dividends on our common stock since our inception, but we **have and will pay** cash dividends on **the outstanding** shares of our 2.0% Mandatorily Convertible Series A Preferred Stock, Stock ("Preferred Stock"), which were converted to common stock during the year ended December 31, 2024. Covenants contained in our Senior Secured Credit Facility and the indentures governing our senior unsecured notes may, under specified conditions, limit the payment of cash dividends on our common stock. See "Item 1A. Risk Factors—Risks related to our financing and indebtedness—Our debt agreements contain restrictions that limit our flexibility in operating our business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Debt."

Issuer purchases of equity securities

The following table summarizes purchases of common stock by Vital **Energy** for the periods presented:

Period	Total number of shares purchased ⁽¹⁾	Weighted-average price paid per share	Total number of shares purchased as part of publicly announced program	Maximum value that may yet be purchased under the program as of the respective period-end date ⁽²⁾
October 1, 2023 - October 31, 2023	210	\$ 51.15	—	\$ 162,710,185
November 1, 2023 - November 30, 2023	178	\$ 49.15	—	\$ 162,710,185
December 1, 2023 - December 31, 2023	—	\$ —	—	\$ 162,710,185
Total	388			

Period	Total number of shares purchased ⁽¹⁾	Weighted-average price paid per share	Total number of shares purchased as part of publicly announced program	Maximum value that may yet be purchased under the program as of the respective period-end date ⁽²⁾
October 1, 2024 - October 31, 2024	339	\$ 30.26	—	\$ 200,000,000
November 1, 2024 - November 30, 2024	946	\$ 27.14	—	\$ 200,000,000
December 1, 2024 - December 31, 2024	—	\$ —	—	\$ 200,000,000
Total	1,285			

- (1) Represents shares that were withheld by us to satisfy tax withholding obligations that arose upon the lapse of restrictions on certain equity-based compensation awards, namely restricted stock awards.
- (2) On May 31, 2022, our board of directors authorized a **\$200 million** **\$200.0 million** share repurchase program commencing on the date of such announcement and continuing through and including May 27, 2024. On May 23, 2024, our board of directors approved an amendment to the share repurchase program to (i) increase the shares of Common Stock which the Company may purchase by \$37.3 million, resulting in aggregate authorization of \$237.3 million, and (ii) extend the expiration date to May 22, 2026. Share repurchases under the program may be made through a variety of methods, which may include open market purchases, including under plans complying with Rule 10b5-1 of the Exchange Act, and privately negotiated transactions. During the three months ended **December 31, 2023** **December 31, 2024**, no shares were repurchased.

Unregistered sales of equity securities and use of proceeds

None.

Stock performance graph

The following performance graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or Exchange Act, except to the extent that we specifically request that such information be treated as "soliciting material" or specifically incorporate such information by reference into such a filing.

The performance graph below compares the cumulative five-year total returns to our common stockholders relative to the cumulative total returns on the Standard and Poor's 500 Index (the "S&P 500") and the Standard and Poor's Oil & Gas Exploration & Production Select Industry Index (the "S&P O&G E&P"). The comparison was prepared based upon the following assumption:

1. \$100 was invested in our common stock, the S&P 500 and the S&P O&G E&P from December 31, 2018 December 31, 2019 to December 31, 2023 December 31, 2024.

C - performance graph.jpg

Item 6. [Reserved]

Not applicable.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations is for the year ended December 31, 2023 December 31, 2024 compared to 2022, and should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this Annual Report. Additionally, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2022 Annual Report on Form 10-K filed on March 11, 2024 for discussion and analysis of our financial condition and results of operations for the year ended December 31, 2022 December 31, 2023 compared to 2021. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. Please see "Cautionary Statement Regarding Forward-Looking Statements" and "Part I, Item 1A. Risk Factors." Unless otherwise specified, references to "average sales price" refer to average sales price excluding the effects of our derivative transactions.

Executive overview

We are an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties in the Permian Basin of West Texas. In the past year, we have grown primarily through multiple strategic acquisitions.

As Throughout the majority of December 31, 2023, the fourth quarter of 2024, we were operating four five drilling rigs and two one completions crew, and crew. Throughout 2025, we expect to continue operating operate four to six drilling rigs throughout 2024 while averaging 1.7 and one to three completions crews. Our capital investments for full-year 2024 2025 are expected to be in the approximate range of \$750.0 \$825.0 million to \$850.0 \$925.0 million. However, we will continue to monitor commodity prices and service costs and adjust activity levels in order to proactively manage our cash flows and preserve liquidity. Below is a summary of our financial and operating performance for the periods presented: year ended December 31, 2024:

- Oil sales volumes increased from 13,838 MBbl for the year ended December 31, 2022 to 16,894 MBbl for the year ended December 31, 2023.
- Oil equivalent sales volumes increased from 30,076 MBbl for the year ended December 31, 2022 to 35,256 MBbl for the year ended December 31, 2023. Net loss of \$173.5 million, which included a non-cash impairment loss on oil and gas properties of \$481.3 million
- Oil, NGL and natural gas sales decreased from \$1.8 billion for the year ended December 31, 2022 to \$1.5 billion MBbl for the year ended December 31, 2023, primarily due to a 27% decrease in average sales price per BOE, partially offset by a 22% increase in oil sales volumes, of \$1.9 billion
- Net income increased from \$631.5 million for the year ended December 31, 2022 to \$695.1 million for the year ended December 31, 2023. Oil sales volumes of 22,585 MBbl and oil production of 61,708 Bbl/D
- Our proved Oil equivalent sales volumes of 48,987 MBOE and total production of 133,845 BOE/D
- Capital investments of \$895.9 million, excluding non-budgeted acquisition costs
- Proved developed and undeveloped reserves increased from 302,318 of 455,275 MBOE as of December 31, 2022 to 404,883 MBOE as of December 31, 2023 primarily due to our multiple acquisitions during 2023, December 31, 2024. See Note 4 to our consolidated financial statements and Unaudited Supplementary Information, both included elsewhere in this Annual Report, for discussion on our acquisitions and changes in our estimated proved reserve quantities of oil, NGL and natural gas, respectively.

Recent developments

2023 2024 Acquisitions

In 2023, On September 20, 2024, we, closed one business combination together with Northern Oil and five asset acquisitions, adding approximately 88,050 net acres Gas, Inc. ("NOG"), purchased certain oil and natural gas properties located in the Midland Delaware Basin with an effective date of April 1, 2024 from Point Energy Partners Petroleum, LLC, Point Energy Partners Operating, LLC, Point Energy Partners Water, LLC and Delaware Basins to our portfolio for an aggregate consideration of approximately \$1.6 billion. On April

3, 2023, we completed the Driftwood Acquisition Point Energy Partners Royalty, LLC (collectively, "Point") for an aggregate purchase price of \$201.7 million, and later acquired additional working interests \$1.0 billion in cash, including customary closing adjustments (the "Point Acquisition"). We purchased 80% of the acquired assets, for \$8.6 million. On June 30, 2023, we completed consisting of approximately 16,300 net acres in Ward and Winkler Counties, and will operate the Forge Acquisition for an assets, and NOG purchased the remaining 20% of the assets. Our portion of the aggregate preliminary purchase price was \$827.0 million, which consisted of \$397.5 million. On October 31, 2023, we completed the Maple Acquisition for an aggregate (i) \$805.1 million in cash and (ii) \$21.9 million of estimated transaction-related expenses. The purchase price is subject to additional post-closing adjustments, and was funded entirely with borrowings under our Senior Secured Credit Facility. Upon closing of \$175.1 million, the Point Acquisition, we entered into the Thirteenth Amendment to our Senior Secured Credit Facility, which, among other things, increased our aggregate elected commitment to \$1.5 billion.

On November 5, 2023 February 2, 2024, we completed the Henry Acquisition, which was accounted for as a business combination, for an aggregate purchase price of \$434.1 million. On November 6, 2023, we completed the Tall City

Acquisition for an aggregate purchase price of \$358.9 million. On December 21, 2023, we completed the Grey Rock Acquisition, which consisted of purchased additional working interests in producing assets properties associated with the Henry Acquisition for (as defined herein), with an effective date of August 1, 2023 through PEP Henry Production Partners LP, PEP HPP Jubilee SPV

LP, PEP PEOF Dropkick SPV, LLC, PEP HPP Dropkick SPV LP and HPP Acorn SPV LP. The aggregate purchase price of \$56.3 million. Collectively, these transactions are referred to as \$77.6 million consisted of (i) 878,690 shares of the "2023 Acquisitions." Company's common stock, (ii) 980,272 shares of the Company's Preferred Stock, (iii) \$1.8 million cash consideration received for closing adjustments and (iv) \$0.7 million in transaction-related expenses.

See Note 4 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of the 2023 Acquisitions, our 2024 acquisitions.

Financing transactions

On September 19, 2023, In March and April of 2024, we completed the sale issued a total of 2,750,000 shares of our common stock for net proceeds of \$140.2 million, after underwriting discounts, commissions and offering expenses. On September 29, 2023, the underwriters exercised their option to purchase an additional 412,500 shares of common stock, which resulted in net proceeds to us of \$21.0 million, after underwriting discounts, commissions and offering expenses.

On September 25, 2023, we completed (i) an offering and sale of \$500.0 million \$1.0 billion in aggregate principal amount of 9.750% 7.875% senior unsecured notes due 2030, 2032, from which we received net proceeds of approximately \$484.7 million and (ii) an offering and sale of \$400.0 million in aggregate principal amount of new \$983.5 million. The net proceeds were used to (i) fully extinguish the outstanding 10.125% senior unsecured notes due 2028, as additional notes under, and subject to the terms of, the indenture governing our 10.125% senior secured notes due 2028, from which we received net proceeds of approximately \$396.7 million.

On December 27, 2023, we issued a notice to redeem the entire \$455.6 million principal amount outstanding under our January 2025 Notes using the proceeds from the offering of the September 2030 Notes. As a result, we incurred a \$2.2 million charge related to the early redemption and a write-off of debt issuance costs of \$1.5 million, both of which are included in "Loss on extinguishment of debt, net" on the consolidated statement of operations for the year ended December 31, 2023. On December 27, 2023, we were legally released as the obligor of the January 2025 Notes by establishing and funding an irrevocable trust to redeem the January 2025 Notes. As a result, the transferred assets and long-term debt were derecognized from the balance sheet as of the funding date of the irrevocable trust. On January 15, 2024, the trustee paid (ii) reduce the outstanding principal and interest amount of the January 2025 Notes, 9.750% senior unsecured notes due 2030 and (iii) repay a portion of the outstanding borrowings on the Senior Secured Credit Facility. See Note 7 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our debt and financing transactions.

Volatility in commodity Commodity prices, reserves and full cost ceiling test

Commodity prices

Our results of operations are heavily influenced by oil, NGL and natural gas prices. Commodity prices generally declined from the earlier highs of 2022 and remained at lower levels in 2023. have historically been volatile. While general economic concerns continue to place some downward pressure on commodity prices, worldwide commodity demand continues to exceed pre-COVID-19 pandemic levels, sustained geopolitical conflict and market uncertainty have caused market prices for commodities to remain highly volatile, rise. Although supply has increased, it has been constrained and pricing has been affected, in part, by the impact of the Russian-Ukrainian military conflict world political and related economic sanctions, the conflict in the Israel-Gaza region and continued hostilities in the Middle East, inflation and high interest rates, and potential energy insecurity in Europe. However, because any environment. Any of the above factors could suddenly change or reverse, and global commodity and financial markets remain subject to heightened levels of uncertainty and volatility, and future disruptions and industry-specific impacts could result volatility.

Rising inflation and interest rates

Drilling and completions costs and costs With natural gas production in the Permian Basin at all-time highs, transportation capacity to market hubs for our natural gas production provided by existing natural gas pipelines has been generally constrained. During this time of oilfield services, equipment and materials began to rise in 2021 and continued to persist at elevated levels in 2022 and 2023 in conjunction with the significant increase in commodity prices, labor tightening, supply chain disruptions caused by the COVID-19 pandemic and geopolitical tensions and the resulting limited availability of certain materials and products manufactured using such materials and sustained high levels of inflation. In addition to the effect of such inflationary pressures on natural gas pipeline capacity constraint, our operating and capital costs, rising interest rates as a result of the Federal

Reserve's tightening monetary policy have increased our borrowing costs on debt under our Senior Secured Credit Facility sales price for natural gas has been lower than historical trends and may, limit our ability to access debt capital markets. While the Federal Reserve has signaled cuts at times, including in interest rates for 2024, additional increases in interest rates have the potential to increase our costs of borrowing even more. We remain committed to our ongoing efforts to increase the efficiency of our operations and improve costs, which may, in part, offset cost increases from inflation and reduce our borrowing needs.

See Note 18 to our consolidated financial statements included elsewhere in this Annual Report for discussion of recent developments that have occurred subsequent to December 31, 2023. be negative.

Pricing and reserves

Our results of operations are heavily influenced by oil, NGL and natural gas prices. Historically, commodity prices have experienced significant fluctuations; however, the volatility in the prices has substantially increased in recent years. We maintain an active commodity derivatives strategy to minimize commodity price volatility and support cash flows for operations. We have entered into a number of commodity derivative contracts that have enabled us to offset a portion of the changes in our cash flow caused by fluctuations in price and basis differentials for our sales of oil, NGL and natural gas, as discussed in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk." See Notes 11 and 12 to our consolidated financial statements included elsewhere in this Annual Report for additional discussion of our commodity derivatives. Notwithstanding our derivatives strategy, another collapse in commodity prices may affect the economic viability of, and our ability to fund, our drilling projects, as well as the economic valuation and economic recovery of oil, NGL and natural gas reserves. See "Critical accounting estimates" for further discussion of our oil, NGL and natural gas reserve quantities and standardized measure of discounted future net cash flows.

Reserves and full cost ceiling test

We use the full cost method of accounting for our oil and natural gas properties, with the full cost ceiling based principally on the estimated future net cash flows from our proved oil, NGL and natural gas reserves, which exclude the effect of our commodity derivative transactions, discounted at 10% under required SEC guidelines for pricing methodology. We review the carrying value of our oil and natural gas properties under the full cost accounting rules of the SEC on a quarterly basis. In the event the unamortized cost, or net book value, of our evaluated oil and natural gas properties being depleted exceeds the full cost ceiling, the excess is expensed in the period such excess occurs. Once incurred, a write-down of evaluated oil and natural gas properties is not reversible and constitutes a non-cash charge to earnings.

Our reserves are reported in three streams: oil, NGL and natural gas. The Realized Prices, which are utilized to value our proved reserves and calculated using the average first-day-of-the-month prices for each month within the 12-month period prior to the end of the reporting period, adjusted for factors affecting price received at the delivery point, as of December 31, 2023 December 31, 2024 were \$79.52 \$76.76 for oil, \$16.46 \$13.66 for NGL and \$1.17 \$0.85 for natural gas. The unamortized cost of evaluated oil and natural gas properties being depleted exceeded the full cost ceiling for the fourth quarter of 2024. Accordingly, we recorded a \$481.3 million full cost impairment for the year ended December 31, 2024. The unamortized cost of evaluated oil and natural gas properties being depleted did not exceed the full cost ceiling for any of the quarterly periods in during 2023 and, 2022. As such, no full cost ceiling impairments were impairment was recorded during the years year ended December 31, 2023 and 2022. Oil prices have declined from mid-2022 levels, however, even with this decline, if oil.

If prices remain at or below the current levels, throughout the year, subject to numerous factors and inherent limitations, some of which are discussed below, and all other factors remain constant, we do not anticipate recording could incur additional material non-cash full cost ceiling impairments during 2024, in future quarters, which would have an adverse impact on our financial results. There are numerous uncertainties inherent in the estimation of proved reserves and accounting for oil and natural gas properties in future periods. In addition to commodity prices, our production rates, levels of proved reserves, future development costs, changes in oilfield service costs, potential recognition of additional proved undeveloped reserves, transfers of unevaluated properties and other factors will determine our actual ceiling test calculation and impairment analysis in future periods. Also, purchases of proved properties may be recorded at a cost that exceeds the related increase in the full cost ceiling calculation as acquisitions are generally recorded at fair value based on expected future prices and other factors that may differ from historical prices used in the full cost ceiling test, among other factors.

In our upcoming first-quarter calculation to value our proved reserves, the January 2024 first-day-of-the-month oil price of \$71.65 per Bbl will be replaced by the January 2025 first-day-of-the-month oil price of \$71.72 per Bbl and February 2024 first-day-of-the-month oil price of \$73.82 per Bbl will be replaced by the February 2025 first-day-of-the-month oil price of \$72.53 per Bbl. If the February 2025 commodity prices are used for March 2025 as well, the projected trailing 12-month average prices for our first-quarter calculation would be \$76.00 per Bbl for oil, \$13.62 per Bbl for NGL and \$0.99 per Mcf for natural gas under SEC guidelines for pricing methodology. Utilizing these prices, with all other factors remaining constant with our fourth-quarter 2024 calculation, we would have an implied impairment of our oil and natural gas properties of approximately \$150 million in the first quarter of 2025. See Notes 2 and 6 to our consolidated financial statements included elsewhere in this Annual Report for discussion of the full cost method of accounting and our Realized Prices, respectively.

Results of operations

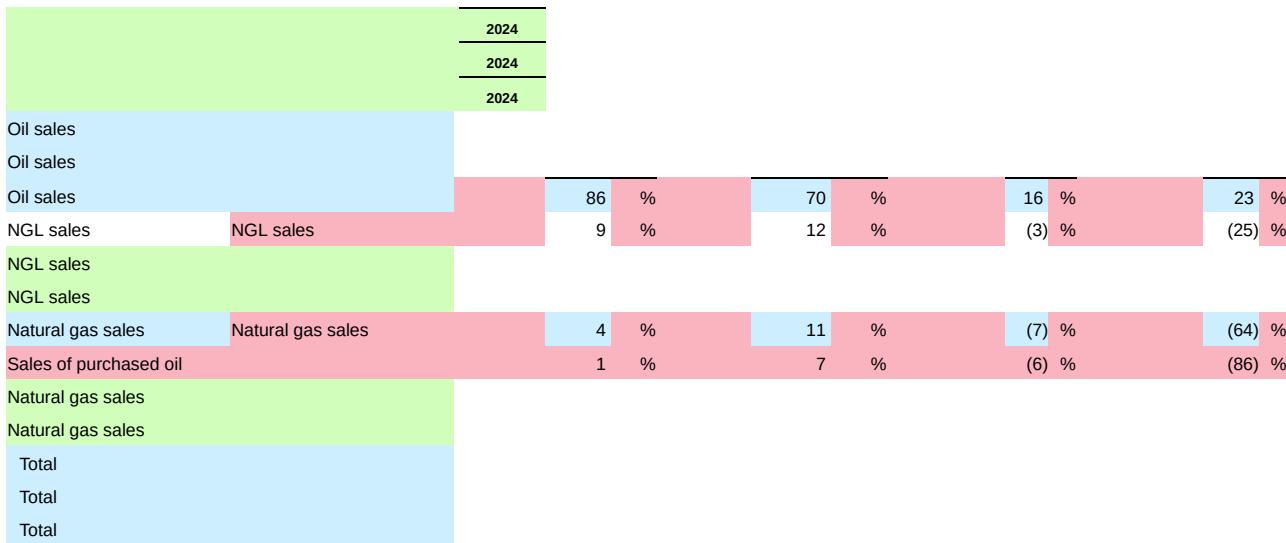
Revenues

Sources of our revenue

Our revenues are primarily derived from the sale of produced oil, NGL and natural gas, and the sale of purchased oil, all within the continental U.S. and do not include the effects of derivatives.

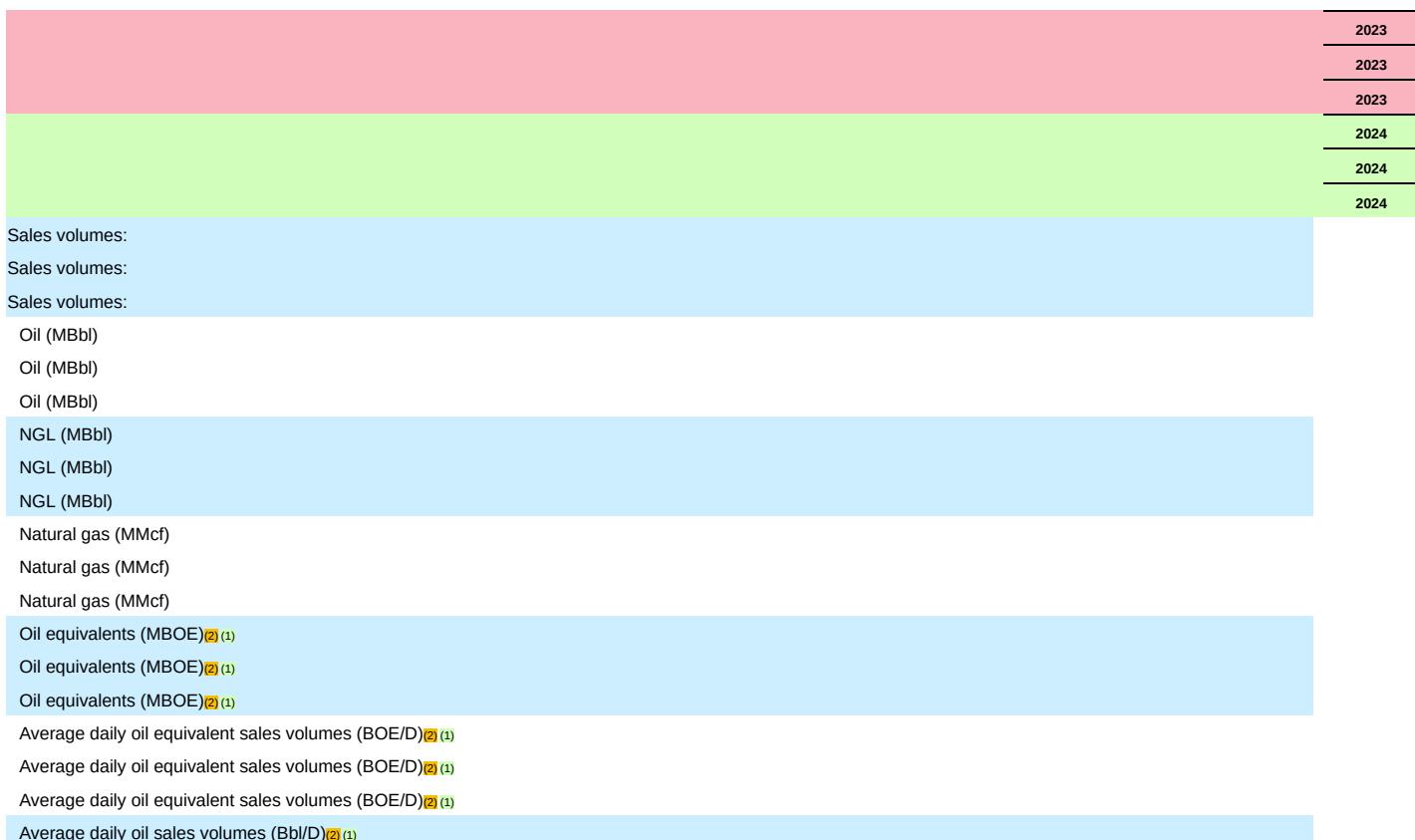
The following table presents our sources composition of produced oil, NGL and natural gas revenue as a percentage of total revenues by product for the periods presented and corresponding changes for such periods: presented:

Years ended December 31,	Years ended December 31,	Years ended December 31,	2023 compared to 2022	Change (#)	Change (%)
			2023	2022	



Oil, NGL and natural gas sales volumes, revenues and prices

The following table presents information regarding our oil, NGL and natural gas sales volumes, sales revenues and average sales prices for the periods presented and corresponding changes for such periods:



Average daily oil sales volumes (Bbl/D) ^{(2) (1)}	
Average daily oil sales volumes (Bbl/D) ^{(2) (1)}	
Sales revenues (in thousands):	
Sales revenues (in thousands):	
Sales revenues (in thousands):	
Oil	
Oil	
Oil	
NGL	
NGL	
NGL	
Natural gas	
Natural gas	
Natural gas	
Total oil, NGL and natural gas sales revenues	
Total oil, NGL and natural gas sales revenues	
Total oil, NGL and natural gas sales revenues	
Average sales prices ⁽²⁾ :	
Average sales prices ⁽²⁾ :	
Average sales prices ⁽²⁾ :	
Average sales prices ⁽¹⁾ :	
Average sales prices ⁽¹⁾ :	
Average sales prices ⁽¹⁾ :	
Oil (\$/Bbl) ^{(3) (2)}	
Oil (\$/Bbl) ^{(3) (2)}	
Oil (\$/Bbl) ^{(3) (2)}	
NGL (\$/Bbl) ^{(3) (2)}	
NGL (\$/Bbl) ^{(3) (2)}	
NGL (\$/Bbl) ^{(3) (2)}	
Natural gas (\$/Mcf) ^{(3) (2)}	
Natural gas (\$/Mcf) ^{(3) (2)}	
Natural gas (\$/Mcf) ^{(3) (2)}	
Average sales price (\$/BOE) ^{(3) (2)}	
Average sales price (\$/BOE) ^{(3) (2)}	
Average sales price (\$/BOE) ^{(3) (2)}	
Oil, with commodity derivatives (\$/Bbl) ^{(4) (3)}	
Oil, with commodity derivatives (\$/Bbl) ^{(4) (3)}	
Oil, with commodity derivatives (\$/Bbl) ^{(4) (3)}	
NGL, with commodity derivatives (\$/Bbl) ^{(4) (3)}	
NGL, with commodity derivatives (\$/Bbl) ^{(4) (3)}	
NGL, with commodity derivatives (\$/Bbl) ^{(4) (3)}	
Natural gas, with commodity derivatives (\$/Mcf) ^{(4) (3)}	
Natural gas, with commodity derivatives (\$/Mcf) ^{(4) (3)}	
Natural gas, with commodity derivatives (\$/Mcf) ^{(4) (3)}	
Average sales price, with commodity derivatives (\$/BOE) ^{(4) (3)}	
Average sales price, with commodity derivatives (\$/BOE) ^{(4) (3)}	
Average sales price, with commodity derivatives (\$/BOE) ^{(4) (3)}	

(1) BOE is calculated using a conversion rate of six Mcf per one Bbl.

(2) The numbers presented in the years ended December 31, 2023 December 31, 2024 and 2022 2023 columns are based on actual amounts and may not recalculate using the rounded numbers presented in the table above or the table below.

(3)(2) Price reflects the average of actual sales prices received when control passes to the purchaser/customer adjusted for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point.

(4)(3) Price reflects the after-effects of our commodity derivative transactions on our average sales prices. Our calculation of such after-effects includes settlements of matured commodity derivatives during the respective periods.

The following table presents net settlements received or paid for matured commodity derivatives and net premiums paid previously or upon settlement attributable to commodity derivatives that matured during the periods utilized in our calculation of the average sales prices, with commodity derivatives, for the periods presented and corresponding changes for such periods:

	Years ended				2023 compared to 2022		2024 compared to 2023		Change (\$)	
	December 31,									
	Years ended	December 31,	Years ended	December 31,	Change	Change (in %)	Change (in thousands)	2024	2023	
(in thousands)	(in thousands)	2023		2022	(\$)			2024	2023	
Net settlements received (paid) for matured commodity derivatives:										
Oil										
Oil										
Oil		\$ (27,860)	\$	\$ (378,163)	\$	\$ 350,303	93	\$ 164	\$ (27,860)	\$
NGL	NGL	—	(39,587)	(39,587)	39,587	39,587	100	(1,162)	—	
Natural gas	Natural gas	10,792	(68,965)	(68,965)	79,757	79,757	116	59,320	10,792	10,792
Total	Total	\$ (17,068)	\$	\$ (486,715)	\$	\$ 469,647	96	\$ 58,322	\$	\$ (17,068)

Changes in average sales prices and sales volumes caused the following changes to our oil, NGL and natural gas revenues between the years ended December 31, 2023 December 31, 2024 and 2022, 2023:

(in thousands)	(in thousands)	Oil	NGL	Natural gas	Total (in thousands)	Oil	NGL	Natural gas	Total
2022 Revenues									
2023 Revenues									
Effect of changes in average sales prices									
Effect of changes in sales volumes									
2023 Revenues									
2024 Revenues									
Change (\$)									
Change (%)	Change (%)	(2)%	(42)%	(70)%	(15)%	30%	39%	(75)%	27%

The following table presents sales of purchased oil and other operating revenues for the periods presented and corresponding changes for such periods:

(in thousands)				
(in thousands)				
(in thousands)				
Sales of purchased oil				

Sales of purchased oil

Sales of purchased oil

Sales of purchased oil are a function of the volumes and prices of purchased oil sold to customers and are offset by the volumes and costs of purchased oil. We are a firm shipper on the Gray Oak pipeline and we may elect to utilize purchased oil to fulfill portions of our commitments. In previous periods, During the second half of 2024, we also utilized purchased oil to fulfill portions of our Bridgetex pipeline commitment, which ended during the first quarter commitments in excess of 2022. our lease production. The continuance of this practice in the future is based upon, among other factors, our pipeline capacity as a firm shipper and the quantity of our lease production which may contribute to our pipeline commitments. Sales of purchased oil decreased during the year ended December 31, 2023 compared We expect to 2022 primarily because we are fulfilling the majority of fulfill our Gray Oak pipeline commitments by primarily with our lease production which we expect to continue doing in the near foreseeable future.

Costs and expenses

Costs and expenses and average costs and expenses per BOE sold

The following table presents select information regarding costs and expenses and selected average costs and expenses per BOE sold for the periods presented and corresponding changes for such periods:

(in thousands except for per BOE sold data)	(in thousands except for per BOE sold data)	Years ended December 31,		Years ended December 31,	Change (\$)	(in thousands except for BOE sold data)	Change per BOE (%)	2023 compared to 2022		2024						
		2023	2022					Change	(%)							
Costs and expenses:																
Lease operating expenses																
Lease operating expenses		\$261,129	\$173,983	\$ 87,146	50	50	50 %		\$ 448,078							
Production and ad valorem taxes	Production and ad valorem taxes	93,224	110,997	110,997	(17,773)	(17,773)	(16)	(16)	Production and ad valorem taxes							
Oil transportation and marketing expenses	Oil transportation and marketing expenses	41,284	53,692	53,692	(12,408)	(12,408)	(23)	(23)	Oil transportation and marketing expenses							
Gas gathering, processing and transportation expenses	Gas gathering, processing and transportation expenses	2,013	—	—	2,013	2,013	100	100	Gas gathering, processing and transportation expenses							
Costs of purchased oil	Costs of purchased oil	15,065	122,118	122,118	(107,053)	(107,053)	(88)	(88)	Costs of purchased oil							
General and administrative (excluding LTIP and transaction expenses)	General and administrative (excluding LTIP and transaction expenses)	79,712	57,501	57,501	22,211	22,211	39	39	General and administrative (excluding LTIP and transaction expenses)							
General and administrative (LTIP):																
LTIP cash																
LTIP cash																

LTIP cash	3,972	3,307	3,307	665	665	20	20	%	
LTIP non-cash	9,794	7,274	7,274	2,520	2,520	35	35	%	LTIP non-cash
General and administrative (transaction expenses)	11,341	—	—	11,341	11,341	100	100	%	General and administrative (transaction expenses)
Organizational restructuring expenses	1,654	10,420	10,420	(8,766)	(8,766)	(84)	(84)	%	Organizational restructuring expenses
Depletion, depreciation and amortization	463,244	311,640	311,640	151,604	151,604	49	49	%	Depletion, depreciation and amortization
Impairment expense	—	40	40	(40)	(40)	(100)	(100)	%	Impairment expense
Other operating expenses, net	6,223	8,583	8,583	(2,360)	(2,360)	(27)	(27)	%	Other operating expenses, net
Total costs and expenses	\$988,655	\$859,555	\$859,555	\$129,100	15	15	15	%	Total costs and expenses
Gain (loss) on disposal of assets, net	672	(1,079)	(1,079)	1,751	1,751	162	162	%	
Selected average costs and expenses per BOE sold ⁽¹⁾ :									
Selected average costs and expenses per BOE sold ⁽¹⁾ :									
Selected average costs and expenses per BOE sold ⁽¹⁾ :									
Lease operating expenses									
Lease operating expenses	\$ 7.41	\$ 5.78	\$ 5.78	\$ 1.63	\$ 28	\$ 28	\$ 28	\$ 9.15	
Production and ad valorem taxes	2.64	3.69	3.69	(1.05)	(1.05)	(28)	(28)	%	Production and ad valorem taxes
Oil transportation and marketing expenses	1.17	1.79	1.79	(0.62)	(0.62)	(35)	(35)	%	Oil transportation and marketing expenses
General and administrative (excluding LTIP and transaction costs)									
General and administrative (excluding LTIP and transaction costs)									
Gas gathering, processing and transportation expenses	0.36	0.06	0.06	0.30	0.30	500	500	%	
General and administrative (excluding LTIP and transaction costs)	2.26	1.91	1.91	0.35	0.35	18	18	%	General and administrative (excluding LTIP and transaction costs)

Total selected operating expenses	Total selected operating expenses	\$ 13.48	\$ 13.17	\$ 0.31	2	2 %	Total selected operating expenses	\$ 0.05
General and administrative (LTIP):								
LTIP cash	LTIP cash	\$ 0.11	\$ 0.11	\$ —	—	— %		\$ 0.05
LTIP cash	LTIP non-cash	\$ 0.28	\$ 0.24	\$ 0.04	17	17 %	LTIP non-cash	\$ —
General and administrative (transaction expenses)	General and administrative (transaction expenses)	\$ 0.32	\$ —	\$ 0.32	100	100 %	General and administrative (transaction expenses)	\$ —
Depletion, depreciation and amortization	Depletion, depreciation and amortization	\$ 13.14	\$ 10.36	\$ 2.78	27	27 %	Depletion, depreciation and amortization	\$ —

(1) Selected average costs and expenses per BOE sold are based on actual amounts and may not recalculate using the rounded numbers presented in the table above.

Lease operating expenses ("LOE")

LOE, which includes workover expenses, increased for the year ended December 31, 2023 December 31, 2024 compared to 2022, 2023. LOE are daily expenses incurred to bring oil, NGL and natural gas out of the ground and to market, together with the daily expenses incurred to maintain our producing properties. Such costs also include maintenance, repairs and non-routine workover expenses related to our oil and natural gas properties. LOE increased during 2023 2024 primarily due to overall inflationary pressures our acquisitions of oil and a greater percentage of our production shifting to recently acquired wells, where, among other things, we have (i) higher water production, resulting natural gas properties in increased water handling 2023 and lifting costs and (ii) higher non-routine workover expenses. 2024. We continue to focus on economic efficiencies associated with the usage and procurement of products and services related to LOE. LOE is expected to remain relatively flat on Workover expense for the year ended December 31, 2024 was \$71.8 million, which was a per BOE basis during the first quarter of 2024, as 95% increase compared to the fourth quarter of same period in 2023.

Production and ad valorem taxes

Production and ad valorem taxes decreased increased for the year ended December 31, 2023 December 31, 2024 compared to 2022 2023 due to decreased increased oil NGL and natural gas sales NGL revenues. Production taxes are based on and fluctuate in proportion to our oil, NGL and natural gas sales revenues, and are established by federal, state or local taxing authorities. We take advantage of all credits and exemptions in our various taxing jurisdictions. Ad valorem taxes are based on and fluctuate in proportion to the taxable value assessed by the various counties where our oil and natural gas properties are located.

Oil transportation and marketing expenses

Oil transportation and marketing expenses are expenses incurred for the delivery of produced oil to customers in the U.S. Gulf Coast market via the Gray Oak pipeline and, in previous years and the first quarter of 2022, the Bridgetex pipeline. We ship the majority of our produced oil to the U.S. Gulf Coast, which we believe provides long-term pricing advantages versus the Midland market. Additionally, firm transportation payments on excess pipeline capacity associated with transportation agreements are also included in oil transportation and marketing expenses. See Note 15 to our consolidated financial statements included elsewhere in this Annual Report for additional discussion of our transportation commitments. Oil transportation and marketing expenses decreased increased for the year ended December 31, 2023 December 31, 2024 compared to 2022 2023 primarily due to no longer delivering produced increases in transportation expenses of \$7.6 million, as our oil via the Bridgetex pipeline and production has increased, partially offset by a decrease in expenses for firm transportation payments on excess capacity. capacity of \$3.8 million.

Gas gathering, processing and transportation expenses

Effective Beginning in the third quarter of 2023, and continuing into 2024, we became party to certain natural gas processing agreements where the Company concluded it is the principal in the transaction and the customer is the ultimate third party, with control of the NGL or residue gas transferring at the tailgate of the midstream entity's processing plant. Revenue for such agreements is recognized on a gross basis, with gathering, processing and transportation fees presented as an expense on the consolidated statements of operations.

Costs of purchased oil

During Costs of purchased oil are a function of the year ended December 31, 2023, we were volumes and prices of purchased oil. We are a firm shipper on the Gray Oak pipeline, and we utilized purchased oil to fulfill portions of our commitments. In previous periods, we also utilized purchased oil to fulfill portions of our Bridgetex pipeline commitment, which ended during the first quarter of 2022. In the event our long-haul transportation capacity on the Gray Oak pipeline exceeds our net production, we purchase third-party oil at the trading hubs to satisfy the deficit in our associated long-haul transportation commitments. Costs During the first half of 2024, we had no costs of purchased oil decreased for the year ended December 31, 2023, compared to the same period in 2022 primarily due to a larger portion of fulfilling our Gray Oak pipeline commitments being fulfilled by with our lease production. During the second half of 2024, we utilized purchased oil to fulfill portions of our commitments. We expect to continue to satisfy the majority of fulfill our Gray Oak pipeline commitments through primarily with our own lease production in the near foreseeable future.

General and administrative ("G&A")

G&A are expenses incurred for overhead, including payroll and benefits for our corporate staff, costs of maintaining our headquarters, non-production based franchise taxes, audit and other fees for professional services, legal compliance and equity-based compensation.

G&A, excluding employee compensation expense from our long-term incentive plan ("LTIP") and transaction expenses, primarily associated with the 2023 Acquisitions, increased for the year ended December 31, 2023 December 31, 2024 compared to 2022 mainly 2023 primarily due to workforce and professional expenses in connection with the growth of the Company, partially offset by higher performance-related bonuses accrued for our workforce related in 2023 as compared to 2023 performance and inflationary pressures on workforce compensation. 2024.

LTIP cash expense increased decreased for the year ended December 31, 2023 December 31, 2024 compared to 2022 2023. This increase decrease is primarily due to (i) forfeitures fluctuations in 2022 related to the departure fair value of our cash-settled performance share unit awards as a result of the Company's Senior Vice President and Chief Operating Officer performance of our stock and (ii) new cash-settled performance share unit awards granted in 2023.

and employee cash retainer awards expensed through 2023, which fully vested during first-quarter 2024.

LTIP non-cash expense increased for the year ended December 31, 2023 December 31, 2024 compared to 2022, mainly 2023, due to (i) an increase in the fair values 2024 expense including restricted stock awards for a larger population of our share-settled LTIP awards during the current year, which were the result of achieving certain performance criteria, and (ii) higher grant-date fair values, on average, for total awards expensed in 2023 workforce as compared to total awards expensed in 2022 2023. See Note 6 Notes 2 and 9 to our consolidated financial statements included elsewhere in this Annual Report for information regarding our equity-based compensation. See Notes 2, 9 and 17 to our consolidated financial statements included elsewhere in this Annual Report for information regarding our equity-based compensation.

Transaction expenses primarily represent incurred costs associated with the Henry Acquisition. See Note 4 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of the Henry Acquisition.

Organizational restructuring expenses

Organizational restructuring expenses decreased for are separation charges comprised of compensation, tax, professional, outplacement and insurance-related expenses, which are recorded as "Organizational restructuring expenses" on the year ended December 31, 2023 compared to 2022. Such expenses were incurred for (i) the departure consolidated statements of our former Vice President of Drilling, Completions and Environment, Health and Safety during the fourth quarter of 2023 and (ii) our former Senior Vice President and Chief Operating Officer during the third quarter of 2022. See Note 17 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of the organizational restructuring operations.

Depletion, depreciation and amortization ("DD&A")

The most significant component of DD&A for Vital Energy is depletion. The following table presents depletion expense per BOE sold for the periods presented and the corresponding changes for such periods:

(in thousands)	(in thousands)	Years ended December 31,		2023 compared to 2022		Years ended December 31,		2024 compared to 2023	
		2023	2022	Change (\$)	Change (%)	2024	2023	Change (\$)	Change (%)
Depletion expense per BOE sold	Depletion expense per BOE sold	\$14.70	\$12.67	\$2.03	16	16	28		
Depletion expense per BOE sold									
Depletion expense per BOE sold		\$12.67	\$9.92	\$2.75	28 %				

Depletion expense per BOE increased for the year ended December 31, 2023 December 31, 2024 compared to 2022 2023 primarily due to an increase a decrease in reserves related to a drop in price and the impact of the Point Acquisition and the related future development costs and volumes of our for proved reserves as a result of the 2023 Acquisitions undeveloped wells. See Note 6 to our consolidated financial statements included elsewhere in this Annual Report for additional information regarding the full cost method of accounting.

Impairment expense

The full cost ceiling is based principally on the estimated future net revenues from proved oil, NGL and natural gas reserves, which exclude the effect of the Company's commodity derivative transactions, discounted at 10%. The Realized Prices are utilized to calculate the estimated future net revenues in the full cost ceiling calculation. In the event the unamortized cost of evaluated oil and natural gas properties being depleted exceeds the full cost ceiling, as defined by the SEC, the excess is charged to expense in the period such excess occurs. Once incurred, a write-down of oil and natural gas properties is not reversible. The unamortized cost of evaluated oil and natural gas properties being depleted exceeded the full cost ceiling during the quarterly period ended December 31, 2024. Accordingly, the Company recorded a \$481.3 million full cost ceiling impairment, which is included in "Impairment expense" on the consolidated statements of operations for the year ended December 31, 2024. See Note 6 to our consolidated financial statements included elsewhere in this Annual Report for additional information regarding our full cost ceiling calculation.

Non-operating income (expense)

The following table presents the components of non-operating income (expense), net for the periods presented and corresponding changes for such periods:

	Years ended December 31,		Change (\$)	Change (in %)	2023 compared to 2022		2024	2023
	2023	2022	(in thousands)	(in thousands)				
Gain (loss) on derivatives, net	\$ 96,230	\$(298,723)	\$394,953	132 %				
Gain on derivatives, net	\$ 38,140	\$ 96,230	\$ (58,090)	(60) %				
Interest expense	(149,819)	(125,121)	(24,698)	(24,698)	(20)	(20)	Interest expense	(177,794)
Loss on extinguishment of debt, net								(149,819)
Loss on extinguishment of debt, net								
Loss on extinguishment of debt, net	(4,039)	(1,459)	(1,459)	(2,580)	(2,580)	(177)	(177)	(66,115)
Other income, net								
Other income, net								
Other income, net	9,748	2,155	2,155	7,593	7,593	352	352	7,060
Total non-operating expense, net	\$ (47,880)	\$ (423,148)	\$ (375,268)	89	89 %	Total non-operating expense, net	\$ (198,709)	\$ (198,709)

Loss Gain on derivatives, net

The following table presents the components of loss gain on derivatives, net for the periods presented and corresponding changes for such periods:

	Years ended December 31,		2023 compared to 2022	
	2023	2022	Change (\$)	Change (%)
(in thousands)				
Non-cash gain on derivatives, net	\$ 111,485	\$ 185,573	\$ (74,088)	(40) %
Settlements paid for matured derivatives, net	(17,068)	(486,753)	469,685	96 %
Settlements received for contingent consideration	1,813	2,457	(644)	(26) %
Gain (loss) on derivatives, net	\$ 96,230	\$(298,723)	\$ 394,953	132 %
	Years ended December 31,		2024 compared to 2023	
	2024	2023	Change (\$)	Change (%)
(in thousands)				
Non-cash gain (loss) on derivatives, net	\$ (20,182)	\$ 111,485	\$ (131,667)	(118) %
Settlements received (paid) for matured derivatives, net	58,322	(17,068)	75,390	442 %
Other, net	—	1,813	(1,813)	(100) %
Gain on derivatives, net	\$ 38,140	\$ 96,230	\$ (58,090)	(60) %

Non-cash gain (loss) on derivatives, net is the result of (i) new and matured contracts, including contingent consideration derivatives for the period subsequent to the initial valuation date and through the end of the contingency period, and the changing relationship between our outstanding contract prices and the future market prices in the forward curves, which

we use to calculate the fair value of our derivatives and (ii) matured interest rate swaps and the changing relationship between the contract interest rate and the LIBOR interest rate forward curve. derivatives. In general, if outstanding commodity contracts are held constant, we experience gains during periods of decreasing market prices and losses during periods of increasing market prices.

Settlements paid received (paid) for matured derivatives, net are for our (i) commodity derivatives, which are based on the settlement prices compared to the prices specified in the derivative contracts (ii) interest rate derivative and (iii) (ii) contingent consideration derivatives.

We classify the derivatives derivative gains and losses as operating activities and cash received for contingent consideration derivatives as investing activities in our consolidated statements of cash flows. See Notes 2, 4, 11, 12 and 12 18 to our consolidated financial statements included elsewhere in this Annual Report and see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" below for additional information regarding our derivatives.

Interest expense

Interest expense increased for the year ended December 31, 2023 December 31, 2024 compared to 2022. We finance a portion of our working capital requirements, capital expenditures and acquisitions with borrowings under our Senior Secured Credit Facility and our senior unsecured notes. As a result, we incur interest expense that is affected by both fluctuations in interest rates and our financing decisions. 2023. We reflect interest paid to the lenders and bondholders in interest expense, net of amounts capitalized. In addition, we include the amortization of: (i) debt issuance costs, (including which includes origination, amendment and professional fees), fees, (ii) commitment fees and (iii) annual agency fees in interest expense. The increase during the year ended December 31, 2023 December 31, 2024 is due to (i) new senior unsecured notes issued during the third quarter of 2023 and the first half of 2024, and increased borrowings under our Senior Secured Credit Facility related to acquisition funding and (ii) new unsecured notes offered during of the third quarter of 2023, partially offset by a reduction in the principal amounts of our senior unsecured notes as a result of repurchases made during 2022. Point Acquisition. See Note 7 to our consolidated financial statements included elsewhere in this Annual Report for additional information regarding our debt and interest expense.

Loss on extinguishment of debt, net

During the year ended December 31, 2024, we recognized a loss on extinguishment of debt of \$66.1 million. During the first quarter of 2024, we settled cash tender offers on the January 2028 Notes and 2030 Notes and redeemed the remaining principal amount outstanding on the January 2028 Notes. The related loss on extinguishment of debt during the year ended December 31, 2024 consisted of early tender and redemption premiums and write-offs of debt issuance costs, premiums and discounts. See Note 7 to our consolidated financial statements included elsewhere in this Annual Report for additional information regarding our long-term debt.

Income tax benefit (expense)

The following table presents income tax benefit (expense) for the periods presented and corresponding changes for such periods:

	Years ended December 31,		Years ended December 31,		2023 compared to 2022		Years ended December 31,		2024 compared to 2023		
	(in thousands)	(in thousands)	2023	2022	Change (\$)	Change (%)	(in thousands)	2024	2023	Change (\$)	Change (%)
Current	Current	\$ (5,723)	\$ (6,121)	\$ \$ 398	7	7 %	Current	\$ (2,456)	\$ \$ (5,723)	\$ \$ 3,267	57 %
Deferred	Deferred	\$ 189,060	\$ \$ 619	\$ \$ 188,441	30,443	30,443 %	Deferred	50,196	189,060	189,060	(138,864) (73) (73)%
Income tax benefit (expense)		\$ 47,740	\$ 183,337	\$ (135,597)	(74) %						

We are subject to federal and state income taxes and the Texas franchise tax. For the year ended December 31, 2023 December 31, 2024, we recognized a combined United States federal and state income tax (expense) benefit of \$183.3 million, \$47.7 million. The current income tax expense of \$5.7 million in both periods presented is attributable to Texas Franchise tax and the deferred income tax benefit of \$189.1 million is primarily attributable to the release of the federal valuation allowance during 2023. tax. See Note 13 to our consolidated financial statements included elsewhere in this Annual Report for additional discussion of our income taxes.

Management considered evidence, both positive and negative, and determined it is more likely than not more-likely-than-not that a portion of our federal deferred tax assets are realizable which resulted in the release of the federal valuation allowance and preservation of the Oklahoma valuation allowance in 2023. Management reviews new evidence, both positive and negative, for each reporting period that could impact our judgement on the realizability of our deferred tax assets. As of December 31, 2023 December 31, 2024, management concluded that our federal deferred tax assets are more likely than not more-likely-than-not to be realized and continue to maintain a full valuation allowance with respect to Oklahoma.

As of December 31, 2023 December 31, 2024, we had approximately \$239.7 million in net deferred tax assets, which includes a \$206.8 million deferred tax asset related to net operating loss ("NOL") carryforwards that can be used to offset taxable income in future periods and reduce our income taxes payable in those future periods. Some of these NOL carryforwards will expire if they are not used within certain periods. At this time, we consider it more-likely-than-not that we will have sufficient taxable income in the future that will allow the utilization of these NOL carryforwards and realize these deferred tax assets. However, it is possible that some or all of these NOL carryforwards could ultimately expire unused and prevent us from realizing the full value of the deferred tax assets. Our assessment relies on the ability to forecast sufficient taxable income from our operations; however, any future impairments as a result of the full cost ceiling limitation may limit that reliance. As a result, a full or partial valuation allowance to reduce our deferred tax assets may be required, which would materially increase our expenses in the period the allowance is recognized.

As of December 31, 2024, we have projected federal NOL carryforwards of \$1.2 billion \$897.0 million of which \$789.8 \$530.2 million are projected will begin to expire between 2034 and 2037 in 2035, and the remaining NOL carryforwards of \$366.8 million have an indefinite carryforward period, will not expire but may be limited in future periods. If we were to experience an "ownership change" as determined under Section 382 of the Internal Revenue Code, our ability to offset taxable income arising after the ownership change with net operating losses arising prior to the ownership change may be significantly limited. Based on information available as of December 31, 2023 December 31, 2024, no such ownership change has occurred.

Liquidity and capital resources

Historically, our primary sources of liquidity have been cash flows from operations, proceeds from equity offerings, proceeds from senior unsecured and subordinated note debt offerings, borrowings under our Senior Secured Credit Facility and proceeds from asset dispositions. Our primary operational uses of capital have been for the acquisition, exploration and development of oil and natural gas properties and infrastructure development.

We continually seek to maintain a financial profile that provides operational flexibility and monitor the markets to consider which financing alternatives, including debt and equity capital resources, joint ventures and asset sales, are available to meet our future planned capital expenditures, a significant portion of which we are able to adjust and manage. We also continually evaluate opportunities with respect to our capital structure, including issuances of new securities, as well as transactions involving our outstanding senior notes, which could take the form of open market or private repurchases, exchange or tender offers, or other similar transactions, and our common stock, which could take the form of open market or private repurchases. We may make changes to our capital structure from time to time, with the goal of maintaining financial flexibility, preserving or improving liquidity and/or achieving cost efficiency. Such financing alternatives, or combination of alternatives, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. We **opportunistically** continually look for other opportunities to maximize stockholder value. For further discussion of our financing activities related to debt instruments, see Notes 7 and 18 to our consolidated financial statements included elsewhere in this Annual Report.

Due to the inherent volatility in the prices of oil, NGL and natural gas and the sometimes wide pricing differentials between where we produce and sell such commodities, we engage in commodity derivative transactions to hedge price risk associated with a portion of our anticipated sales volumes. **Due to the inherent volatility in interest rates, we will, from time to time, enter into interest rate derivative swaps to hedge interest rate risk associated with our debt under the Senior Secured Credit Facility.** By removing a portion of the price volatility associated with future sales volumes, we expect to mitigate, but not eliminate, the potential effects of variability in cash flows from operations. **Due to the inherent volatility in interest rates, we may, from time to time, enter into interest rate derivative swaps to hedge interest rate risk associated with our debt under the Senior Secured Credit Facility.** As of **December 31, 2023** December 31, 2024, the Company has not entered into any interest rate derivative swaps, and therefore our outstanding debt balance under our Senior Secured Credit Facility is subject to interest rate fluctuations. See "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" below. See Note Notes 11 to and 18 to our consolidated financial statements included elsewhere in this Annual Report for discussion of our open commodity positions.

As of **December 31, 2023** December 31, 2024, we had cash and cash equivalents of **\$14.1 million** \$40.2 million and available capacity under the Senior Secured Credit Facility of **\$1.12 billion** \$620.0 million, resulting in total liquidity of **\$1.13 billion** \$660.2 million. As of **March 4, 2024** February 19, 2025, we had cash and cash equivalents of \$85.6 million and available capacity outstanding borrowings under the our Senior Secured Credit Facility of \$985.0 million, \$855.0 million, resulting in total liquidity available capacity of \$1.07 billion, \$645.0 million. We believe that our operating cash flows and the aforementioned liquidity sources provide us with sufficient liquidity and financial resources to manage our cash needs and contractual obligations, to implement our currently planned capital expenditure budget and, at our discretion, fund any share repurchases, pay down, repurchase or refinance debt or adjust our planned capital expenditure budget.

See Note 18 to our consolidated financial statements included elsewhere in this Annual Report for additional discussion of additional borrowings and repayments on the Senior Secured Credit Facility subsequent to December 31, 2024.

Cash requirements for known contractual and other obligations

The following table presents significant cash requirements for known contractual and other obligations as of **December 31, 2023** December 31, 2024:

(in thousands)	Short-term	Long-term	Total	Short-term	Long-term	Total
Senior unsecured notes ⁽¹⁾						
Senior Secured Credit Facility ⁽²⁾						
Electricity purchase commitments						
Operating lease commitments ⁽³⁾						
Asset retirement obligations						
Sand purchase commitments						
Firm transportation commitments						
Operating lease commitments ⁽²⁾						
Total						

(1) Amounts presented include both principal and interest obligations.

(2) Amounts presented do not include interest expense as it is a floating rate and we cannot determine with accuracy the future interest rates we will be charged. As of December 31, 2024, the outstanding balance under our Senior Secured Credit Facility was subject to a weighted-average interest rate of 7.240%.

(3) Amounts presented include both minimum lease payments and imputed interest.

We expect to satisfy our short-term contractual and other obligations with cash flows from operations. See Notes 2, 5, 7, 15 and 18 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our known contractual and other obligations.

Cash flows

The following table presents our cash flows for the periods presented and corresponding changes for such periods:

(in thousands)

(in thousands)

(in thousands)

Net cash provided by operating activities

Net cash provided by operating activities

Net cash provided by operating activities

Net cash used in investing activities

Net cash used in investing activities

Net cash used in investing activities

Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities

Net decrease in cash and cash equivalents

Net decrease in cash and cash equivalents

Net decrease in cash and cash equivalents

Net cash provided by financing activities

Net cash provided by financing activities

Net cash provided by financing activities

Net increase (decrease) in cash and cash equivalents

Net increase (decrease) in cash and cash equivalents

Net increase (decrease) in cash and cash equivalents

Cash flows from operating activities

Net cash provided by operating activities decreased slightly increased during the year ended December 31, 2023 December 31, 2024, compared to 2022, 2023. Notable cash changes include (i) an increase in total oil, NGL and natural gas sales revenues of \$468.5 million \$406.7 million, (ii) an increase of \$76.0 million due to changes in net settlements received for matured derivatives, net of premiums paid, mainly due to decreases in commodity prices (iii) a decrease in total oil, NGL and natural gas sales revenues of \$265.7 million and (iii) a decrease of \$100.5 million \$56.4 million due to net changes in operating assets and liabilities. Other significant changes include increases in lease operating expense and general production and administrative expenses. The decrease in total oil, NGL and natural gas sales revenues is due to a 27% decrease in average sales price per BOE, partially offset by an increase in volumes sold, ad valorem taxes. See "—Results of operations" for additional discussion of our oil, NGL and natural gas sales revenues, derivatives and expenses.

Our operating cash flows are sensitive to a number of variables, the most significant of which are the volatility of oil, NGL and natural gas prices, mitigated to the extent of our commodity derivatives' exposure, and sales volume levels. Regional and worldwide economic activity, weather, infrastructure, transportation capacity to reach markets, costs of operations, legislation and regulations, including potential government production curtailments, and other variable factors significantly impact the prices of these commodities. For additional information on risks related to our business, see "Part I. Item 1A. Risk Factors" and "Part I. Item 7a. Quantitative and Qualitative Disclosures About Market Risk" included elsewhere in this Annual Report.

Cash flows from investing activities

Net cash used in investing activities increased during the year ended December 31, 2023 December 31, 2024, compared to 2022, mainly 2023, primarily due to (i) the 2023 Acquisitions and (ii) an increase in capital expenditures which includes the effects as a result of inflationary pressures. Such items are partially offset by a decrease increased drilling and completions activity in proceeds from the sale of capital assets, which includes proceeds of \$106.1 million for 2022 related to the sale of the Company's working interests in certain specified non-operated oil and gas properties. See Note 4 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our acquisitions and divestiture of oil and natural gas properties.

Expected capital investments

We currently expect capital investments for 2024 2025 to be in the approximate range of \$750.0 \$825.0 million to \$850.0 \$925.0 million. We will continue to monitor commodity prices and service costs and adjust activity levels in order to proactively manage our cash flows and preserve liquidity. We do not have a specific acquisition budget since the timing and size of acquisitions cannot be accurately forecasted.

The following table presents the components of our capital investments, excluding non-budgeted acquisition costs, for the periods presented and corresponding changes for such periods:

(in thousands)	(in thousands)	Years ended December 31,		Years ended December 31,		Change (in thousands)	2023 compared to 2022		Years ended December 31,	
		2023	2022	Change (\$)	(%)		2024	2023	2024	2023
Oil and natural gas properties ⁽¹⁾	Oil and natural gas properties ⁽¹⁾	\$663,025	\$566,831	\$96,194	17	Oil and natural gas properties ⁽¹⁾	\$873,637	\$663,025		
Midstream and other fixed assets	Midstream and other fixed assets	15,601	13,745	1,856	14	Midstream and other fixed assets	22,276	15,601		
Total capital investments, excluding non-budgeted acquisition costs	Total capital investments, excluding non-budgeted acquisition costs	\$678,626	\$580,576	\$98,050	17	Total capital investments, excluding non-budgeted acquisition costs	\$895,913	\$678,626		

(1) See Unaudited Supplementary Information included elsewhere in this Annual Report for additional information regarding our capital investments in the exploration and development of oil and natural gas properties.

The amount, timing and allocation of capital investments are largely discretionary and within management's control. If oil, NGL and natural gas prices are below our acceptable levels, or costs are above our acceptable levels, we may choose to defer a portion of our capital expenditures until later periods to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. Subject to financing alternatives, we may also increase our capital expenditures significantly to take advantage of opportunities we consider to be attractive. We continually monitor and may adjust our projected capital expenditures in response to world developments, as well as success or lack of success in drilling activities, changes in prices, availability of financing and joint venture opportunities, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs and supplies, changes in service costs, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Cash flows from financing activities

Net cash used in provided by financing activities was \$366.0 million \$763.4 million during the year ended December 31, 2022 December 31, 2024, compared to net cash provided by financing activities of \$632.8 million during the year ended December 31, 2023. Notable 2023 2024 activity includes (i) borrowings on our Senior Secured Credit Facility of \$1.8 billion, (ii) proceeds from the issuance of our senior unsecured notes of \$897.7 million, (ii) borrowings on our Senior Secured Credit Facility of \$765.0 million, \$1.0 billion, (iii) payments on our Senior Secured Credit Facility of \$700.0 million, \$1.0 billion, (iv) extinguishment of our January 2025 Notes certain senior unsecured notes of \$457.8 \$952.2 million (v) proceeds from issuance of common stock of \$161.2 million, net of offering and transaction costs and (vi) (v) payments for debt issuance costs of \$27.0 \$22.1 million. Notable 2022 activity includes (i) borrowings on our Senior Secured Credit Facility, (ii) payments on our Senior Secured Credit Facility, (iii) redemption of our senior unsecured notes and (iv) equity repurchases. For further discussion of our financing activities related to debt instruments, see Notes 7 and 18 to our consolidated financial statements included elsewhere in this Annual Report. For further discussion of our financing activities related to stockholders' equity, see Note 8 to our consolidated financial statements included elsewhere in this Annual Report.

Sources of liquidity

We are During the borrower years ended December 31, 2024 and 2023, our sources of liquidity have been cash flows from operations, borrowings under our Senior Secured Credit Facility and a party to the indentures governing our senior unsecured notes.

Equity offering

During the year ended December 31, 2023, we completed an proceeds from debt and equity offering for the issuance of 3,162,500 shares of our common stock in aggregate for net proceeds of \$161.2 million after underwriting discounts, commissions and offering costs. offerings.

Senior Secured Credit Facility

As of **December 31, 2023** **December 31, 2024**, our Senior Secured Credit Facility, which matures on September 13, 2027, had a maximum credit amount of \$3.0 billion, a borrowing base of **\$1.5 billion** and an aggregate elected commitment of **\$1.25 billion**, of \$1.5 billion, with **\$135.0 million** **\$880.0 million** outstanding, and was subject to an interest rate of **7.706%** **7.240%**. The Senior Secured Credit Facility contains both financial and non-financial covenants, all of which we were in compliance with for all periods presented. The Senior Secured Credit Facility provides for the issuance of letters of credit, limited to the lesser of total capacity or \$80.0 million. As of **December 31, 2023** **December 31, 2024** and **2022**, we had no letters of credit outstanding under the Senior Secured Credit Facility.

See Notes 7 and 18 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our Senior Secured Credit Facility.

	January 2028 Notes, July 2029 Notes and September 2030 Notes
	January 2028 Notes
	July 2029 Notes
	September 2030 Notes
	Total senior unsecured notes

The following table presents principal amounts and applicable interest rates for our outstanding January 2028 Notes, July 2029 Notes and September 2030 Notes as of December 31, 2023:

(in millions, except for interest rates)	Principal	Interest rate
January 2028 Notes	\$ 700.3	10.125 %
July 2029 Notes	298.2	7.750 %
September 2030 Notes	500.0	9.750 %
Total senior unsecured notes	\$ 1,498.5	

During the year ended December 31, 2023, we utilized a portion of the net proceeds from our equity offering and senior unsecured notes offerings to (i) repay borrowings on our Senior Secured Credit Facility, (ii) fund the cash portion of the Tall City Acquisition purchase price and (iii) the satisfaction and discharge of the January 2025 Notes. See Notes 4, 7, 8 and 18 to our consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our acquisitions, debt offerings, equity offering and Senior Secured Credit Facility, respectively.

Supplemental Guarantor information

As of **December 31, 2023** **December 31, 2024**, approximately **\$1.5 billion** **\$1.6 billion** of our senior unsecured notes remained outstanding. Our wholly-owned subsidiary Vital Midstream Services, LLC ("VMS") (the "Guarantor"), jointly and severally, and fully and unconditionally, guarantees the January 2028 Notes, July 2029 Notes and September 2030 Notes. On February 3, 2023, Garden City Minerals, LLC ("GCM"), our former other wholly-owned subsidiary, was merged with and into Vital Energy, Inc. and is therefore no longer a guarantor under any all of our debt arrangements. outstanding senior unsecured notes.

The guarantees are senior unsecured obligations of the Guarantor and rank equally in right of payment with other existing and future senior indebtedness of such Guarantor, and senior in right of payment to all existing and future subordinated indebtedness of such Guarantor. The guarantees of the senior unsecured notes by the Guarantor are subject to certain Releases. The obligations of the Guarantor under its note guarantee are limited as necessary to prevent such note guarantee from constituting a fraudulent conveyance under applicable law. Further, the rights of holders of the senior unsecured notes against the Guarantor may be limited under the U.S. Bankruptcy Code or state fraudulent transfer or conveyance law. Vital Energy is not restricted from making investments in the Guarantor and the Guarantor is not restricted from making intercompany distributions to Vital.

The assets, liabilities and results of operations of the combined issuer and the Guarantor are not materially different than the corresponding amounts presented in our consolidated financial statements included elsewhere in this Annual Report. Accordingly, we have omitted the summarized financial information of the issuer and the Guarantor that would otherwise be required.

Critical accounting estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements.

In management's opinion, the most critical accounting estimates impacted by our judgments and estimates are (i) volumes of our reserves of oil, NGL and natural gas, (ii) future cash flows from oil and natural gas properties and (iii) fair values of assets acquired and liabilities assumed in a business combination.

There have been no material changes in our critical accounting estimates during the year ended **December 31, 2023** **December 31, 2024**.

Oil, NGL and natural gas reserve quantities and values and standardized measure of discounted future net cash flows

On an annual basis, our independent reserve engineers prepare the estimates of oil, NGL and natural gas reserves and associated future net cash flows. The SEC has defined proved reserves as the estimated quantities of oil, NGL and natural gas that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating **conditions**, **conditions at SEC pricing**. The process of estimating oil, NGL and natural gas reserves is complex, requiring significant judgment in the evaluation of available geological, geophysical, engineering and economic data. In general, our estimates of future reserve volumes and **associated future net cash flows** are primarily based on historical production on a well-to-well or property-to-property **basis**, **basis under existing economic and operating conditions**. The data for a given property may also change substantially over time as a result of numerous factors, including additional development activity, evolving production history and a continual reassessment of the viability of production under changing **prices and economic conditions**. **Decreases in price, for example, may cause a reduction in some proved reserves due to reaching economic limits at an earlier projected date**. As a result, material revisions to existing reserve estimates and associated future net cash flows occur from time to time. Although every reasonable effort is made to ensure that reserve estimates reported represent the most accurate assessments possible, the subjective assumptions and variances in available data for various properties increase the likelihood of significant changes in these estimates. If such changes are material, they could significantly affect future amortization of capitalized costs and result in impairment of assets **under the full cost ceiling test** that may be material. See Unaudited Supplementary Information included elsewhere in this Annual Report for additional discussion of our net proved oil, NGL and natural gas reserves and standardized measure of discounted future net cash flows, respectively.

Business combinations

As part of our business strategy, we actively pursue the acquisition of oil and natural gas properties. The purchase price in a business combination is allocated to the assets acquired and liabilities assumed based on their fair values as of the acquisition date, which may occur many months after the announcement date. Therefore, while the consideration to be paid may be fixed, the fair value of the assets acquired and liabilities assumed is subject to change during the period between the announcement date and the acquisition date. We make various assumptions in estimating the fair values of assets acquired and liabilities assumed. The most significant assumptions relate to the estimated fair values of evaluated and unevaluated oil and natural gas properties, which are measured using a discounted cash flow model that converts future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) forecasted oil, NGL and natural gas reserve quantities; (ii) future commodity strip prices as of the closing dates adjusted for transportation and regional price differentials; (iii) forecasted ad valorem taxes, production taxes, income taxes, operating expenses and development costs; and (iv) a peer group weighted-average cost of capital rate subject to additional project-specific risk factors. To compensate for the inherent risk of estimating the value of the unevaluated properties, the discounted future net cash flows of proved undeveloped and probable reserves are reduced by additional reserve adjustment factors. Changes in key assumptions may cause the accounting for business combinations to be revised, including the recognition of additional goodwill or discount on acquisition. See Note 4 to our consolidated financial statements included elsewhere in this Annual Report for additional discussion of our 2023 business combination.

New accounting standards

We considered the applicability and impact of all accounting standard updates ("ASU") issued by the Financial Accounting Standards Board ("FASB") to the Accounting Standards Codification.

In November 2023, the Financial FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which sets forth improvements to the current segment disclosure requirements in accordance with Topic 280 "Segment Reporting," including clarifying that entities with a single reportable segment are subject to both new and existing segment reporting requirements. ASU 2023-07 will be effective retrospectively for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. Adoption of this ASU will result in additional disclosure, but will not impact our consolidated financial position, results of operations or cash flows.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires more detailed tax disclosures, including disaggregated information about an entity's effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The amendments in this accounting standard are effective, **on a prospective basis**, for fiscal years beginning after December 15, 2024, **on a prospective basis**. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but will not impact the Company's consolidated financial position, results of operations or cash flows.

We did In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires additional disclosure about specific types of expenses included in the expense captions presented on the income statement. The amendments in this accounting standard are effective, **on a prospective basis**, for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but will not adopt any new ASUs during impact the Company's consolidated financial position, results of operations or cash flows.

During the year ended **December 31, 2023**, **December 31, 2024**, the Company adopted ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which sets forth improvements to the current segment disclosure requirements in accordance with Topic 280 "Segment Reporting," including clarifying that entities with a single reportable segment are subject to both new and existing segment reporting requirements. ASU 2023-07 is effective for interim periods beginning after December 15, 2024, and is applied retrospectively to all periods presented in this Annual Report. Adoption of this ASU results in additional disclosure, but did not impact the Company's consolidated financial position, results of operations or cash flows. See Note 17 for additional information.

Inflation and interest rates

Drilling and completions costs and costs of oilfield services, equipment and materials began to rise in 2021 and continued to persist at elevated levels in 2022 and 2023. In addition to the effect of such inflationary pressures on our operating and capital costs, elevated interest rates as a result of the Federal Reserve's tightening monetary policy have increased our borrowing costs on debt under our Senior Secured Credit Facility and may limit our ability to access debt capital markets. While the Federal Reserve has signaled cuts in interest rates for 2025, additional increases in interest rates have the potential to increase our costs of borrowing even more. We remain committed to our ongoing efforts to increase the efficiency of our operations and improve costs, which may, in part, offset cost increases from inflation and reduce our borrowing needs.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term "market risk," in our case, refers to the risk of loss arising from adverse changes in oil, NGL and natural gas prices and in interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of how we view and manage our ongoing market risk exposures. All of our market risk-sensitive derivative instruments were entered into for hedging purposes, rather than for speculative trading.

Commodity price exposure

Due to the inherent volatility in oil, NGL and natural gas prices and the sometimes wide pricing differentials between where we produce and where we sell such commodities, we engage in commodity derivative transactions, such as puts, swaps, collars and basis swaps to hedge price risk associated with a portion of our anticipated sales volumes. By removing a portion of the price volatility associated with future sales volumes, we expect to mitigate, but not eliminate, the potential effects of variability in cash flows from operations.

The fair values of our open commodity positions are largely determined by the relevant forward commodity price curves of the indexes associated with our open derivative positions. The following table provides a sensitivity analysis of the projected incremental effect on income or loss before income taxes of a hypothetical 10% change in the relevant forward commodity price curves of the indexes associated with our open commodity positions as of **December 31, 2023** **December 31, 2024**:

(in thousands)	As of December 31, 2023	December 31, 2024
Commodity derivative asset position	\$ 119,301	113,909
Impact of a 10% increase in forward commodity prices	\$ (159,074)	(162,671)
Impact of a 10% decrease in forward commodity prices	\$ 155,262	162,671

See Notes 2, 11, **12** and **12** **18** to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our commodity derivatives.

Interest rate risk

Our Senior Secured Credit Facility bears interest at a floating rate and our senior unsecured notes bear interest at fixed rates. The interest rate on our Senior Secured Credit Facility as of **December 31, 2023** **December 31, 2024** was **7.706%** **7.240%**. See Note 7 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our debt. The interest rate on borrowings may be based on an alternate base rate or term secured overnight financing rate ("Term SOFR"), at our option. Interest on alternate base rate loans is equal to the sum of (a) the highest of (i) the "prime rate" (as publicly announced by Wells Fargo Bank, N.A.) in effect on such day, (ii) the federal funds effective rate in effect on such day plus 0.5% and (iii) the Adjusted Term SOFR (as defined in our Senior Secured Credit Facility) for a one-month tenor in effect on such a day plus 1% and (b) the applicable margin. Interest on Term SOFR loans is equal to the sum of (a)(i) the Term SOFR (as defined in our Senior Secured Credit Facility) rate for such period plus (ii) the Term SOFR Adjustment (as defined in our Senior Secured Credit Facility) of 0.1% (in the case of clause (a), subject to a floor of 0%) plus (b) the applicable margin. The applicable margin varies from 1.25% to 2.25% on alternate base rate borrowings and from 2.25% to 3.25% on Term SOFR borrowings, in each case, depending on our utilization ratio. **At December 31, 2023** **As of December 31, 2024**, the applicable margin on our borrowings were **1.25%** **1.75%** for alternate base rate borrowings and **2.25%** **2.75%** for Term SOFR borrowings.

See Notes 7, 12 and 18 to our consolidated financial statements included elsewhere in this Annual Report for further discussion of our debt.

Counterparty and customer credit risk

See Notes 14 and 15 to our consolidated financial statements included elsewhere in this Annual Report for discussion of credit risk and commitments and contingencies. See Notes 11, **12** and **12** **18** to our consolidated financial statements included elsewhere in this Annual Report for discussion of our commodity derivatives.

Item 8. Financial Statements and Supplementary Data

Our consolidated financial statements and supplementary financial data are included in this Annual Report beginning on page F-1.

Management's report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles.

We completed acquisitions of (i) oil and natural gas properties on October 31, 2023 in the Maple Acquisition, November 6, 2023 in the Tall City Acquisition and December 21, 2023 in the Grey Rock Acquisition and (ii) a business on November 5, 2023 in the Henry Acquisition, collectively, the "Excluded Acquisitions." Due to the recent nature of the Excluded Acquisitions, it was not practical from a timing or resource standpoint for us to conduct a thorough assessment of the Excluded Acquisitions' internal control over financial reporting prior to December 31, 2023. As a result and as permitted by the Securities and Exchange Commission, we excluded the Excluded Acquisitions from the scope of our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023. The Excluded Acquisitions were included in our 2023 consolidated financial statements and constituted approximately 21% of total assets as of December 31, 2023 and approximately 4% of revenues for the year then ended.

As of December 31, 2023 December 31, 2024, management assessed the effectiveness of the Company's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in the 2013 "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment and those criteria, management determined that the Company maintained effective internal control over financial reporting as of December 31, 2023 December 31, 2024.

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

Ernst & Young LLP, the independent registered public accounting firm that audited the consolidated financial statements of the Company included in this Annual Report, has issued their report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024. The report, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024, is included in this Item under the heading "Report of Independent Registered Public Accounting Firm."

Report of independent registered public accounting firm

To the Stockholders and the Board of Directors of Vital Energy, Inc.

Opinion on internal control over financial reporting

We have audited Vital Energy, Inc.'s internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Vital Energy, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023 December 31, 2024, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls over controls over (i) the oil and natural gas properties the Company acquired on October 31, 2023 in the Maple Acquisition, November 6, 2023 in the Tall City Acquisition and December 21, 2023 in the Grey Rock Acquisition and (ii) a business the Company acquired on November 5, 2023 in the Henry Acquisition. These acquisitions were included in the 2023 consolidated financial statements of the Company and constituted 21% of total assets as of December 31, 2023 and 4% of revenues for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Maple, Henry, Tall City or Grey Rock.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the 2023 2024 consolidated financial statements of the Company and our report dated March 11, 2024 February 24, 2025 expressed an unqualified opinion thereon.

Basis for opinion

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

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

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

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

/s/ Ernst & Young LLP

Tulsa, Oklahoma

March 11, 2024 February 24, 2025

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On June 3, 2022, following the completion of a comprehensive evaluation process, our Audit Committee dismissed Grant Thornton LLP ("Grant Thornton") and appointed Ernst & Young LLP ("EY") as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2022. The change was effective immediately.

Grant Thornton's audit report on the Company's consolidated financial statements for the fiscal year ended December 31, 2021 did not contain an adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope or accounting principle.

During the fiscal year ended December 31, 2021 and through the subsequent interim period ending June 3, 2022, there were (i) no disagreements (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) between the Company and Grant Thornton on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to the satisfaction of Grant Thornton would have caused Grant Thornton to make reference to the subject matter thereof in connection with its reports on the consolidated financial statements of the Company for such years, and (ii) no "reportable events" (as that term is defined in Item 304(a)(1)(v) of Regulation S-K).

During the fiscal year ended December 31, 2021 and through the subsequent interim period ending June 3, 2022, neither the Company, nor any party on behalf of the Company, consulted with EY with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of the audit opinion that might be rendered with respect to the Company's consolidated financial statements, and no written report or oral advice was provided to the Company by EY that was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was subject to any disagreement (as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions) or a reportable event (as that term is defined in Item 304(a)(1)(v) of Regulation S-K). None.

Item 9A. Controls and Procedures.

Evaluation of disclosure controls and procedures

As required by Rule 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer 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 the end of the period covered by this Annual Report. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer 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 the evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were effective as of December 31, 2023 December 31, 2024 at the reasonable assurance level.

Design and evaluation of internal control over financial reporting

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, our management has included a report of their assessment of the design and operating effectiveness of our internal controls over financial reporting as part of this Annual Report for the year ended December 31, 2023 December 31, 2024. Ernst & Young LLP, the Company's independent registered public accounting firm, has issued an attestation report on the effectiveness of the Company's internal control over financial reporting. Management's report and the independent registered public accounting firm's attestation report are included in "Item 8. Financial Statements and Supplementary Data" in this Annual Report under the caption entitled "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm," respectively, and are incorporated herein by reference.

Changes in internal control over financial reporting

There have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Item 9B. Other Information

Rule 10b5-1 Trading Arrangement Changes

None Certain of our officers and directors have trading arrangements for the sale or purchase of Vital Energy, Inc. common stock intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act. The following table summarizes changes to such arrangements during the three months ended December 31, 2024:

Name and title of director or officer	Type of change	Date of adoption	Date of termination	Duration of trading arrangement	Potential aggregate number of securities to be purchased (sold) pursuant to the trading arrangement
Mark Denny <i>Executive Vice President-General Counsel & Secretary</i>	Adoption	December 5, 2024	N/A	March 31, 2025	(11,336)
Bryan Lemmerman <i>Executive Vice President and Chief Financial Officer</i>	Adoption	December 11, 2024	N/A	March 14, 2025	(10,000)
Katie Hill <i>Senior Vice President and Chief Operating Officer</i>	Adoption	December 11, 2024	N/A	March 31, 2025	(9,273)

Other than as described above, **none** of the Company's directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarterly period ended **December 31, 2023** **December 31, 2024**.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding our Code of Conduct and Business Ethics, Code of Ethics For Senior Financial Officers and Corporate Governance Guidelines for our principal executive officer, principal financial officer and principal accounting officer are described in "Item 1. Business" in this Annual Report. Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 10 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended **December 31, 2023** **December 31, 2024**.

William E. Albrecht

Independent Director since 2020

Committees: Compensation and Finance

Age: 72 73

Other Current Public Company Directorships:

Halliburton Company (Compensation Committee and Health, Safety and Environment Committee chair)

Education:

Directorship Certified, National Association of Corporate Directors

Board Leadership Fellow, National Association of Corporate Directors

MS, University of Southern California

BS, United States Military Academy at West Point

Career Highlights:

President, Moncrief Energy, LLC (current)

California Resources Corporation Non-Executive Chair of the Board

Vice President, Occidental Petroleum Corporation Vice President Corporation; President, Oxy Oil & Gas, Americas Americas; President, Oxy Oil & Gas, USA

EOG Resources, Inc. Executive Officer

Tenneco Oil Company Petroleum Engineer

Mr. Albrecht has more than 40 years of experience in the domestic oil and gas industry. His engineering background provides him with the ability to fully comprehend, analyze and offer insights on the wide variety of technically challenging projects facing us as we develop our shale-play assets. In addition, his service in a variety of executive positions for oil and gas companies and as a director for large public companies brings extensive managerial and operational experience of upstream assets to our Board.

Mark Denny

Executive Vice President — General Counsel and Secretary since November 2023

Age: 43 44

Senior Vice President —General Counsel and Secretary from April 2019 to November 2023

Education:

J.D., Georgetown University Law Center

B.S., Economics and Political Science, Vanderbilt University

Mr. Denny joined Vital Energy in February 2013. Prior to his most recent promotion to Executive Vice President, he served as Senior Vice President and General Counsel. Prior to joining Vital, Mr. Denny worked in-house at SEH Offshore, Inc. and Seahawk Drilling, Inc. Prior to that, Mr. Denny worked at the international law firms of Vinson & Elkins and Fried Frank.

John Driver

Independent Director since 2022

Committees: Audit and Finance

Age: 59 60

Other Current Public Company Directorships:

Broadway Financial Corp & City First Bank, N.A. (Audit, Governance, Risk & Compliance Committees)

Education:

MBA, Tuck School of Business at Dartmouth College

BS, Industrial Engineering, Stanford University

Directorship Certified, National Association of Corporate Directors

Cybersecurity Oversight Certified, National Association of Corporate Directors

Career Highlights:

Lynx Technology Chief Executive Officer (current)

PacketVideo Chief Operating Officer and Chief Marketing Officer

JoynIn Co-Founder and Chief Executive Officer

Serena Software Senior Director of Global Field Marketing

Sun Microsystems Group Manager of Field and Partner Marketing

Mr. Driver is a technology entrepreneur and innovator with leadership experience in large, public and privately- held multinational companies and early-stage startups. He has a foundation in software marketing and sales and direct experience in new product launches for first-to-market categories. Navigating complexity, delivering innovation, and creating new opportunities within the IoT (Internet of Things) market are hallmarks of his career. As CEO, he currently leads Lynx Technology, a digital media technology company he founded through a management buyout of the multinational Connected Home operations of PacketVideo, a subsidiary of NTT DOCOMO. Previously, Mr. Driver served as Chief Operating Officer and Chief Marketing Officer of PacketVideo, co-founder and Chief Executive Officer of JoynIn and in senior leadership roles for Serena Software and Sun Microsystems.

Frances Powell Hawes

Independent Director since 2018

Committees: Audit (Chair) and Nominating, Corporate Governance, Age: 69⁷⁰
Environmental, and Social ("NGE&S")

Other Current Public Company Directorships:

Archrock Inc. (Audit Committee chair and Governance and Sustainability Committee)

PGT Innovations, Inc. (Audit Committee)

Education:

Texas-Certified Public Accountant

Strategic Financial Leadership Program in Executive Education, Dartmouth College

Director Professionalism Course, National Association of Corporate Directors

BBA, Accounting, University of Houston

CERT Certificate of Cybersecurity Oversight, Carnegie Mellon University, Software Engineering Institute

Career Highlights:

New Process Steel, L.P. Chief Financial Officer

American Electric Technologies, Inc. Senior Vice President and Chief Financial Officer

NCI Building Systems, Inc. Chief Financial Officer, Executive Vice President and Treasurer

Grant Prideco, Inc. Chief Financial Officer and Treasurer

Weatherford International Ltd. Various positions of increasing responsibility, including Chief Accounting Officer, Vice President, Accounting and Controller

Ms. Powell Hawes has over 22 years of experience as a financial advisor and chief financial officer for both public and privately held companies. She is a highly experienced director with extensive knowledge of not only publicly traded energy companies, but also privately held companies in complementary markets. Her knowledge and management experience on the Audit Committee enhances the Board of Directors' decision-making process on all issues affecting the Company, and her strong accounting and leadership background contributes significantly to the Board's understanding of the Company's strategic opportunities.

Katie Hill

Senior Vice President and Chief Operating Officer since November 2023

Age: 36³⁷

Education:

M.S., Mechanical Engineering, University of Michigan College of Engineering

B.S., Mechanical Engineering, University of Michigan College of Engineering

Ms. Hill joined Vital Energy in September 2022 as VP-Operations and was promoted to Chief Operating Officer and the senior leadership team in November 2023. Prior to joining Vital Energy she served as Senior Vice President - Operations at Javelin Energy Partners, LLC for two years. Previously, she served for eight years at Chesapeake Energy in positions of increasing responsibility in operations. Ms. Hill began her career as an engineer with BP in 2008.

Jarvis V. Hollingsworth

Independent Director since 2020

Committees: Audit and NGE&S (Chair)

Age: 61⁶²

Education:

JD, University of Houston

BS, United States Military Academy at West Point

Career Highlights:

Irradiant Partners, L.P. Vice Chairman (current)

Kayne Anderson Capital Advisors, L.P. Secretary/General Counsel Executive Committee and Board of Directors

Bracewell, LLP Partner Management and Finance Committees

Mr. Hollingsworth's service as General Counsel and Director of a leading alternatives investment advisor with approximately \$10.1 billion in assets and service as Board Chairman for a Texas state agency that manages a \$200 billion-plus pension fund highlight the legal and financial background that he brings to our Board. Mr. Hollingsworth is a former Partner at the law firm Bracewell LLP in Houston, Texas where he had a fiduciary practice counseling boards of directors and trustees on corporate governance and strategic matters. His legal, management and governance experience contribute significantly to our Board and our move to include ESG initiatives as part of the NGE&S Committee.

Dr. Craig M. Jarchow

Independent Director since 2019

Committees: Compensation (Chair) and Finance

Age: 63 64

Other Current Private Company Directorships:

TG Natural Resources, LLC

Education:

Ph.D., Geophysics, Stanford University

MBA, MIT Sloan School of Management

MS, Geophysics, Stanford University

BA, Geology, University of California, Santa Barbara

Career Highlights:

TG Natural Resources, LLC President, Chief Executive Officer and Director

Castleton Commodities International President, Upstream

Pine Brook Road Partners, LLC Managing Director and Partner

First Reserve Corporation Director and Partner

Amoco Corporation & Apache Corporation Operational roles of increasing responsibility

Dr. Jarchow has more than 30 years of industry experience serving in upstream operational roles for oil and gas companies, advising financial services firms on energy focused investments and building and leading an operating company. His geology and geophysics background combined with his managerial experience building and leading a company aides us in the development of our assets and the acquisition of new properties to expand our high margin inventory.

Dr. Shihab Kuran

Independent Director since 2022

Committees: Compensation and NGE&S

Age: 54 55

Education:

Ph.D., M.Sc., Electrical Engineering, City University of New York

B.Sc. Electrical Engineering, University of Jordan

The General Manager Program (TGMP), Harvard Business School

Directorship Certified, National Association of Corporate Directors

Digital Directors

Network 502 Systemic Cyber Risk Governance For U.S. Company Corporate Directors

Career Highlights:

Power Edison Chief Executive Officer and Founder (current)

EV Edison Founder, Director and Executive Chairman

NRG Energy President of Strategic Development

Sun Edison President, Advanced Solutions

Petra Solar Founder, Director, President and Chief Executive Officer

Dr. Kuran is NACD Directorship Certified™. He is an investor, serial entrepreneur and an executive with over three decades of experience in the technology and energy sectors. He is a proven leader in the energy transition space with a global track record in the development and scaling of advanced energy technologies, including solar, smart grid, energy storage and Electric Vehicle ("EV") charging. He developed and deployed marque energy transition projects with international oil and gas companies. He is currently Chief Executive Officer and founder of Power Edison, a company focused on providing innovative mobile energy storage solutions for the grid. Dr. Kuran is the founder and Executive Chairman of EV Edison, a company focused on the development of large scale EV charging hubs. Dr. Kuran served as President of Strategic Development at NRG Energy and President of Advanced Solutions at SunEdison. Previously he founded Petra Solar, a pioneer of smart solar, combining solar energy and smart grid technologies, and developer of the world's largest solar electric project in 2009, and served as Director, President and Chief Executive Officer. Prior to Petra Solar he served in various executive leadership capacities in the technology sector.

Lisa M. Lambert

Independent Director since 2020

Committees: NGE&S and Compensation

Age: 56 57

Other Current Public Company Directorships:

Lucid Motors

UL

Education:

MBA, Harvard Business School

BS, Management Information Systems, Pennsylvania State University

Career Highlights:

Chief Investment Officer of Private Markets for the George Kaiser Family Foundation (current)

Managing Partner for the \$100 million innovation foundry building energy startups (current)

National Grid Partners Founder and President

National Grid Chief Technology and Innovation Officer

The Westly Group Managing Partner

Intel Corporation Managing Director, Software and Services Fund and Diversity Fund

Ms. Lambert has extensive experience in the technology industry, leading innovation efforts and global investment initiatives. As Chief Investment Officer of Private Markets for the George Kaiser Family Foundation, she is responsible for investing in software including energy and mobility technology and managing the existing private markets portfolio. Her work with National Grid focuses on advancing energy systems, including at the intersection of energy and emerging technology to create a smarter, renewable future. She brings a perspective to our Board that contributes to our strategy of fostering a digital first mindset to make our business thrive in a digital era and to our continued commitment to ESG.

Lori A. Lancaster

Independent Director since 2020

Committees: Audit and Finance (Chair)

Age: 54 55

Other Current Public Company Directorships:

Precision Drilling Corp.

Intrepid Potash, Inc.

Education:

MBA, University of Chicago

BBA, Texas Christian University

Career Highlights:

UBS Securities Managing Director in the Global Energy Group

Goldman, Sachs & Co. Managing Director in the Global Natural Resources Group

Nomura Securities Managing Director in the Global Natural Resources Group

Ms. Lancaster has extensive experience in the oil and gas sector and in particular finance. During her 18-year tenure in investment banking, she led or was a key member of the execution team on more than \$60 billion of announced energy merger and acquisition deals and led the structuring and execution of numerous capital markets transactions. Her wealth of knowledge in financing and structuring deals is key as we execute on our strategies to expand our high-margin drilling inventory through acquisitions and reduce our leverage. Additionally, she brings public company audit committee and nominating and corporate governance experience to our team.

Bryan Lemmerman

Executive Vice President and Chief Financial Officer since November 2023

Age: 49 50

Senior Vice President and Chief Financial Officer from June 2020 to November 2023

Education:

M.B.A., University of Texas

M.S., Accounting, Texas A&M University

B.B.A., Accounting, Texas A&M University

Mr. Lemmerman joined Vital Energy in June 2020 as Senior Vice President and Chief Financial Officer. In November 2023 Mr. Lemmerman was promoted to Executive Vice President and Chief Financial Officer. Mr. Lemmerman has more than 16 years of experience in the energy exploration and production industry, including an extensive background in strategic planning and business development. He previously spent 10 years with Chesapeake Energy Corporation, serving in financial roles with increasing responsibility, most recently as Vice President—Business Development and Treasurer. Prior to joining Chesapeake, Mr. Lemmerman was a portfolio manager at Highview Capital Management and Ritchie Capital Management, overseeing investments in public and private energy.

Jason Pigott

President and Chief Executive Officer, October 2019 to present Director and President

Age: 50

Education:

MBA, University of North Carolina

BS, Petroleum Engineering, Texas A&M University

Mr. Pigott has more than 23 years of experience in the energy exploration and production industry. Before joining Vital, he served as Executive Vice President—Operations and Technical Services for Chesapeake Energy Corporation where he led all drilling and completions operations, digital operations, supply chain and land efforts. Prior to joining Chesapeake in 2013, he was with Anadarko Petroleum for 14 years, serving in positions of increasing responsibility, focused primarily on onshore unconventional play development in the Eagle Ford Shale, Haynesville Shale, Delaware Basin and various tight sand plays in East Texas. Mr. Pigott's extensive background in leading multidisciplinary operational and technical organizations, as well as experience contributing to executive level strategic decisions, contributes significant value to our Board of Directors. For these reasons, among others, we believe Mr. Pigott is qualified to serve as director.

Edmund P. Segner, III

Independent Director since 2011

Committees: Audit and Finance

Age: 70

Other Current Public Company Directorships:

Archrock, Inc.(Audit Committee and Governance and Sustainability Committee)

Education:

Certified Public Accountant

MA, Economics, University of Houston

BS, Civil Engineering, Rice University

Career Highlights:

Rice University Professor in the Practice of Engineering Management, Department of Civil and Environmental Engineering

EOG Resources, Inc. President, Chief of Staff and Director, Principal Financial Officer

Mr. Segner's service as President, Principal Financial Officer and director of publicly traded oil and gas exploration and development companies demonstrates a strong operational, financial, accounting and strategic background and enables him to provide our Board with valuable business, leadership and management experience and insights into many aspects of the operations of exploration and production. Mr. Segner also brings financial and accounting expertise to the Board, including through his experience in financing transactions for oil and gas companies, his background as a certified public accountant, his service as a Principal Financial Officer, his supervision of other principal financial officers and principal accounting officers and his service on the audit committees of other companies.

Item 11. Executive Compensation

Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 11 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2023 December 31, 2024.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 12 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2023 December 31, 2024.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 13 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2023 December 31, 2024.

Item 14. Principal Accounting Fees and Services

Pursuant to paragraph 3 of General Instruction G to Form 10-K, we incorporate by reference into this Item 14 the information to be disclosed in our definitive proxy statement, which is to be filed pursuant to Regulation 14A with the SEC within 120 days after the close of the year ended December 31, 2023 December 31, 2024.

Part IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) Financial statements

Our consolidated financial statements are included under "Part II, Item 8 Financial Statements and Supplementary Data" in this Annual Report. For a listing of these statements and accompanying footnotes, see "Index to Consolidated Financial Statements" on page F-1 of this Annual Report.

(a)(2) Financial statement schedules

All schedules have been omitted because they are either not applicable, not required or the information called for therein appears in the consolidated financial statements or notes thereto.

(a)(3) Exhibits

Incorporated by reference (File No. 001-35380, unless otherwise indicated)											
Exhibit	Exhibit	Description	Form	Exhibit	Filing Date	Exhibit	Description	Form	Exhibit	Filing Date	
2.1	2.1	Purchase and Sale Agreement by and between Laredo Petroleum, Inc. and Northern Oil and Gas, Inc., dated as of August 16, 2022.	8-K	2.1	8/17/2022	2.1	Purchase and Sale Agreement by and between Laredo Petroleum, Inc. and Northern Oil and Gas, Inc., dated as of August 16, 2022.	8-K	2.1	8/17/2022	
2.2	2.2	Purchase and Sale Agreement by and between Vital Energy, Inc. and Driftwood Energy Operating, LLC, dated as of February 14, 2023.	8-K	2.1	2/15/2023						
	2.3										
	2.2										
	2.3										
2.2		Purchase and Sale Agreement, dated May 11, 2023, by and among Vital Energy, Inc. and Northern Oil and Gas, Inc., as Purchasers, and Forge Energy II, Delaware LLC, as Seller.^	8-K	2.1	5/17/2023						
2.3		Purchase and Sale Agreement, dated May 11, 2023, by and among Vital Energy, Inc. and Northern Oil and Gas, Inc., as Purchasers, and Forge Energy II, Delaware LLC, as Seller.^	8-K	2.1	5/17/2023	2.3	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Henry Resources LLC, Henry Energy LP and Moriah Henry Partners LLC.^	8-K	2.1	9/13/2023	

2.4	2.4	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Henry Resources LLC, Henry Energy LP and Moriah Henry Partners LLC.^		8-K	2.1		9/13/2023	2.4	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Maple Energy Holdings LLC.^		8-K	2.2	9/13/2023
2.5	2.5	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Maple Energy Holdings LLC.^		8-K	2.2		9/13/2023	2.5	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Tall City Property Holdings III LLC and Tall City Operations III LLC.^		8-K	2.3	9/13/2023
	2.6												
2.6	2.6	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Tall City Property Holdings III LLC and Tall City Operations III LLC.^		8-K	2.3		9/13/2023		Purchase and Sale Agreement, dated July 27, 2024, by and among Vital Energy, Inc. and Northern Oil and Gas, Inc., as Purchaser, and Point Energy Partners Petroleum, LLC, Point Energy Partners Operating, LLC, Point Energy Partners Water, LLC and Point Energy Partners Royalty, LLC, as Seller.		8-K	2.1	7/29/2024
2.7	2.7	Purchase and Sale Agreement, dated as of December 31, 2023, by and among Vital Energy, Inc. and Granite Ridge Holdings LLC, GREP IV-A Permian, LLC and GREP IV-B Permian, LLC.		8-K/A	2.1		12/22/2023	2.7	Purchase and Sale Agreement, dated February 2, 2024, by and among Vital Energy, Inc., as Purchaser, and PEP Henry Production Partners LP, PEP HPP Jubilee SPV LP, PEP PEOF Dropkick SPV, LLC, PEP HPP Dropkick SPV LP and HPP Acorn SPV LP, as Seller.		8-K/A	2.1	2/5/2024
3.1	3.1	Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated as of December 19, 2011.		8-K	3.1		12/22/2011	3.1	Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated as of December 19, 2011.		8-K	3.1	12/22/2011

3.2	3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated as of June 1, 2020.	8-K	3.1	6/1/2020	3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated as of June 1, 2020.	8-K	3.1	6/1/2020
3.3	3.3	Second Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated May 26, 2022	8-K	3.1	5/26/2022	3.3	Second Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated May 26, 2022	8-K	3.1	5/26/2022
3.4	3.4	Third Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated January 9, 2023.	8-K	3.1	1/9/2023	3.4	Third Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated January 9, 2023.	8-K	3.1	1/9/2023
3.5	3.5	Fourth Certificate of Amendment to Vital Energy, Inc. Amended and Restated Certificate of Incorporated, dated November 21, 2023.	8-K	3.1	11/21/2023	3.5	Fourth Certificate of Amendment to Vital Energy, Inc. Amended and Restated Certificate of Incorporated, dated November 21, 2023.	8-K	3.1	11/21/2023
3.6	3.6	Certificate of Ownership and Merger, dated as of December 30, 2013.	8-K	3.1	1/6/2014	3.6	Certificate of Ownership and Merger, dated as of December 30, 2013.	8-K	3.1	1/6/2014
3.7	3.7	Fourth Amended and Restated Bylaws of Vital Energy, Inc., adopted January 9, 2023.	8-K	3.2	1/9/2023	3.7	Fourth Amended and Restated Bylaws of Vital Energy, Inc., adopted January 9, 2023.	8-K	3.2	1/9/2023
3.8	3.8	Certificate of Designations of 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock of Vital Energy, Inc., as filed with the Secretary of State of the State of Delaware on September 13, 2023.	8-K	3.1	9/19/2023	3.8	Certificate of Designations of 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock of Vital Energy, Inc., as filed with the Secretary of State of the State of Delaware on September 13, 2023.	8-K	3.1	9/19/2023

	<u>Certificate of Amendment to Certificate of Designations of 2.0%</u>			
3.9	<u>Cumulative Mandatorily Convertible Series A Preferred Stock of Vital Energy, Inc.</u>	8-K	3.1	11/6/2023
4.1	<u>Form of Common Stock Certificate.</u>	8- A12B/A	4.1	1/7/2014
4.2*				
4.3				
4.3	<u>Indenture, dated as of March 18, 2015, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Bank, N.A., as trustee.</u>	8-K	4.1	3/24/2015
4.4	<u>Third Supplemental Indenture, dated as of January 24, 2020, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Bank, N.A., as trustee.</u>	8-K	4.4	1/24/2020
4.5	<u>Fourth Supplemental Indenture, dated as of January 24, 2020, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Bank, N.A., as trustee.</u>	8-K	4.6	1/24/2020
4.6	<u>Indenture, dated as of July 16, 2021, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Bank, National Association, as trustee.</u>	8-K	4.1	7/16/2021

4.7	Fifth Supplemental Indenture, dated as of September 25, 2023, among Vital Energy, Inc., Vital Midstream Services, LLC and U.S. Bank Trust Company, National Association, as trustee.	8-K	4.2	9/25/2023
4.8	Form of Driftwood Registration Rights Agreement (attached as Exhibit C).	8-K	2.1	2/14/2023
4.9	Form of Henry Registration Rights Agreement (attached as Exhibit C).	8-K	2.1	9/13/2023

Incorporated by reference (File No. 001-35380, unless otherwise indicated)

Exhibit	Exhibit	Description	Form	Exhibit	Filing Date	Exhibit	Description	Form	Exhibit	Filing Date
3.9		Certificate of Amendment to Certificate of Designations of 2.0% Cumulative Mandatory Convertible Series A Preferred Stock of Vital Energy, Inc.	8-K	3.1	11/6/2023					
4.1		Form of Common Stock Certificate.	8-A	4.1	1/7/2014					
4.2*										
4.3										
4.3		Indenture, dated as of March 18, 2015, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Bank, N.A., as trustee.	8-K	4.1	3/24/2015					
4.4										
4.4		Indenture, dated as of July 16, 2021, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Bank, National Association, as trustee.	8-K	4.1	7/16/2021					

		Fifth Supplemental Indenture, dated as of September 25, 2023, among Vital Energy, Inc., Vital Midstream Services, LLC and U.S. Bank Trust Company, National Association, as trustee.	8-K	4.2	9/25/2023					
4.5		Form of Driftwood Registration Rights Agreement (attached as Exhibit C).	8-K	2.1	2/14/2023					
4.6		Form of Henry Registration Rights Agreement (attached as Exhibit C).	8-K	2.1	9/13/2023					
4.7		Form of Maple Registration Rights Agreement (attached as Exhibit C).	8-K	2.2	9/13/2023					
4.8		Form of Tall City Registration Rights Agreement (attached as Exhibit C).	8-K	2.3	9/13/2023					
4.9		Form of Grey Rock Registration Rights Agreement (attached as Exhibit C).	8-K	2.2	9/13/2023	4.10	Form of Grey Rock Registration Rights Agreement (attached as Exhibit G).	8-K/A	2.1	12/22/2023
4.10	4.10	Form of Tall City Registration Rights Agreement (attached as Exhibit C).	8-K	2.3	9/13/2023	4.11	Form of Henry Investor Agreement (attached as Exhibit F).	8-K	2.1	9/13/2023
4.11	4.11	Form of Grey Rock Registration Rights Agreement (attached as Exhibit G).	8-K	2.1	12/22/2023	4.12	Form of Grey Rock Investor Agreement (attached as Exhibit E).	8-K/A	2.1	12/22/2023
4.12	4.12	Form of Henry Investor Agreement (attached as Exhibit E).	8-K	2.1	9/13/2023					
4.13		Form of Grey Rock Investor Agreement (attached as Exhibit E).	8-K	2.1	12/22/2023					
10.1	10.1	Fifth Amended and Restated Credit Agreement, dated as of May 2, 2017, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, and the other financial institutions signatory thereto.	10-Q	10.1	5/4/2017	10.1	Fifth Amended and Restated Credit Agreement, dated as of May 2, 2017, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, and the other financial institutions signatory thereto.	10-Q	10.1	5/4/2017
10.2	10.2	First Amendment to Fifth Amended and Restated Credit Agreement, dated as of October 24, 2017, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.	8-K	10.1	10/30/2017	10.2	First Amendment to Fifth Amended and Restated Credit Agreement, dated as of October 24, 2017, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.	8-K	10.1	10/30/2017

		Second Amendment to Fifth Amended and Restated Credit Agreement, dated as of February 14, 2018, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.		10-K	10.3	2/15/2018	10.3	Second Amendment to Fifth Amended and Restated Credit Agreement, dated as of February 14, 2018, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.		10-K	10.3	2/15/2018
10.3	10.3	Third Amendment to Fifth Amended and Restated Credit Agreement, dated as of April 19, 2018, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.		8-K	10.1	4/23/2018	10.4	Third Amendment to Fifth Amended and Restated Credit Agreement, dated as of April 19, 2018, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.		8-K	10.1	4/23/2018
10.4	10.4	Fourth Amendment to Fifth Amended and Restated Credit Agreement, dated as of April 30, 2020, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.		8-K	10.1	5/6/2020	10.5	Fourth Amendment to Fifth Amended and Restated Credit Agreement, dated as of April 30, 2020, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.		8-K	10.1	5/6/2020
10.5	10.5	Fifth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of October 22, 2020, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.		8-K	10.1	10/22/2020	10.6	Fifth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of October 22, 2020, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.		8-K	10.1	10/22/2020
10.6	10.6	10.7						10.7	10.7			

		<u>Sixth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of May 7, 2021, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>		8-K	10.1	5/11/2021	<u>10.7</u>	<u>Sixth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of May 7, 2021, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>		8-K	10.1	5/11/2021	
10.7		<u>Seventh Amendment to the Fifth Amended and Restated Credit Agreement, dated as of July 16, 2021, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>						<u>Seventh Amendment to the Fifth Amended and Restated Credit Agreement, dated as of July 16, 2021, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>					
10.8	10.8	<u>Seventh Amendment to the Fifth Amended and Restated Credit Agreement, dated as of July 16, 2021, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>		8-K	10.2	7/16/2021	<u>10.8</u>	<u>Seventh Amendment to the Fifth Amended and Restated Credit Agreement, dated as of July 16, 2021, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>		8-K	10.2	7/16/2021	
10.9		<u>Eighth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of April 13, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>						<u>Eighth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of April 13, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>					
10.9		<u>Eighth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of April 13, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>		8-K	10.1	4/19/2022		<u>Eighth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of April 13, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>		8-K	10.1	4/19/2022	
10.10		<u>Ninth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of August 30, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>						<u>Ninth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of August 30, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>					
10.10		<u>Ninth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of August 30, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>		8-K	10.1	8/30/2022							
10.10		<u>Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>											

10.11	<u>Tenth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of November 1, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.</u>	8-K	10.1	11/3/2022
10.12	<u>Limited Consent and Eleventh Amendment to the Fifth Amended and Restated Credit Agreement, dated as of September 13, 2023, among Vital Energy, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Vital Midstream Services, LLC, as guarantor, and the banks signatory thereto^</u>	8-K	10.1	9/13/2023
10.13	<u>Purchase Agreement, dated July 13, 2021, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Securities, LLC, as representative of the several initial purchasers named therein.</u>	8-K	10.1	7/16/2021
10.14	<u>Amended and Restated Form of Indemnification Agreement between Laredo Petroleum Holdings, Inc. and each of the officers and directors thereof.</u>	10-Q	10.5	5/2/2019
10.15#	<u>Vital Energy, Inc. Omnibus Equity Incentive Plan, as amended and restated as of January 9, 2023.</u>	10-K	10.14	2/22/2023

Incorporated by reference (File No. 001-35380, unless otherwise indicated)

Exhibit	Description	Form	Exhibit	Filing Date
10.16#	Vital Energy, Inc. Change in Control Executive Severance Plan, as last amended January 9, 2023.	10-K	10.15	2/22/2023
10.17#	Vital Energy, Inc. Executive Severance Plan, as amended and restated as of January 9, 2023.	10-K	10.16	2/22/2023
10.18#	Offer Letter, dated April 17, 2019, between Laredo Petroleum, Inc. and Mr. Jason Pigott.	10-Q	10.3	5/2/2019
10.19#	Offer Letter, dated June 12, 2020, between Laredo Petroleum, Inc. and Mr. Bryan J. Lemmerman.	10-Q	10.3	8/6/2020
10.20#	Form of Stock Option Agreement.	8-K	10.3	5/25/2016
10.21#	Form of 2020 Performance Share Unit Award Agreement.	10-K	10.18	2/22/2021
10.22#	Form of 2021 Performance Share Unit Award Agreement.	10-Q	10.3	5/6/2021
10.23#*	Form of Performance Share Unit Award Agreement.			
10.24#	Form of 2022 Restricted Stock Award Agreement.	10-Q	10.3	5/5/2022
10.25#	Form of Outperformance Share Unit Award Agreement.	10-Q	10.8	8/1/2019
10.26#	Form of Restricted Stock Award Agreement.	8-K	10.2	5/25/2016
10.27#	Form of Phantom Unit Agreement.	10-K	10.21	2/22/2021
10.28#*	Nonqualified Director Deferred Compensation Plan.			
21.1*	List of Subsidiaries.			
22.1*	List of Issuers and Guarantor Subsidiaries.			
23.1*	Consent of Ernst & Young LLP.			
23.2*	Consent of Grant Thornton LLP.			
23.3*	Consent of Ryder Scott Company, L.P.			
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.			
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.			
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
95.1*	Mine Safety Disclosures.			
97.1*	Executive Compensation Clawback Policy on Recoupment and Forfeiture of Incentive Compensation, dated November 1, 2023.			
99.1*	Summary Report of Ryder Scott Company, L.P.			
99.2*	Unaudited pro forma condensed combined financial information of Vital Energy, Inc. for the year ended December 31, 2023.			
101	The following financial information from Vital's Annual Report on Form 10-K for the year ended December 31, 2023, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows and (v) Notes to the Consolidated Financial Statements.			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

Incorporated by reference (File No. 001-35380, unless otherwise indicated)

Exhibit	Description	Form	Exhibit	Filing Date
10.10	Ninth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of August 30, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.	8-K	10.1	8/30/2022
10.11	Tenth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of November 1, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.	8-K	10.1	11/3/2022
10.12	Limited Consent and Eleventh Amendment to the Fifth Amended and Restated Credit Agreement, dated as of September 13, 2023, among Vital Energy, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Vital Midstream Services, LLC, as guarantor, and the banks signatory thereto.	8-K	10.1	9/13/2023
10.13	Twelfth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of May 8, 2024, among Vital Energy, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Vital Midstream Services, LLC, as guarantor, and the banks signatory thereto.^	10-Q	10.6	5/9/2024
10.14	Thirteenth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of September 20, 2024, among Vital Energy, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, the guarantors signatory thereto, and the banks signatory thereto.	10-Q	10.1	11/06/2024

10.15	Purchase Agreement, dated July 13, 2021, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Securities, LLC, as representative of the several initial purchasers named therein.	8-K	10.1	7/16/2021
10.16	Amended and Restated Form of Indemnification Agreement between Laredo Petroleum Holdings, Inc. and each of the officers and directors thereof.	10-Q	10.5	5/2/2019
10.17	Vital Energy, Inc. Omnibus Equity Incentive Plan, as amended and restated as of January 9, 2023.	10-K	10.14	2/22/2023
10.18	Vital Energy, Inc. Omnibus Equity Incentive Plan (amended and restated as of May 23, 2024).	8-K	10.1	5/28/2024
10.19	Vital Energy, Inc. Omnibus Equity Incentive Plan (amended and restated as of December 10, 2024).	8-K	10.1	12/13/2024
10.20	Vital Energy, Inc. Change in Control Executive Severance Plan (amended and restated as of December 10, 2024).	8-K	10.2	12/13/2024
10.21#	Vital Energy, Inc. Executive Severance Plan, as amended and restated as of January 9, 2023.	10-K	10.16	2/22/2023
10.22#	Offer Letter, dated April 17, 2019, between Laredo Petroleum, Inc. and Mr. Jason Pigott.	10-Q	10.3	5/2/2019
10.23#	Offer Letter, dated June 12, 2020, between Laredo Petroleum, Inc. and Mr. Bryan J. Lemmerman.	10-Q	10.3	8/6/2020
10.24#	Offer Letter, dated March 11, 2024, between Vital Energy, Inc. and Mr. Larry Faulkner.	10-Q	10.4	5/9/2024
10.25#	Form of Stock Option Agreement.	8-K	10.3	5/25/2016
10.26#	Form of 2021 Performance Share Unit Award Agreement.	10-Q	10.3	5/6/2021
10.27#	Form of Performance Share Unit Award Agreement.	10-K	10.23	3/11/2024
10.28#	Form of 2022 Restricted Stock Award Agreement.	10-Q	10.3	5/5/2022
10.29#	Form of Restricted Stock Award Agreement.	8-K	10.2	5/25/2016
10.30#	Nonqualified Director Deferred Compensation Plan.	10-K	10.28	3/11/2024
19.1*	Policy Prohibiting Insider Trading and Unauthorized Disclosure of Information to Others.			
21.1*	List of Subsidiaries.			
22.1*	List of Issuers and Guarantor Subsidiaries.			
23.1*	Consent of Ernst & Young LLP.			
23.2*	Consent of Ryder Scott Company, L.P.			
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.			

			Incorporated by reference (File No. 001-35380, unless otherwise indicated)		
Exhibit	Description	Form	Exhibit	Filing Date	
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.				
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
95.1*	Mine Safety Disclosures.				
97.1	Executive Compensation Clawback Policy on Recoupment and Forfeiture of Incentive Compensation, dated November 1, 2023.	10-K	97.1	3/11/2024	
99.1*	Summary Report of Ryder Scott Company, L.P.				
99.2*	Unaudited pro forma condensed combined financial information of Vital Energy, Inc. for the year ended December 31, 2024.				
101	The following financial information from Vital's Annual Report on Form 10-K for the year ended December 31, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows and (v) Notes to the Consolidated Financial Statements.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

* Filed herewith.

** Furnished herewith.

Management contract or compensatory plan or arrangement.

^ Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission on request.

Item 16. Form 10-K Summary

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: **March 11, 2024** **February 24, 2025**

Vital Energy, Inc.

By:

/s/ Jason Pigott

Jason Pigott

President and Chief Executive Officer

KNOWN ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Jason Pigott, Bryan J. Lemmerman, Mark D. Denny and **Jessica R. Wren**, **Stephen L. Faulkner, Jr.**, each of whom may act without joinder of the other, as their true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for such person and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<i>/s/ Jason Pigott</i> Jason Pigott	President and Chief Executive Officer (principal) (principal executive officer)	3/11/2024 2/24/2025
<i>/s/ Bryan J. Lemmerman</i> Bryan J. Lemmerman	Executive Vice President and Chief Financial Officer (principal financial officer)	3/11/2024 2/24/2025
<i>/s/ Jessica R. Wren</i> <i>Stephen L. Faulkner, Jr.</i> Jessica R. Wren <i>Stephen L. Faulkner, Jr.</i>	Senior Director of Financial Vice President and Chief Accounting and SEC Reporting Officer (principal accounting officer)	3/11/2024 2/24/2025
<i>/s/ William E. Albrecht</i> William E. Albrecht	Chairman	3/11/2024 2/24/2025
<i>/s/ John Driver</i> John Driver	Director	3/11/2024 2/24/2025
<i>/s/ Francis Powell Hawes</i> Frances Powell Hawes	Director	3/11/2024 2/24/2025
<i>/s/ Jarvis V. Hollingsworth</i> Jarvis V. Hollingsworth	Director	3/11/2024 2/24/2025
<i>/s/ Dr. Craig M. Jarchow</i> Dr. Craig M. Jarchow	Director	3/11/2024 2/24/2025
<i>/s/ Dr. Shihab A. Kuran</i> Dr. Shihab A. Kuran	Director	3/11/2024 2/24/2025
<i>/s/ Lisa M. Lambert</i> Lisa M. Lambert	Director	3/11/2024 2/24/2025
<i>/s/ Lori A. Lancaster</i> Lori A. Lancaster	Director	3/11/2024 2/24/2025
<i>/s/ Edmund P. Segner, III</i> Edmund P. Segner, III	Director	3/11/2024 2/24/2025

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Vital Energy, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Vital Energy, Inc. (the Company) as of December 31, 2023 December 31, 2024 and 2022, the related consolidated statements of operations, stockholders' equity and cash flows for each of the two three years in the period ended December 31, 2023 December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 December 31, 2024 and 2022, and the results of its operations and its cash flows for each of the two three years in the period ended December 31, 2023 December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023 December 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 11, 2024 February 24, 2025 expressed an unqualified opinion thereon.

Basis for opinion

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

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

Critical audit matters

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

Depreciation, Depletion, and Amortization (DD&A) of proved properties and Full Cost Ceiling Impairment

Description of the Matter

At December 31, 2023 December 31, 2024, the carrying value of the Company's oil and natural gas properties net was \$4,230 million \$4,864 million, and depreciation, depletion and amortization (DD&A) expense was \$463 million \$742 million, and the full cost ceiling impairment expense was \$481 million for the year then ended. As described in Note 2, the Company follows the full cost method of accounting for its oil and gas properties. Oil and natural gas properties, net, excluding unevaluated properties of \$195 million \$243 million, is amortized are depleted using the unit-of-production method based on total estimated proved oil, NGL and natural gas reserves. As described in Note 6, the Company's oil and natural gas properties are subject to the full cost ceiling test under SEC guidelines whereby the Company's unamortized cost of evaluated oil and natural gas properties are limited to a full cost ceiling based on the estimated future net cash flows from proved oil, NGL and natural gas reserves, as estimated by the independent reserve engineers. Proved oil, NGL and natural gas reserves are those quantities discounted at 10%.

The estimation of crude oil, natural gas liquids, and natural gas, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic and operating conditions. Significant judgment is required by the independent reserve engineers in interpreting the data used to estimate proved oil, NGL and natural gas reserves. Estimating reserves also requires the selection of reserve volumes is an ongoing process based on technical evaluations, commercial and market assessments, and detailed analysis of inputs, including well information such as historical production, oil development and gas price assumptions, and future operating and capital production costs, assumptions, among others, other factors. Because of the complexity in estimating oil, NGL and natural gas reserves, management used independent reserve engineers to prepare the proved oil, NGL and natural gas reserve estimates as of December 31, 2023 December 31, 2024.

Auditing the Company's DD&A expense and full cost ceiling impairment is complex because of the use of the work of the independent reserve engineers and the evaluation of management's determination of the inputs described above including historical production, oil and gas price assumptions, and future operating and capital costs assumptions, among others, used by the engineers in estimating proved oil, NGL and natural gas reserves.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's controls that address the risks of material misstatement relating to the DD&A expense and full cost ceiling impairment calculation for oil and natural gas properties. This includes controls over the completeness and accuracy of the historical production and financial data used in estimating proved oil, NGL and natural gas reserves.

Our audit procedures included, among others, evaluating the professional qualifications and objectivity of the Company's independent reserve engineers used to prepare the proved oil, NGL and natural gas reserve estimates. In addition, in assessing whether we can use the work of the independent reserve engineers, we evaluated the completeness and accuracy of the historical production and financial data and inputs, described above used by the engineers in estimating oil, NGL and natural gas reserves by agreeing them to source documentation, and we identified and evaluated corroborative and contrary evidence. For proved undeveloped reserves, we evaluated management's development plan for compliance with SEC requirements. We also tested that the DD&A expense calculation is and full cost ceiling impairment calculations for oil and natural gas properties, to conclude they are based on the appropriate proved oil, NGL and natural gas reserve amounts as estimated by the Company's independent reserve engineers.

Accounting for the Henry Business Combination

Description of the Matter

As disclosed in Note 4 to the consolidated financial statements, during 2023 the Company completed the acquisition of oil and gas properties in the Midland and Delaware Basins from Henry Resources, LLC, Henry Energy LP and Moriah Henry Partners LLC (collectively, "Henry") for an aggregate purchase price of \$434 million. The transaction was accounted for as a business combination.

Auditing the Company's accounting for the Henry business combination was complex due to the significant estimation required by management to determine the fair value of evaluated and unevaluated properties. The significant estimation was primarily due to management's selection of significant inputs used in the income approach including forecasted oil, NGL and natural gas reserve quantities, future commodity pricing as of the closing date, a peer group weighted-average cost of capital rate, and reserve adjustment factors for proved undeveloped and probable reserves, among others. These significant assumptions are forward looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's accounting for the Henry business combination and valuation of the acquired assets. For example, we tested controls over the recognition and measurement of the fair value of evaluated and unevaluated properties, including the review of the valuation model and underlying assumptions used to develop such estimates.

Our audit procedures included, among others, evaluating the Company's valuation methodology, significant assumptions used by the Company, and evaluating the completeness and accuracy of the underlying data supporting the significant assumptions and estimates. For example, we compared historical production used in estimating forecasted oil, NGL and natural gas reserve quantities to third-party support. Our audit procedures also included evaluating the professional qualifications and objectivity of the Company's engineers responsible for the preparation of forecasted oil, NGL and natural gas reserve quantities. We involved our valuation specialists to assist with our evaluation of the selection and application of the valuation methodology used by the Company and significant assumptions included in the fair value estimates, including the evaluation of future commodity pricing as of the closing date, reserve adjustment factors for proved undeveloped and probable reserves, and the peer group weighted-average cost of capital rate used in the income approach.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2022.

Tulsa, Oklahoma
March 11, 2024

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Vital Energy, Inc.

Opinion on the financial statements

We have audited the consolidated balance sheet of Vital Energy, Inc. (formerly known as Laredo Petroleum, Inc.) (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2021 (not presented herein), and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

/s/ GRANT THORNTON LLP

We served as the Company's auditor from 2007 to 2022.

Tulsa, Oklahoma
February 24, 2022 2025

Vital Energy, Inc.

Consolidated balance sheets

(in thousands, except share data)	(in thousands, except share data)	December 31, 2023	December 31, 2022	(in thousands, except share data)	December 31, 2024	December 31, 2023
Assets	Assets		Assets		Assets	
Current assets:	Current assets:		Current assets:		Current assets:	
Cash and cash equivalents						
Accounts receivable, net						
Derivatives						
Other current assets						
Total current assets						
Property and equipment:	Property and equipment:		Property and equipment:		Property and equipment:	
Oil and natural gas properties, full cost method:	Oil and natural gas properties, full cost method:		Oil and natural gas properties, full cost method:		Oil and natural gas properties, full cost method:	
Evaluated properties						
Unevaluated properties not being depleted						
Less: accumulated depletion and impairment						
Oil and natural gas properties, net						
Midstream and other fixed assets, net						
Property and equipment, net						
Derivatives						
Derivatives						
Derivatives						
Operating lease right-of-use assets						
Deferred income taxes						
Other noncurrent assets, net						
Other noncurrent assets, net						
Other noncurrent assets, net						
Total assets						
Liabilities and stockholders' equity	Liabilities and stockholders' equity		Liabilities and stockholders' equity		Liabilities and stockholders' equity	
Current liabilities:	Current liabilities:		Current liabilities:		Current liabilities:	
Accounts payable and accrued liabilities						
Accrued capital expenditures						
Undistributed revenue and royalties						
Derivatives						
Derivatives						
Derivatives						
Operating lease liabilities						
Operating lease liabilities						
Operating lease liabilities						
Other current liabilities						
Total current liabilities						
Long-term debt, net						
Asset retirement obligations						
Asset retirement obligations						
Derivatives						
Derivatives						
Derivatives						
Asset retirement obligations						
Operating lease liabilities						
Other noncurrent liabilities						
Total liabilities						

Commitments and contingencies	Commitments and contingencies	Commitments and contingencies
Stockholders' equity:	Stockholders' equity:	Stockholders' equity:
Preferred stock, \$0.01 par value, 50,000,000 shares authorized and 595,104 and zero issued as of December 31, 2023 and 2022, respectively		
Common stock, \$0.01 par value, 80,000,000 and 40,000,000 shares authorized, and 35,413,551 and 16,762,127 issued and outstanding as of December 31, 2023 and 2022, respectively		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized and zero and 595,104 issued and outstanding as of December 31, 2024 and 2023, respectively		
Common stock, \$0.01 par value, 80,000,000 shares authorized, and 38,144,248 and 35,413,551 issued and outstanding as of December 31, 2024 and 2023, respectively		
Additional paid-in capital		
Accumulated deficit		
Total stockholders' equity		
Total stockholders' equity		
Total stockholders' equity		
Total liabilities and stockholders' equity		

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

Vital Energy, Inc.

Consolidated statements of operations

(in thousands, except per share data)	Years ended December		(in thousands, except per share data)	Years ended December		
	31,			31,		
	2023	2022		2024	2023	
Revenues:	Revenues:		Revenues:			
Oil sales						
NGL sales						
Natural gas sales						
Sales of purchased oil						
Other operating revenues						
Total revenues						
Costs and expenses:	Costs and expenses:		Costs and expenses:			
Lease operating expenses						
Production and ad valorem taxes						
Oil transportation and marketing expenses						
Gas gathering, processing and transportation expenses						
Costs of purchased oil						
General and administrative						
Organizational restructuring expenses						
Depletion, depreciation and amortization						
Impairment expense						
Other operating expenses, net						
Total costs and expenses						
Gain (loss) on disposal of assets, net						
Operating income						
Operating income (loss)						
Non-operating income (expense):	Non-operating income (expense):		Non-operating income (expense):			
Gain (loss) on derivatives, net						

Interest expense	
Loss on extinguishment of debt, net	
Loss on extinguishment of debt, net	
Loss on extinguishment of debt, net	
Other income, net	
Other income, net	
Other income, net	
Total non-operating expense, net	
Income before income taxes	
Income tax benefit (expense):	
Current	
Deferred	
Total income tax benefit (expense)	
Net income	
Income (loss) before income taxes	
Income tax benefit (expense)	
Income tax benefit (expense)	
Income tax benefit (expense)	
Net income (loss)	
Preferred stock dividends	
Net income available to common stockholders	
Net income per common share:	=
Net income (loss) available to common stockholders	
Net income (loss) per common share:	=
Basic	
Basic	
Basic	
Diluted	
Diluted	
Diluted	
Weighted-average common shares outstanding:	
Basic	
Basic	
Basic	
Diluted	

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

Vital Energy, Inc.

Consolidated statements of stockholders' equity

(in thousands)	Preferred stock	Common stock	Additional paid-in capital	Treasury stock (at cost)	Accumulated deficit	Total	Preferred stock	Common stock	Additional paid-in capital	Treasury stock (at cost)	Accumulated deficit	Total
Balance, December 31, 2020												
Balance, December 31, 2020												
Balance, December 31, 2020												
Balance, December 31, 2021												

Balance, December 31, 2021
Balance, December 31, 2021
Restricted stock awards
Restricted stock forfeitures
Stock exchanged for tax withholding
Retirement of treasury stock
Exercise of stock options
Share-settled equity-based compensation
Issuance of common stock, net of costs
Equity issued for acquisition of oil and natural gas properties
Performance share conversion
Net income
Balance, December 31, 2021
Restricted stock awards
Restricted stock awards
Restricted stock forfeitures
Share repurchases
Stock exchanged for tax withholding
Retirement of treasury stock
Retirement of treasury stock
Retirement of treasury stock
Share-settled equity-based compensation
Share-settled equity-based compensation
Share-settled equity-based compensation
Performance share conversion
Performance share conversion
Performance share conversion
Net income
Net income
Net income
Balance, December 31, 2022
Restricted stock awards
Stock exchanged for tax withholding
Stock exchanged for tax withholding
Stock exchanged for tax withholding
Retirement of treasury stock
Retirement of treasury stock
Retirement of treasury stock
Share-settled equity-based compensation
Issuance of common stock, net of costs
Equity issued for acquisition of oil and natural gas properties
Preferred stock conversion
Preferred stock conversion
Preferred stock conversion
Preferred stock dividend paid

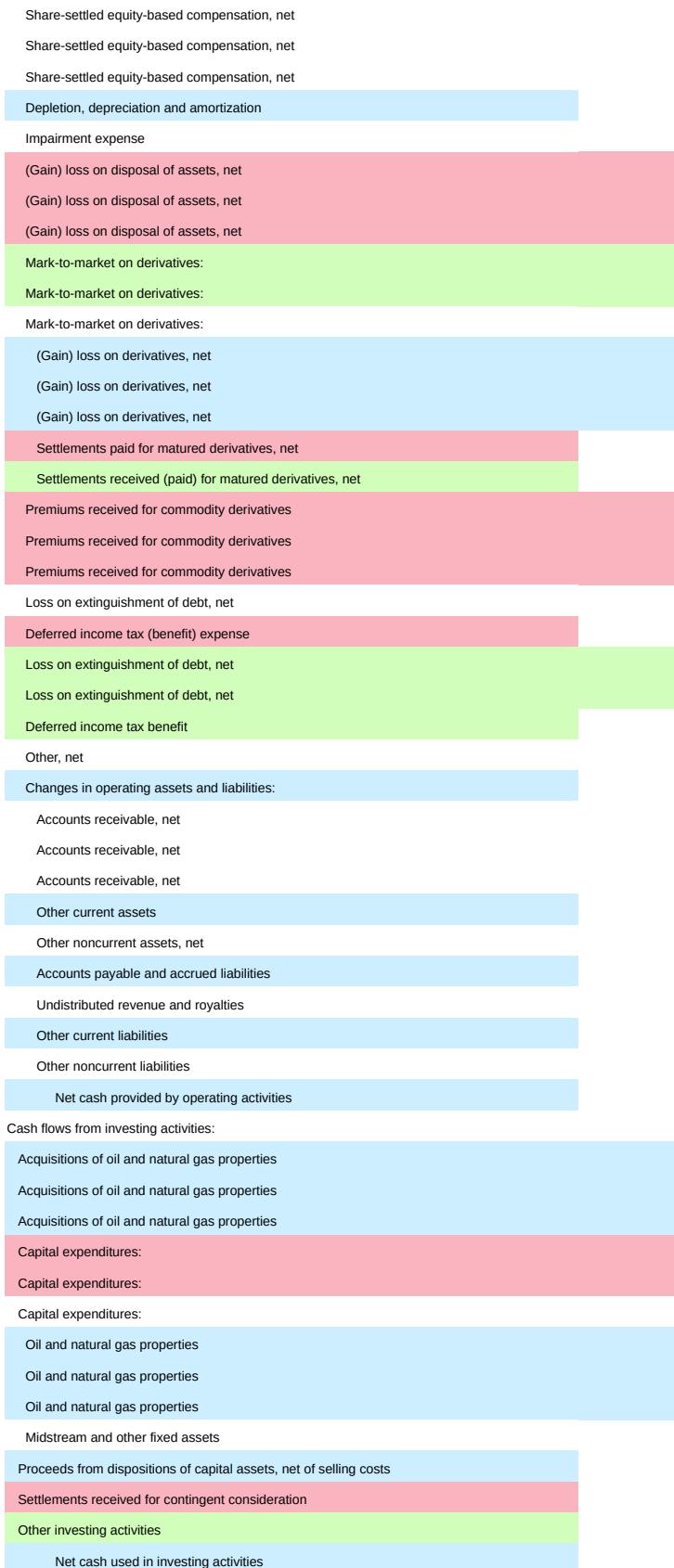
Preferred stock dividend paid
Preferred stock dividend paid
Preferred stock dividend paid
Net income
Net income
Net income
Balance, December 31, 2023
Restricted stock awards
Restricted stock awards
Restricted stock awards
Restricted stock forfeitures
Stock exchanged for tax withholding
Stock exchanged for tax withholding
Stock exchanged for tax withholding
Retirement of treasury stock
Retirement of treasury stock
Retirement of treasury stock
Share-settled equity-based compensation
Share-settled equity-based compensation
Share-settled equity-based compensation
Equity issued for acquisition of oil and natural gas properties
Equity issued for acquisition of oil and natural gas properties
Equity issued for acquisition of oil and natural gas properties
Preferred stock conversion
Preferred stock conversion
Preferred stock conversion
Preferred stock dividend paid
Other
Net loss
Balance, December 31, 2024

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

Vital Energy, Inc.

Consolidated statements of cash flows

(in thousands)	(in thousands)	Years ended December 31,			Years ended December 31,		
		2023	2022	2021 (in thousands)	2024	2023	2022
Cash flows from operating activities:							
Net income							
Net income							
Net income							
Adjustments to reconcile net income to net cash provided by operating activities:							
Net income (loss)							
Net income (loss)							
Net income (loss)							
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							



Cash flows from financing activities:
Borrowings on Senior Secured Credit Facility
Borrowings on Senior Secured Credit Facility
Borrowings on Senior Secured Credit Facility
Payments on Senior Secured Credit Facility
Issuance of senior unsecured notes
Early repayments of long-term debt
Extinguishment of debt
Proceeds from issuance of common stock, net of offering costs
Share repurchases
Share repurchases
Share repurchases
Stock exchanged for tax withholding
Payments for debt issuance costs
Payments for debt issuance costs
Payments for debt issuance costs
Other, net
Net cash provided by (used in) financing activities
Net (decrease) increase in cash and cash equivalents
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents, beginning of period
Cash and cash equivalents, end of period

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

Vital Energy, Inc.

Notes to the consolidated financial statements

Notes to the consolidated financial statements

Note 1 Organization

Vital Energy, Inc. ("Vital Energy" or the "Company"), together with its wholly-owned subsidiaries, is an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties in the Permian Basin of West Texas. The Company has identified one operating segment: exploration and production. In these notes, the "Company" refers to Vital Energy and its subsidiaries collectively, unless the context indicates otherwise. All amounts, dollars and percentages presented in these consolidated financial statements and the related notes are rounded and, therefore, approximate.

Note 2 Basis of presentation and significant accounting policies

Basis of presentation

The accompanying consolidated financial statements were derived from the historical accounting records of the Company and reflect the historical financial position, results of operations and cash flows for the periods described herein. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). GAAP. All material intercompany transactions and account balances have been eliminated in the consolidation of accounts.

Use of estimates in the preparation of consolidated financial statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ.

Significant estimates include, but are not limited to, (i) volumes of the Company's reserves of oil, natural gas liquids ("NGL") NGL and natural gas, (ii) future cash flows from oil and natural gas properties, (iii) impairments and (iv) fair values of assets acquired and liabilities assumed in a business combination and (v) contingent assets or liabilities. combination. As fair value is a market-based measurement, it is determined based on the assumptions that would be used by market participants. These estimates and assumptions are based on management's best judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Such estimates and assumptions are adjusted when facts and circumstances dictate. Illiquid credit markets and volatile equity and energy markets may increase the uncertainty inherent in such estimates and assumptions. Management believes its estimates and assumptions to be reasonable under the circumstances. As future

events and their effects cannot be determined with precision, actual values and results could differ from these estimates. Any changes in estimates resulting from future changes in the economic environment will be reflected in the financial statements in future periods.

Cash and cash equivalents

The Company defines cash and cash equivalents to include cash on hand, cash in bank accounts and highly liquid investments with original maturities of three months or less. The Company maintains cash and cash equivalents in bank deposit accounts and money market funds that may not be federally insured. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on such accounts. See Note 14 for discussion regarding the Company's exposure to credit risk.

Accounts receivable

The Company sells its produced oil, NGL and natural gas and purchased oil to various customers and participates with other parties in the development and operation of oil and natural gas properties.

The Company maintains an allowance for expected credit losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers significant factors such as historical losses, current receivables aging, the debtors' current ability to pay its obligation to the Company and existing industry and economic data. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote,

Vital Energy, Inc.

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charged off against the allowance after all means of collection have been exhausted and the potential for recovery is remote, and payments subsequently received on such balances are credited to the allowance. See Note 14 for discussion regarding the Company's exposure to credit risk.

Accounts receivable consisted of the following components as of the dates presented:

(in thousands)	(in thousands)	December 31, 2023	December 31, 2022	(in thousands)	December 31, 2024	December 31, 2023
Oil, NGL and natural gas sales ⁽¹⁾						
Joint operations, net						
Other						
Total accounts receivable, net						
Total accounts receivable, net						
Total accounts receivable, net						

(1) For purchasers that the Company has netting arrangements with, the amounts presented include the net positions.

Derivatives

Derivatives are recorded at fair value and are presented on a net basis in "Derivatives" on the consolidated balance sheets as assets and/or liabilities. The Company records the fair value of derivatives on a net basis by counterparty where the right of offset exists. The Company determines the fair value of its derivatives using fair value hierarchy level inputs to its valuation techniques. The Company's derivatives were not designated as hedges for accounting purposes, and the Company does not enter into such instruments for speculative trading purposes. Accordingly, the changes in fair value are recognized in "Gain (loss) on derivatives, net" under "Non-operating income (expense)" on the consolidated statements of operations. See Notes 11 and 12 for additional discussion of derivatives and their fair value measurement on a recurring basis, respectively.

Other current assets and liabilities

Other current assets consisted of the following components as of the dates presented:

(in thousands)	(in thousands)	December 31, 2023	December 31, 2022	(in thousands)	December 31, 2024	December 31, 2023
Prepaid expenses and other						
Inventory						
Inventory						
Inventory						
Total other current assets						

Other current liabilities consisted of the following components as of the dates presented:

(in thousands)	(in thousands)	December 31, 2023	December 31, 2022	(in thousands)	December 31, 2024	December 31, 2023
Accrued interest payable						
Accrued compensation and benefits						
Other liabilities						
Other liabilities						
Other liabilities						

Total other current liabilities

Oil and natural gas properties

The Company uses the full cost method of accounting for its oil and natural gas properties. Under this method, all acquisition, exploration and development costs, including certain employee-related costs, incurred for the purpose of acquiring, exploring for or developing oil and natural gas properties, are capitalized and, once evaluated, depleted on a composite unit-of-production method based on estimates of proved oil, NGL and natural gas reserves. The depletion base includes estimated future development costs and dismantlement, restoration and abandonment costs, net of estimated salvage values. Capitalized costs include the cost of drilling and equipping productive wells, dry hole costs, lease acquisition costs, delay rentals and other costs related to such activities. Costs, including employee-related costs, associated with production and general corporate activities are expensed in the period incurred.

The Company excludes unevaluated property acquisition costs and exploration costs from the depletion calculation until it is determined whether or not proved reserves can be assigned to the properties. The Company capitalizes a portion of its interest costs to its unevaluated properties and such costs become subject to depletion when proved reserves can be assigned to the associated properties. All items classified as unevaluated properties are assessed on a quarterly basis for

Vital Energy, Inc.

Notes to the consolidated financial statements

assigned to the associated properties. All items classified as unevaluated properties are assessed on a quarterly basis for possible impairment. The assessment includes consideration of the following factors, among others: intent to drill, remaining lease term, geological and geophysical evaluations, drilling results and activity, the assignment of proved reserves and the economic viability of development if proved reserves are assigned. During any period in which these factors indicate an impairment, the cumulative drilling capital investments to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to depletion, depletion and the full cost ceiling test.

Sales of oil and natural gas properties, whether or not being depleted currently, are accounted for as adjustments of capitalized costs, with no gain or loss recognized, unless such adjustments would significantly alter the relationship between capitalized costs and proved reserves of oil, NGL and natural gas. See Note 4 for discussion of the Company's sale of oil and natural gas properties and the resulting gain recognized during the year ended December 31, 2021. See Note 6 for additional discussion of the Company's oil and natural gas properties and other property and equipment.

Leases

The Company recognizes operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheets for operating leases with an initial term greater than 12 months.

The Company determines whether a contract is or contains a lease at inception of the contract, based on answers to a series of questions that address whether an identified asset exists and whether the Company has the right to obtain substantially all of the benefit of the asset and to control its use over the full term of the agreement. Unless implicitly defined, the Company determines the present value of future lease payments using an estimated incremental borrowing rate.

The Company has recognized operating lease right-of-use assets and operating lease liabilities on the consolidated balance sheets for leases of commercial real estate with lease terms extending into 2033 and drilling, completion, production and other equipment leases with lease terms extending into 2026, 2027. The Company has various other drilling, completion and production equipment leases on a short-term basis which are reflected in short-term lease costs.

The Company's lease costs include those that are recognized in net income (loss) during the period and capitalized as part of the cost of another asset in accordance with other GAAP. The lease costs related to drilling, completion and production activities are reflected at the Company's net ownership, which is consistent with the principals of proportional consolidation, and lease commitments are reflected on a gross basis.

Certain of the Company's operating lease right-of-use asset classes include options to renew on a month-to-month basis. The Company considers contract-based, asset-based, market-based and entity-based factors to determine the term over which it is reasonably certain to extend the lease in determining its right-of-use assets and liabilities.

See Note 5 for further discussion of the Company's leases.

Inventory

The Company has the following types of inventory: (i) materials and supplies inventory used in production activities of oil and natural gas properties and midstream service assets (ii) frac pit water inventory used in developing oil and natural gas properties and (iii) line-fill in third-party pipelines, which is the minimum volume of product in a pipeline system that enables the system to operate, and is generally not available to be withdrawn from the pipeline until the expiration of the transportation contract. All inventory is carried at the lower of cost or net realizable value ("NRV"), with cost determined using the weighted-average cost method, and is included in "Other current assets" and "Other noncurrent assets, net" on the consolidated balance sheets. The NRV for materials and supplies inventory and frac pit water inventory is estimated utilizing a replacement cost approach (Level 2). The NRV for line-fill in third-party pipelines is estimated utilizing a quoted market price adjusted for regional price differentials (Level 2). See Note 12 for discussion of the Company's valuation techniques, fair value hierarchy.

Debt issuance costs

Debt issuance costs, which are recorded at cost, net of amortization, are amortized over the life of the respective debt agreements utilizing the straight-line method. See Note 7 for additional discussion of the Company's debt issuance costs.

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Notes to the consolidated financial statements

Asset retirement obligations

Asset retirement obligations associated with the retirement of tangible long-lived assets are recognized as a liability in the period in which they are incurred and become determinable. The associated asset retirement costs are part of the carrying amount of the long-lived asset. Subsequently, the asset retirement cost included in the carrying amount of the related long-lived long-

Vital Energy, Inc.

Notes to the consolidated financial statements

lived asset is expensed through depletion, or for midstream service assets through depreciation. Changes in the liability due to the passage of time are recognized as an increase in the carrying amount of the liability and accretion expense.

The fair value of additions to the asset retirement obligation liability is measured using valuation techniques consistent with the income approach, which converts future cash flows into a single discounted amount. Significant inputs to the valuation include: (i) estimated plug and abandonment or removal and remediation cost per well and related facilities or midstream service asset based on Company experience, if any, in accordance with applicable state laws, (ii) estimated remaining life per well or midstream service asset, (iii) future inflation factors and (iv) the Company's average credit-adjusted risk-free rate. Inherent in the fair value calculation of asset retirement obligations are numerous assumptions and judgments including, in addition to those noted above, the ultimate settlement of these amounts, the ultimate timing of such settlement and changes in technology, regulatory, political, environmental, safety and public relations matters. To the extent future revisions to these assumptions impact the fair value of the existing asset retirement obligation liability, an adjustment will be made to the asset balance.

The Company is obligated by contractual and regulatory requirements to remove certain midstream service assets and perform other remediation of the sites where such midstream service assets are located upon the retirement of those assets. However, the fair value of the asset retirement obligation cannot currently be reasonably estimated because the settlement dates are indeterminate. The Company will record an asset retirement obligation for midstream service assets in the periods in which settlement dates are reasonably determinable.

The following table presents changes to the Company's asset retirement obligations liability for the periods presented:

(in thousands)	Years ended December 31,				
	(in thousands)	2023	2022	(in thousands)	2024
Liability at beginning of year					
Liabilities added due to acquisitions, drilling, midstream service asset construction and other					
Accretion expense ⁽¹⁾					
Liabilities settled due to plugging and abandonment or removed due to sale					
Liabilities settled due to plugging and abandonment or removed due to sale					
Liabilities settled due to plugging and abandonment or removed due to sale					
Liability at end of year					
Liability at end of year					
Revision of estimates					
Liability at end of year					
Less: current asset retirement obligations ⁽²⁾					
Non-current asset retirement obligations					

(1) Accretion expense is included in "Other operating expenses, net" on the consolidated statements of operations.

(2) Current asset retirement obligations is included in "Other current liabilities" on the consolidated balance sheets.

Fair value measurements

The carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued capital expenditures, undistributed revenue and royalties and other accrued assets and liabilities approximate their fair values. See Inventory in Note 2 for the fair value assumptions used in estimating the NRV of inventory, which is used to determine the necessity for any inventory impairment. See Note 4 for the fair value assumptions used in estimating the fair values of assets acquired and liabilities assumed in the Company's acquisitions. See Note 12 for further discussion of fair value measurements.

Treasury stock

Treasury stock is recorded at cost, which includes incremental direct transaction costs, and is retired upon acquisition as a result of (i) stock exchanged to satisfy tax withholding that arises upon the lapse of restrictions on share-settled equity-based

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awards at the awardee's election, (ii) stock exchanged for the cost of exercise of stock options at the awardee's election, or (iii) the Company's open market repurchases of its common stock.

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Revenue recognition

Oil, NGL and natural gas sales and sales of purchased oil are generally recognized at the point in time that control of the product is transferred to the customer.

Oil sales and sales of purchased oil

Under its oil sales contracts, the Company sells produced or purchased oil at the delivery point specified in the contract and collects an agreed-upon index price, net of pricing differentials. The delivery point may be at the wellhead, the inlet of the purchaser's pipeline or nominated pipeline or the Company's truck unloading facility. At the delivery point, the purchaser typically takes custody, title and risk of loss of the product and, therefore, control as defined under applicable GAAP, typically passes at the delivery point. The Company recognizes revenue at the net price received when control transfers to the purchaser.

The Company engages in transactions in which it sells oil at the lease and subsequently repurchases the same volume of oil from that customer at a downstream delivery point under a separate agreement ("Repurchase Agreement") for use in the sale to the final customer. The commercial reasoning for such transactions may vary. Where a Repurchase Agreement exists, the Company must evaluate whether the customer obtains control of the oil at the lease and therefore whether it is appropriate to recognize revenue for the lease sale. Where the Company has an obligation or a right to repurchase the oil, the customer does not obtain control of the oil because it is limited in its ability to direct the use of, and obtain substantially all of the remaining benefits from the oil even though it may have physical possession of the oil. When the Company repurchases the oil for equal to or more than the original selling price, then the transaction represents a financing arrangement unless there is only a short passage of time between the sale and repurchase, in which case any excess amount paid represents an expense associated with the sale of oil to the final customer. The Company recognizes such repurchase expense and any transportation expenses incurred for the delivery of the oil to the final customer in the "Transportation and marketing expenses" line item in the accompanying consolidated statements of operations.

In certain situations, the Company enters into purchase and sale transactions of oil inventory with the same counterparty in contemplation with one another, and these transactions are presented on the consolidated statements of operations on a net basis in accordance with GAAP. The following table presents the net effect of these transactions for the periods presented:

(in thousands)	(in thousands)	Years ended December 31,		Years ended December 31,	
		2023	2022	2021 (in thousands)	2024
Sales of purchased oil inventory					
Purchased oil inventory					
Net effect on earnings ⁽¹⁾					

(1) Amounts presented are recorded in "Sales of purchased oil" in the consolidated statements of operations.

Under certain of its customer contracts, the Company is subject to contractual penalties if it fails to deliver contractual minimum volumes to its customers. Such amounts are recorded as a reduction to the transaction price as these amounts do not represent payments to the customer for distinct goods or services and instead relate specifically to the failure to perform under the specific customer contract. Such amounts are recorded as a reduction to the transaction price when payment is determined as probable, typically when such a deficiency occurs.

NGL and natural gas sales

Under its natural gas processing contracts, the Company delivers produced natural gas to a midstream processing entity at the wellhead or the inlet of the processing entity's system. The processing entity processes the natural gas, sells the resulting NGL and residue gas to third parties and pays the Company for the NGL and residue gas with deductions that may include gathering, compression, processing and transportation fees. In these scenarios, the Company evaluates whether it is the principal or the agent in the transaction. For contracts where the Company has concluded that it is the agent in the ultimate sale to the third party and the midstream processing entity is the principal and that the Company has transferred control of

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unprocessed natural gas to the midstream processing entity, the Company recognizes revenue based on the net amount of the proceeds received from the midstream processing entity who represents the Company's customer. For contracts where the Company has concluded that it is the principal with the ultimate third party being the customer, and control of the NGL or

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residue gas transferring at the tailgate of the midstream entity's processing plant, the Company recognizes revenue for those contracts on a gross basis, with gathering, compression, processing, and transportation fees presented as an expense.

Significant judgments

The Company engages in various types of transactions in which unaffiliated midstream entities process the Company's liquids-rich natural gas and, in some scenarios, subsequently market resulting NGL and residue gas to third-party customers on the Company's behalf. These types of transactions require judgment to determine whether the Company is the principal or the agent in the contract and, as a result, whether revenues are recorded gross or net. For existing contracts, the Company has determined that it serves as the agent in the sale of products under certain natural gas processing and marketing agreements with unaffiliated midstream entities in accordance with the control model under applicable GAAP. As a result, the Company presents revenue on a net basis for amounts expected to be received from third-party customers through the marketing process, with expenses and deductions incurred subsequent to control of the product(s) transferring to the unaffiliated midstream entity being netted against revenue.

Transaction price allocated to remaining performance obligations

A significant number of the Company's product sales are short-term in nature with a contract term of one year or less. For those contracts, the Company has utilized the practical expedient under applicable GAAP that exempts the Company from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

For the Company's product sales that have a contract term greater than one year, the Company has utilized the practical expedient under applicable GAAP that states that it is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under the Company's product sales contracts, each unit of product generally represents a separate performance obligation; therefore, future volumes are wholly unsatisfied. Under these contracts each unit of service represents a separate performance obligation and therefore performance obligations in respect of future services are wholly unsatisfied.

Contract balances

Under the Company's customer contracts, invoicing occurs once the Company's performance obligations have been satisfied, at which point payment is unconditional. Accordingly, the Company's contracts do not give rise to contract assets or contract liability balances.

Prior-period performance obligations

For sales of oil, NGL, natural gas and purchased oil, the Company records revenue in the month production is delivered to the purchaser. However, settlement statements and payment may not be received for 30 to 90 days after the date production is delivered and, as a result, the Company is required to estimate the amount of production that was delivered to the purchaser and the price that will be received for the sale of the product. The Company records the differences between estimates and the actual amounts received for product sales once payment is received from the purchaser. Such differences have historically not been significant. The Company uses knowledge of its properties, its properties' historical performance, spot market prices and other factors as the basis for these estimates. For the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, revenue recognized related to performance obligations satisfied in prior reporting periods was not material.

Equity-based compensation awards

Equity-based compensation expense is included in "General and administrative" on the consolidated statements of operations, and includes expense for (i) restricted stock awards stock option awards and share-settled performance share unit awards, which are accounted for as equity awards and are generally based on the awards' grant date or modification date fair value less an expected forfeiture rate and (ii) cash-settled performance unit awards and phantom share unit awards, which are accounted for as liability awards and are re-measured at each quarterly reporting period until settlement. The Company capitalizes a portion of equity-based compensation for employees who are directly involved in the acquisition, exploration and development of its oil and

Vital Energy, Inc.

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natural gas properties into the full cost pool. Capitalized equity-based compensation is included in "Evaluated properties" on the consolidated balance sheets. See Note 9 for further discussion of the Company's Equity Incentive Plan.

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Organizational restructurings

Organizational restructuring expenses are separation charges comprised of compensation, tax, professional, outplacement and insurance-related expenses, which are recorded as "Organizational restructuring expenses" on the consolidated statements of operations.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses and tax credit carryforwards. Under this method, deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income or loss in the period that includes the enactment date.

The Company evaluates uncertain tax positions for recognition and measurement in the consolidated financial statements. To recognize a tax position, the Company determines whether it is more likely than not more-likely-than-not that the tax position will be sustained upon examination, including resolution of any related appeals or litigation, based on the technical merits of the position. A tax position that meets the more-likely-than-not threshold is measured to determine the amount of benefit to be recognized in the consolidated financial statements. The amount of tax benefit recognized with respect to any tax position is measured as the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. The Company has no unrecognized tax benefits related to uncertain tax positions in the consolidated financial statements at December 31, 2023 December 31, 2024 or 2022, 2023. See Note 13 for additional information regarding the Company's income taxes.

Supplemental cash flow and non-cash information

The following table presents supplemental cash flow and non-cash information for the periods presented:

(in thousands)	Years ended December 31,				
	2023	2022	2021	(in thousands)	2024
Supplemental cash flow information:					
Cash paid for interest, net of \$2,892, \$3,872 and \$5,866 of capitalized interest, respectively ⁽¹⁾					
Cash paid for interest, net of \$2,892, \$3,872 and \$5,866 of capitalized interest, respectively ⁽¹⁾					
Cash paid for interest, net of \$2,892, \$3,872 and \$5,866 of capitalized interest, respectively ⁽¹⁾					
Cash paid for interest, net of \$1,413, \$2,892 and \$3,872 of capitalized interest, respectively ⁽¹⁾					
Cash paid for interest, net of \$1,413, \$2,892 and \$3,872 of capitalized interest, respectively ⁽¹⁾					
Cash paid for interest, net of \$1,413, \$2,892 and \$3,872 of capitalized interest, respectively ⁽¹⁾					
Supplemental non-cash operating information:					
Supplemental non-cash operating information:					
Supplemental non-cash operating information:					
Right-of-use assets obtained in exchange for operating lease liabilities ⁽²⁾					
Right-of-use assets obtained in exchange for operating lease liabilities ⁽²⁾					
Right-of-use assets obtained in exchange for operating lease liabilities ⁽²⁾					
Supplemental non-cash investing information:					
Fair value of contingent consideration asset on transaction closing date ⁽³⁾					
Fair value of contingent consideration asset on transaction closing date ⁽³⁾					
Fair value of contingent consideration asset on transaction closing date ⁽³⁾					
Change in accrued capital expenditures					
Equity issued for acquisition of oil and natural gas properties ⁽⁴⁾					
Liabilities assumed in acquisitions of oil and natural gas properties ⁽⁴⁾					
Capitalized asset retirement cost					
Change in accrued capital expenditures					
Change in accrued capital expenditures					
Equity issued for acquisition of oil and natural gas properties ⁽³⁾					
Liabilities assumed in acquisitions of oil and natural gas properties ⁽³⁾					

(1) See Note 7 for additional discussion of the Company's interest expense.

(2) See Note 5 for additional discussion of the Company's leases.

(3) See Note 4 for additional discussion of the Company's divestiture of oil and natural gas properties that includes contingent consideration. See Note 12 for discussion of the quarterly remeasurement of the contingent consideration.

(4) See Notes 4 and 8 for additional discussion of the Company's acquisitions of oil and natural gas properties and equity issued in connection with such acquisitions, respectively.

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Note 3 New accounting standards

The Company considered the applicability and impact of all accounting standard updates ("ASU") issued by the Financial Accounting Standards Board ("FASB") to the Accounting Standards Codification. The Company did

ASUs not adopt any new ASUs during the year ended December 31, 2023.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which sets forth improvements to the current segment disclosure requirements in accordance with Topic 280 "Segment Reporting," including clarifying that entities with a single reportable segment are subject to both new and existing segment reporting requirements. ASU 2023-07 will be effective retrospectively for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but will not impact the Company's consolidated financial position, results of operations or cash flows. yet adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires more detailed tax disclosures, including disaggregated information about an entity's effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The amendments in this accounting

standard are effective, on a prospective basis, for fiscal years beginning after December 15, 2024, on a prospective basis. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but will not impact the Company's consolidated financial position, results of operations or cash flows.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires additional disclosure about specific types of expenses included in the expense captions presented on the income statement. The amendments in this accounting standard are effective, on a prospective basis, for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but will not impact the Company's consolidated financial position, results of operations or cash flows.

Recently adopted ASU

During the year ended December 31, 2024, the Company adopted ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which sets forth improvements to the current segment disclosure requirements in accordance with Topic 280 "Segment Reporting," including clarifying that entities with a single reportable segment are subject to both new and existing segment reporting requirements. ASU 2023-07 is effective for interim periods beginning after December 15, 2024, and is applied retrospectively to all periods presented in this Annual Report. Adoption of this ASU results in additional disclosure, but did not impact the Company's consolidated financial position, results of operations or cash flows. See Note 17 for additional information.

Note 4 Acquisitions and divestitures

2024 asset acquisitions

Point Acquisition

On September 20, 2024 (the "Point Closing Date"), the Company, together with Northern Oil and Gas, Inc. ("NOG"), purchased certain oil and natural gas properties located in the Delaware Basin with an effective date of April 1, 2024 from Point Energy Partners Petroleum, LLC, Point Energy Partners Operating, LLC, Point Energy Partners Water, LLC and Point Energy Partners Royalty, LLC (collectively, "Point") for an aggregate purchase price of \$1.0 billion in cash, including customary closing adjustments (the "Point Acquisition"). The Company purchased 80% of the acquired assets, consisting of approximately 16,300 net acres in Ward and Winkler Counties, and will operate the assets, and NOG purchased the remaining 20% of the assets.

The Company's portion of the aggregate preliminary purchase price was \$827.0 million, which consisted of (i) \$805.1 million in cash and (ii) \$21.9 million of estimated transaction-related expenses. The purchase price is subject to additional post-closing adjustments. The Point Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. Based on the relative fair values on the Point Closing Date, the acquired assets and liabilities assumed were allocated as follows: (i) \$793.9 million to evaluated properties, (ii) \$52.9 million to unevaluated properties, of which \$48.6 million remained as of December 31, 2024, (iii) \$14.3 million to revenue suspense liabilities, (iv) \$3.0 million to asset retirement obligation liabilities and (v) \$2.5 million to property tax liabilities.

PEP Acquisition

On February 2, 2024 (the "PEP Closing Date"), the Company purchased additional working interests in producing properties associated with the Henry Acquisition (as defined herein), with an effective date of August 1, 2023 (the "PEP Acquisition")

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through PEP Henry Production Partners LP, PEP HPP Jubilee SPV LP, PEP PEOF Dropkick SPV, LLC, PEP HPP Dropkick SPV LP and HPP Acorn SPV LP.

The aggregate purchase price of \$77.6 million consisted of (i) 878,690 shares of the Company's common stock, par value \$0.01 per share ("Common Stock") based upon the share price as of the PEP Closing Date, (ii) 980,272 shares of the Company's 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock, par value \$0.01 per share ("Preferred Stock") based upon the share price as of the PEP Closing Date, (iii) \$1.8 million cash consideration received for closing adjustments and (iv) \$0.7 million in transaction-related expenses. The purchase price is inclusive of final closing adjustments. The PEP Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. Based on the relative fair values on PEP Closing Date, the acquired assets assumed were allocated as follows: (i) \$77.7 million to evaluated properties, (ii) \$0.3 million to unevaluated properties, all of which remained as of December 31, 2024, and (iii) \$0.4 million to asset retirement obligations. The 980,272 shares of Preferred Stock were subsequently converted to an equal number of shares of Common Stock on May 23, 2024. See Note 8 for further discussion of the Preferred Stock conversion.

2023 business combination

Henry Acquisition

On September 13, 2023, the Company entered into a purchase and sale agreement (the "Henry PSA") with Henry Resources, LLC, Henry Energy LP and Moriah Henry Partners LLC (collectively, "Henry"), pursuant to which the Company agreed to purchase (the "Henry Acquisition") Henry's oil and gas properties in the Midland and Delaware Basin, including approximately 15,900 net acres located in Midland, Reeves and Upton Counties, equity interests in certain subsidiaries and related assets and contracts.

On November 5, 2023 ("Henry Closing Date"), the Company closed the Henry Acquisition for an aggregate purchase price of \$434.1 million. The following table presents components of the consideration paid in the Henry Acquisition, which is inclusive of customary final closing adjustments and subject to post-closing adjustments:

(in thousands, except for share and share price data)

As of November 5, 2023

Shares of Company common stock issued		2,145,725
Company common stock price on Henry Closing Date	\$	52.25
Fair value of Company common stock issued	\$	112,114
Shares of Company preferred stock issued		6,131,381
Company preferred stock price on Henry Closing Date	\$	52.25
Fair value of Company preferred stock issued (before dividends)	\$	320,365
Fair value of preferred stock dividends		446
Fair value of Company preferred stock issued	\$	320,811
Cash consideration for working capital closing adjustments		1,154,435
Total consideration	\$	434,079,437,284

The Henry Acquisition was accounted for as a business combination, with all associated transaction costs of \$10.5 million included in "General and administrative expense" on the consolidated statements of operations. The Company's preliminary allocation of the purchase price is substantially complete as of December 31, 2023, however there may be further adjustments to the fair values of assets acquired and liabilities assumed, including but not limited to the Company's oil and

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natural gas properties. The Henry Acquisition was accounted for as a business combination, with all associated transaction costs of \$11.4 million included in "General and administrative expense" on the consolidated statements of operations. The following table presents the preliminary final purchase price allocation of the Henry Acquisition to the assets acquired and liabilities assumed, based on their fair values on the Henry Closing Date:

(in thousands)		As of November 5, 2023
Fair value of assets acquired:		
Oil and natural gas properties:		
Evaluated properties	\$	381,739,384,417
Unevaluated properties ⁽¹⁾		69,541,70,124
Operating lease right-of-use assets		3,366
Fair value of liabilities assumed:		
Asset retirement obligations		(1,155)(1,211)
Operating lease liabilities		(3,366)
Revenue suspense liabilities		(16,046)
Total purchase price	\$	434,079,437,284

(1) As of December 31, 2023, \$27.3 million remained in unevaluated properties.

The Company conducted assessments of recognized amounts for identifiable assets acquired and liabilities assumed in the Henry Acquisition at the estimated acquisition date fair values. The Company makes various assumptions in estimating the fair values of assets acquired and liabilities assumed. The most significant assumptions relate to the estimated fair values of evaluated and unevaluated oil and natural gas properties. The fair values of these properties were measured using an income approach utilizing the discounted cash flow model that converts future cash flows to a single discounted amount. Significant inputs to the valuation include estimates of: (i) forecasted oil, NGL and natural gas reserve quantities; (ii) future commodity strip prices as of the closing dates adjusted for transportation and regional price differentials; (iii) forecasted ad valorem taxes, production taxes, income taxes, operating expenses and development costs; and (iv) a peer group weighted-average cost of capital rate subject to additional project-specific risk factors. To compensate for the inherent risk of estimating the value of the unevaluated properties, the discounted future net revenues of proved undeveloped and probable reserves are reduced by additional reserve adjustment factors. These assumptions represent Level 3 inputs under the fair value hierarchy, as described in Note 12.

The Company's consolidated statement of operations for the year ended December 31, 2023 includes revenues of \$28.8 million and net income of \$13.8 million attributable to the Henry Acquisition, subsequent to the Henry Closing Date.

Pro forma financial information (unaudited)

The following unaudited summary financial information for the years ended December 31, 2023 and 2022 gives effect to the Henry Acquisition as if they had been completed on January 1, 2022. The unaudited pro forma financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Vital Energy would have been had the Henry Acquisition and related financing occurred on the date noted above, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

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The below information reflects pro forma adjustments for the issuance of the Company's common stock and preferred stock as consideration for the Henry Acquisition, as well as pro forma adjustments based on available information and certain assumptions the Company believes are reasonable, including adjustments to depreciation, depletion and amortization based on the full cost method of accounting and estimated impacts of the pro forma adjustments to income tax and valuation allowance.

(in thousands)	Years ended December 31,	
	2023	2022
Total revenues	\$ 1,701,019	\$ 2,206,570
Operating income	\$ 632,666	\$ 1,225,218
Net income	\$ 716,775	\$ 791,740
Net income available to common shareholders	\$ 710,560	\$ 785,001
Net income per common share:		
Basic	\$ 31.72	\$ 41.72
Diluted	\$ 25.51	\$ 31.49

2023 asset acquisitions

Grey Rock Acquisition

On December 21, 2023 (the "Grey Rock Closing Date"), the Company purchased additional working interests in producing assets associated with the Henry Acquisition, with an effective date of December 21, 2023 (the "Grey Rock Acquisition") through Granite Ridge Holdings LLC, GREP IV-A Permian, LLC and GREP IV-B Permian, LLC (collectively, "Grey Rock").

The aggregate purchase price of ~~\$56.3~~ \$56.5 million consisted of (i) 627,026 shares of the Company's common stock, par value \$0.01 per shares ("Common Stock") based upon the share price as of the Grey Rock Closing Date, ii) 595,104 shares of the Company's 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock, par value \$0.01 per shares ("Preferred Stock") based upon the share price as of the Grey Rock Closing Date and (iii) ~~\$1.0~~ \$1.2 million in ~~transaction related expenses, post-close adjustments and transaction-related expenses. The purchase price is inclusive of customary final closing price adjustments and subject to post-closing adjustments.~~ The Grey Rock Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. Based on the relative fair values on Grey Rock Closing Date, the acquired assets and liabilities assumed were allocated as follows: i) ~~\$53.1~~ (i) \$53.3 million to evaluated properties, ii) (ii) \$3.3 million to unevaluated properties, all of which remained as of December 31, 2023 and iii) (iii) \$0.1 million to asset retirement obligation liabilities. The 595,104 shares of Preferred Stock were subsequently converted to an equal number of shares of Common Stock on May 23, 2024. See Note 8 for further discussion of the Preferred Stock conversion.

Tall City Acquisition

On November 6, 2023 ("Tall City Closing Date"), the Company purchased certain oil and gas properties in the Delaware Basin, including approximately 21,450 net acres located in Reeves County and related assets and contracts, with an effective date September 13, 2023 (the "Tall City Acquisition") from Tall City Property Holdings III LLC and Tall City Operations III LLC (collectively, "Tall City").

The aggregate purchase price of ~~\$358.9~~ \$360.4 million consisted of (i) ~~\$280.3~~ \$280.6 million in cash, (ii) 1,402,258 shares of Common Stock based upon the share price as of the Tall City Closing Date and (iii) ~~\$7.8~~ \$9.0 million in ~~transaction related expenses, transaction-related expenses. The purchase price is inclusive of customary final closing price adjustments and subject to post-closing adjustments.~~ Upon entering into the purchase and sale agreement with Tall City (the "Tall City PSA"), the Company issued Common Stock as a deposit to be held in escrow until closing of the Tall City Acquisition, of which certain shares remain in escrow to satisfy potential indemnification claims under the Tall City PSA. See Note 8 for additional information. The Tall City Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. Based on the relative fair values on Tall City Closing Date, the acquired assets and liabilities assumed were allocated as follows: i) ~~\$335.9~~ (i) \$343.0 million to evaluated properties, ii) ~~\$58.7~~ (ii) \$60.2 million to unevaluated properties, of which \$4.4 million remained as of December 31, 2023, iii) ~~\$2.7~~ (iii) \$3.4 million to operating lease right-of-use assets, iv) ~~\$2.7~~ (iv) \$3.4 million to operating lease liabilities, v) (v) \$1.2 million to property tax liabilities, vi) ~~\$32.7~~ (vi) \$31.6 million to revenue suspense liabilities, (vii) \$8.2 million to accrued liabilities for drilling advances and viii) (viii) \$1.8 million to asset retirement obligation liabilities.

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Maple Acquisition

On October 31, 2023 ("Maple Closing Date"), the Company purchased certain oil and gas properties in the Delaware Basin, including approximately 15,500 net acres located in Reeves County and related assets and contracts, with an effective date of September 13, 2023 (the "Maple Acquisition") from Maple Energy Holdings, LLC ("Maple").

The aggregate purchase price of ~~\$175.1~~ \$169.8 million consisted of i) ~~3,370,497~~ 3,294,331 shares of Common Stock based upon the share price as of the Maple Closing Date, and ii) \$4.9 million in ~~transaction-related expenses. The purchase price, including shares, is inclusive of customary final closing price adjustments, subject to post-closing adjustments, and ii) \$6.4 million in transaction related expenses. adjustments.~~ Upon entering into the purchase and sale agreement with Maple (the "Maple PSA"), the Company issued Common Stock as a deposit to be held in escrow until closing of the Maple Acquisition, of which certain shares remain in escrow post-closing to satisfy potential indemnification claims under the Maple PSA. See Note 8 for additional information. The Maple Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. Based on the relative fair values on Maple Closing Date, the acquired assets and liabilities assumed were allocated as follows: i) ~~\$150.1~~ (i) \$145.8 million to evaluated properties, ii) ~~\$31.7~~ (ii) \$30.6 million to unevaluated properties, all of which remained as of December 31, 2023, iii) ~~\$1.9~~ (iii) \$3.1 million to

operating lease right-of-use assets, (iv) \$3.1 million to operating lease liabilities, (v) \$1.3 million to property tax liabilities, (vi) \$3.3 million to revenue suspense liabilities and (vii) \$1.5 million to asset retirement obligation liabilities.

Forge Acquisition

On June 30, 2023 ("Forge Closing Date"), the Company purchased certain oil and natural gas properties located in the Delaware Basin, including approximately 24,000 net acres in Pecos, Reeves and Ward Counties, and related assets and contracts, with an effective date of March 1, 2023 (the "Forge Acquisition") from Forge Energy II Delaware, LLC ("Forge").

The aggregate purchase price of \$397.5 million consisted of (i) \$389.9 million in cash and (ii) \$7.6 million in transaction-related expenses. The purchase price is inclusive of customary post-closing adjustments, and (ii) \$7.6 million in transaction related expenses, final closing adjustments. The Forge Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. Based on the relative fair values on the Forge Closing Date, the acquired assets and liabilities assumed were allocated as follows: (i) \$278.5 million to evaluated properties, (ii) \$125.5 million to unevaluated properties, of which \$50.6 million remained as of December 31, 2023, (iii) \$8.9 million to equipment inventory, (iv) \$13.7 million to revenue suspense liabilities and (v) \$1.7 million to asset retirement obligation liabilities.

Driftwood Acquisition

On April 3, 2023 ("Driftwood Closing Date"), the Company purchased certain oil and natural gas properties in the Midland Basin, including approximately 11,200 net acres located in Upton and Reagan Counties and related assets and contracts, inclusive of derivatives (the "Driftwood Assets") with an effective date of January 1, 2023 (the "Driftwood Acquisition") from Driftwood Energy Operating, LLC ("Driftwood").

The aggregate purchase price of \$201.7 million consisted of (i) \$117.4 million of cash, inclusive of post-closing adjustments, (ii) 1,578,948 shares of Common Stock based upon the share price as of the Driftwood Closing Date and (iii) \$4.2 million in transaction related transaction-related expenses. The purchase price is inclusive of final closing adjustments. The Driftwood Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. Based on the relative fair values on the Driftwood Closing Date, the acquired assets and liabilities assumed were allocated as follows: (i) \$207.1 million to evaluated properties, (ii) \$0.5 million to revenue suspense liabilities, (iii) \$4.2 million to derivative liabilities and (iv) \$0.7 million to asset retirement obligation liabilities.

During the second quarter of 2023, in connection with the Driftwood Acquisition, the Company acquired additional interests in producing properties associated with the Driftwood Assets through additional sellers that exercised their "tag-along" sales rights, for total cash consideration of \$8.6 million, excluding customary purchase price adjustments. These acquisitions were accounted for as asset acquisitions.

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2022 divestiture

On August 16, 2022, the Company entered into a purchase and sale agreement with Northern Oil and Gas, Inc. ("NOG"), pursuant to which the Company agreed to sell to NOG the Company's working interests in certain specified non-operated oil and gas properties (the "NOG Working Interest Sale").

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On October 3, 2022, the Company closed the NOG Working Interest Sale for an aggregate sales price of \$106.1 million, inclusive of customary closing adjustments, subject to post-closing adjustments.

2021 asset acquisitions and divestiture

Pioneer Acquisition

On October 18, 2021 ("Pioneer Closing Date"), the Company purchased certain oil and natural gas properties in the Midland Basin, including approximately 20,000 net acres located in western Glasscock County and related assets and contracts (the "Pioneer Assets"), with an effective date of July 1, 2021 (the "Pioneer Acquisition") from Pioneer Natural Resources USA, Inc, DE Midland III, LLC , Parsley Minerals, LLC and Parsley Energy, L.P.

The aggregate purchase price of \$210.1 million consisted of (i) \$135.3 million in cash, (ii) 959,691 shares of Common Stock based upon the share price as of the Pioneer Closing Date and (iii) \$3.9 million in transaction related expenses, inclusive of post-closing adjustments. The Pioneer Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. Based on the relative fair values on the Pioneer Closing Date, the acquired assets and liabilities assumed were allocated as follows: i) \$143.0 million to evaluated properties, ii) \$74.5 million to unevaluated properties and iii) \$7.4 million to revenue suspense liabilities.

During the year ended December 31, 2021, in connection with the Pioneer Acquisition, the Company acquired additional interests in the Pioneer Assets through additional sellers that exercised their "tag-along" sales rights, for total cash consideration of \$2.9 million, excluding customary purchase price adjustments. These acquisitions were accounted for as asset acquisitions.

Sabalo/Shad Acquisition

On July 1, 2021 ("Sabalo/Shad Closing Date"), the Company purchased certain oil and natural gas properties in the Midland Basin, including approximately 21,000 net acres located in Howard and Borden counties and related assets and contracts with an effective date of April 1, 2021 (the "Sabalo/Shad Acquisition") from Sabalo Energy, LLC and its subsidiary, Sabalo Operating, LLC (collectively, "Sabalo") and from with Shad Permian, LLC ("Shad"). The Company entered into two separate purchase and sale agreements, one with Sabalo and the other with Shad (together, the "Sabalo/Shad PSAs"). Sabalo and Shad are unaffiliated, but owned interest in the same assets.

The aggregate purchase price of \$863.1 million consisted of (i) \$606.1 million in cash (ii) 2,506,964 shares of Common Stock based upon the share price as of the Sabalo/Shad Closing Date, and (iii) \$17.0 million in transaction related expenses, inclusive of customary post-closing adjustments. The Sabalo/Shad Acquisition was accounted for as a single transaction because the Sabalo/Shad PSAs were entered into at the same time and in contemplation of one another to form a single transaction designed to achieve an overall economic effect. The Company determined that the Sabalo/Shad Acquisition was an asset acquisition, as substantially all of the gross assets acquired are concentrated in a group of similar identifiable assets. Accordingly, the consideration paid was allocated to the individual assets acquired and liabilities assumed based on their relative fair values and all transaction costs associated were capitalized. Based on the relative fair values on the Sabalo/Shad Closing Date, the acquired assets and liabilities assumed were allocated as follows: i) \$503.0 million to evaluated properties, ii) \$363.0 million to unevaluated properties, iii) \$1.4 million to inventory and iv) \$4.3 million to revenue suspense liabilities.

Working Interest Sale

On May 7, 2021, the Company entered into a purchase and sale agreement (the "Sixth Street PSA") with Piper Investments Holdings, LLC, an affiliate of Sixth Street Partners, LLC ("Sixth Street"), to sell 37.5% of the Company's working interest in certain producing wellbores and the related properties primarily located within Glasscock and Reagan Counties, Texas, subject to certain excluded assets and title diligence procedures (the "Working Interest Sale").

On July 1, 2021 (the "Sixth Street Closing Date") the Company closed the Working Interest Sale for cash proceeds of \$405.0 million. In addition to such proceeds, the Sixth Street PSA also provided the Company with the right to receive up to a maximum of \$93.7 million in additional cash consideration if certain cash flow targets related to divested oil and natural gas property operations are met ("Sixth Street Contingent Consideration"). The Sixth Street Contingent Consideration is made up of quarterly payments through June 2027 totaling up to \$38.7 million and a potential balloon payment of \$55.0 million in June 2027. On the Sixth Street Closing Date, the fair value of the Sixth Street Contingent Consideration was determined to be

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\$33.8 million. The Sixth Street Contingent Consideration is accounted for as a contingent consideration derivative, with all gains and losses as a result of changes in the fair value of the contingent consideration derivative recognized in earnings in the period in which the changes occur. See Notes 11 and 12 for further discussion of the Sixth Street Contingent Consideration.

Subsequent to the Sixth Street Closing Date, the Company continues to own and operate its remaining working interest in the properties sold to Sixth Street; however, the results of operations and cash flows related to the 37.5% working interests sold were eliminated from the Company's financial statements. This divestiture did not represent a strategic shift and will not have a major effect on the Company's future operations or financial results.

Pursuant to the rules governing full cost accounting, the Company recorded a gain on the Working Interest Sale of \$94.3 million, net of transaction expenses of \$11.6 million, on the Company's consolidated statements of operations, inclusive of post-closing adjustments, as this divestment represented more than 25% of the Company's June 30, 2021 proved reserves. For the purposes of calculating the gain, total capitalized costs were allocated between reserves sold and reserves retained as of the Sixth Street Closing Date.

Exchange of unevaluated oil and natural gas properties

From time to time, the Company exchanges undeveloped acreage with third parties. The exchanges are recorded at fair value and the difference is accounted for as an adjustment of capitalized costs with no gain or loss recognized pursuant to the rules governing full cost accounting, unless such adjustment would significantly alter the relationship between capitalized costs and proved reserves of oil, NGL and natural gas.

Note 5 Leases

Lease costs

The following table presents components of total lease costs, net for the periods presented:

		Years ended December 31,	
(in thousands)	(in thousands)	2023	2022
Operating lease costs ⁽¹⁾			
Short-term lease costs ⁽²⁾			
Variable lease costs ⁽³⁾			
Sublease income			
Total lease costs, net			

(1) Amounts represent straight-line costs associated with the Company's operating lease right-of-use assets.

(2) Amounts include costs associated with the Company's short-term leases that are not included in the calculation of lease liabilities and right-of-use assets and, therefore, are not recorded on the consolidated balance sheets as such.

(3) Amounts are primarily comprised of the non-lease service component of drilling rig and completions commitments above the minimum required payments, and are not included in the calculation of lease liabilities and right-of-use assets. Both the minimum required payments and the non-lease service component of the drilling rig and completions commitments are capitalized as additions to oil and natural gas properties.

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Operating leases

Supplemental cash flow information

The following table presents cash paid for amounts included in the measurement of operating lease liabilities, which may not agree to operating lease costs due to timing of cash payments and incurred capital expenditures for the periods presented:

(in thousands)	(in thousands)	Years ended December 31,		(in thousands)	2024	2023
		2023	2022			
Operating cash flows from operating leases						
Investing cash flows from operating leases ⁽¹⁾						
Operating cash outflows from operating leases						
Investing cash outflows from operating leases ⁽¹⁾						

(1) Amounts associated with drilling and completions operations are capitalized as additions to oil and natural gas properties.

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Lease terms and discount rates

The following table presents the weighted-average remaining lease term and weighted-average discount rate for operating leases as of the dates presented:

	December 31,		December 31, 2023	December 31, 2024	Weighted-average remaining lease years term	Weighted-average discount rate				
	2023									
	Weighted-average remaining lease term	Weighted-average remaining lease years								
Weighted-average remaining lease term	2.54	years	1.91	Weighted-average remaining lease years term	2.18	years 2.54 years				
Weighted-average discount rate	8.26	%	5.84	% Weighted-average discount rate	7.89	% 8.26 %				

Maturities

The following table reconciles the undiscounted cash flows for recognized operating lease liabilities for each of the first five years and the total remaining years to the operating lease liabilities recorded on the consolidated balance sheet as of the date presented:

(in thousands)	(in thousands)	December 31, 2023	December 31, 2024	
			(in thousands)	December 31, 2024
2024				
2025				
2026				
2027				
2028				
2029				
Thereafter				
Total minimum lease payments				
Less: imputed interest				
Present value of future minimum lease payments				

Other information

See Note 2 for disclosure of supplemental non-cash adjustments information related to operating leases.

Note 6 Property and equipment

Oil and natural gas properties

The following table presents capitalized employee-related incurred capital expenditures in the acquisition, exploration and development of oil and natural gas properties for the periods presented:

(in thousands)	Years ended December 31,		
	2023	2022	2021
Capitalized employee-related costs	\$ 22,179	\$ 17,026	\$ 18,255

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(in thousands)	Years ended December 31,		
	2024	2023	2022
Capitalized employee-related costs	\$ 20,815	\$ 22,179	\$ 17,026

See Unaudited Supplementary Information included elsewhere in this Annual Report for total incurred capital expenditures in the acquisition, exploration and development of oil and natural gas properties, which includes the aforementioned capitalized employee-related costs.

The following table presents depletion expense, which is included in "Depletion, depreciation and amortization" on the consolidated statements of operations, and depletion expense per BOE sold of evaluated oil and natural gas properties for the periods presented:

(in thousands except per BOE data)	Years ended December 31,		
	2023	2022	2021
Depletion expense of evaluated oil and natural gas properties			
Depletion expense per BOE sold			

The full cost ceiling is based principally on the estimated future net cash flows from proved oil, NGL and natural gas reserves, which exclude the effect of the Company's commodity derivative transactions, discounted at 10%. SEC guidelines require

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companies to use the unweighted arithmetic average first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period before differentials ("Benchmark Prices"). The Benchmark Prices are then adjusted for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point ("Realized Prices") without giving effect to the Company's commodity derivative transactions. The Realized Prices are utilized to calculate the estimated future net cash flows in the full cost ceiling calculation. Significant additional significant inputs included in the calculation of discounted cash flows used in the impairment analysis include the Company's estimate of operating and development costs, anticipated production of proved reserves and other relevant data. In the event the unamortized cost of evaluated oil and natural gas properties being depleted exceeds the full cost ceiling, as defined by the SEC, the excess is expensed in the period such excess occurs. Once incurred, a write-down of oil and natural gas properties is not reversible.

The unamortized cost of evaluated oil and natural gas properties being depleted exceeded the full cost ceiling during the quarterly period ended December 31, 2024. Accordingly, the Company recorded a \$481.3 million full cost ceiling impairment, which is included in "Impairment expense" on the consolidated statements of operations for the year ended December 31, 2024. The unamortized cost of evaluated oil and natural gas properties being depleted did not exceed the full cost ceiling during any of the quarterly periods in 2023 and 2022 and, 2021. Accordingly, the Company had as such, no full cost ceiling impairment expense, which would be included in "Impairment expense" on the consolidated statements of operations impairments were recorded for the years ended December 31, 2023, 2022 and 2021. 2022.

The following table presents the Benchmark Prices and the Realized Prices as of the dates presented:

	December 31, 2023	December 31, 2022	December 31, 2021
	December 31, 2024	December 31, 2023	December 31, 2022
Benchmark Prices:			
Oil (\$/Bbl)			
Oil (\$/Bbl)			
Oil (\$/Bbl)			
NGL (\$/Bbl) ⁽¹⁾⁽²⁾			
Natural gas (\$/MMBtu)			
Realized Prices:			
Oil (\$/Bbl)			
Oil (\$/Bbl)			
Oil (\$/Bbl)			
NGL (\$/Bbl)			
Natural gas (\$/Mcft)			

(1) Based on the Company's average composite NGL barrel.

(2) During 2023, the Company began utilizing WTI NYMEX in the calculation of its NGL Benchmark Prices.

Midstream and other fixed assets

Midstream assets consist of oil and natural gas pipeline gathering assets, related equipment, oil delivery stations, water storage and treatment facilities and their related asset retirement cost. Midstream and other fixed assets are recorded at cost, net of any impairment, and are subject to depreciation and amortization. Land is recorded at cost and is not subject to depreciation. Depreciation of assets is recorded using the straight-line method based on estimated useful lives of 3 to 20 years, as applicable. Leasehold improvements are capitalized and amortized over the shorter of the estimated useful lives of the assets or the terms of the related leases. Expenditures for significant betterments or renewals, which extend the useful lives of existing fixed assets, are capitalized and depreciated. Upon retirement or disposition, the cost and related

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accumulated depreciation are removed from the accounts and any gain or loss is recognized in "Gain (loss) on disposal of assets, net" in the consolidated statements of operations.

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Midstream and other fixed assets consisted of the following components as of the dates presented:

(in thousands)	December 31, 2023	December 31, 2022
Midstream service assets	\$ 158,749	\$ 151,157
Computer hardware and software	29,007	21,758
Vehicles	5,046	7,934
Leasehold improvements	7,136	7,136
Buildings	7,039	7,039
Other	7,710	6,087
Depreciable total	214,687	201,111
Less accumulated depreciation, amortization and impairment	(107,541)	(96,383)
Depreciable total, net	\$ 107,146	\$ 104,728
Land	23,147	23,075
Total midstream and other fixed assets, net	\$ 130,293	\$ 127,803

During the year ended December 31, 2022, the Company retired \$15.6 million in midstream service assets, resulting in the removal of \$11.4 million in accumulated depreciation and the recognition of an associated loss of \$4.2 million. No such retirements occurred during the year ended December 31, 2023.

(in thousands)	December 31, 2024	December 31, 2023
Midstream service assets	\$ 169,984	\$ 158,749
Computer hardware and software	38,644	29,007
Vehicles	3,210	5,046
Leasehold improvements	7,155	7,136
Buildings	7,637	7,039
Other	7,690	7,710
Depreciable total	234,320	214,687
Less accumulated depreciation, amortization and impairment	(121,876)	(107,541)
Depreciable total, net	\$ 112,444	\$ 107,146
Land	21,821	23,147
Total midstream and other fixed assets, net	\$ 134,265	\$ 130,293

Note 7 Debt

Long-term debt, net

The following table presents the Company's long-term debt and **unamortized debt issuance costs, net discounts and premiums** included in "Long-term debt, net" on the consolidated balance sheets as of the dates presented:

(in thousands)	(in thousands)	December 31, 2023	December 31, 2022	(in thousands)	December 31, 2024	December 31, 2023
January 2025 Notes						
January 2028 Notes						
July 2029 Notes						
September 2030 Notes						

10.125% senior unsecured notes due 2028 (January 2028 Notes)
7.750% senior unsecured notes due 2029 (July 2029 Notes)
9.750% senior unsecured notes due 2030 (September 2030 Notes)
7.875% senior unsecured notes due 2032 (March 2032 Notes)
Senior Secured Credit Facility ⁽¹⁾
Total long-term debt
Unamortized debt issuance costs (1)
Unamortized discounts
Unamortized premiums
Total long-term debt, net

(1) Unamortized debt issuance costs related to the Senior Secured Credit Facility of ~~\$14.1 million~~ \$12.5 million and ~~\$7.3 million~~ \$14.1 million as of ~~December 31, 2023~~ December 31, 2024 and ~~2022, 2023~~, respectively, are included in "Other noncurrent assets, net" on the consolidated balance sheets.

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Senior unsecured notes repurchases

The following table presents the Company's repurchases of its senior unsecured notes under authorized bond purchase programs and the related gain or loss on extinguishment of debt during the period presented:

(in thousands)	Year ended	December 31, 2022
January 2025 Notes	\$	122,285
January 2028 Notes		60,735
July 2029 Notes		101,786
Total principal amount repurchased	\$	284,806
Less:		
Consideration paid	\$	282,902
Write off of debt issuance costs		3,363
Loss on extinguishment of debt, net ⁽¹⁾	\$	(1,459)

(1) Amounts are included in "Loss on extinguishment of debt, net" on the consolidated statements of operations.

No senior unsecured notes were repurchased during the years ended December 31, 2023 and 2021.

Senior Secured Credit Facility

On September 13, 2023 (the "Eleventh Amendment Effective Date") May 8, 2024, the Company entered into the Limited Consent and Eleventh Twelfth Amendment to the Senior Secured Credit Facility (the "Eleventh Twelfth Amendment"). The Eleventh Twelfth Amendment, among other things, (i) provided consent for the Acquisitions and (ii) provided for increases to reaffirmed the borrowing base at \$1.5 billion and revolving (ii) increased the aggregate elected commitments upon consummation of commitment to \$1.35 billion under the Henry, Maple, and Tall City Acquisitions (as so amended, the "Amended Senior Secured Credit Facility"). The Amended Facility.

On September 20, 2024, in connection with the closing of the Point Acquisition, the Company entered into the Thirteenth Amendment to the Senior Secured Credit Facility will mature on September 13, 2027 (the "Thirteenth Amendment"). After consummation of The Thirteenth Amendment, among other things, increased the Henry, Maple, and Tall City Acquisitions, aggregate elected commitment to \$1.5 billion under the Amended Senior Secured Credit Facility has a maximum credit amount Facility. See Note 4 for additional discussion of \$3.0 billion, a borrowing base of up to \$1.5 billion and an aggregate revolving elected commitment of up to \$1.25 billion. the Point Acquisition.

As of December 31, 2023 December 31, 2024, the Senior Secured Credit Facility, which matures on September 13, 2027, had a maximum credit amount of \$3.0 billion, a borrowing base and an aggregate elected commitment of \$1.5 billion, and \$1.25 billion, respectively, with a \$135.0 million an outstanding balance outstanding, and was of \$880.0 million subject to an weighted-average interest rate of ~~7.706%~~ 7.240%. The borrowing base is subject to a semi-annual

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redetermination occurring by May 1 and November 1 of each year based on the lenders' evaluation of the Company's oil, NGL and natural gas reserves. As defined in the Senior Secured Credit Facility, (i) the Adjusted Base Rate advances under the facility bear interest payable quarterly at an Adjusted Base Rate plus applicable margin, which ranges from 1.25% to 2.25%, based on the ratio of outstanding revolving credit to the borrowing base under the Senior Secured Credit Facility; and (ii) the SOFR advances under the facility bear interest, at the Company's election, at the end of one-month, three-month or six-month interest periods (and in the case of six-month interest periods, every three months prior to the

end of such interest period) at a Secured Overnight Financing Rate ("SOFR") plus an applicable margin, which ranges from 2.25% to 3.25%, based on the ratio of outstanding revolving credit to the borrowing base under the Senior Secured Credit Facility. Vital Energy is required to pay a quarterly commitment fee on the unused portion of the financial institutions' commitment, which ranges from 0.375% of 0.500%.

The Senior Secured Credit Facility is secured by a first-priority lien on the assets and stock of Vital Energy and Vital Midstream Services, LLC ("VMS") (the "Guarantor"), including oil and natural gas properties constituting at least 85% of the present value of the Company's proved reserves. Further, the Company is subject to various financial and non-financial covenants on a consolidated basis, including a current ratio at the end of each calendar quarter, of not less than 1.00 to 1.00. As defined by the Senior Secured Credit Facility, the current ratio represents the ratio of current assets to current liabilities, inclusive of available capacity and exclusive of current balances associated with derivative positions. Additionally, the Company must maintain as of the last day of each calendar quarter a ratio of (a) its total debt (excluding reimbursement obligations in respect of undrawn letters of credit, if no loans are outstanding under the Senior Secured Credit Facility) minus a maximum of \$50.0 million \$100.0 million of unrestricted and unencumbered cash and cash equivalents, to (b) "Consolidated EBITDAX," as defined in the

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Senior Secured Credit Facility, for any period of four consecutive calendar quarters ending on the last day of such applicable calendar quarter of not greater than 3.50 to 1.00. The Company was in compliance with these covenants as of December 31, 2023 December 31, 2024 and 2022, 2023, as then in effect.

Additionally, the Senior Secured Credit Facility provides for the issuance of letters of credit, limited to the lesser of total capacity or \$80.0 million. As of December 31, 2023 December 31, 2024 and 2022, 2023, the Company had no letters of credit outstanding under the Senior Secured Credit Facility.

See Note 18 for discussion of additional borrowings and repayments on the Senior Secured Credit Facility subsequent to December 31, 2023 December 31, 2024.

Senior unsecured notes

March 2032 Notes

On March 28, 2024, the Company completed an offering of \$800.0 million in aggregate principal amount of 7.875% senior unsecured notes due 2032 (the "Initial March 2032 Notes") for net proceeds of \$784.8 million. The net proceeds from this offering and the Tack-On March 2032 Notes (defined below) were used to (i) extinguish in full the Company's outstanding January 2028 Notes (defined below), (ii) reduce the outstanding principal amount of the September 2030 Notes (defined below) and (iii) repay a portion of the outstanding borrowings on the Senior Secured Credit Facility. On March 29, 2024, the Company settled a cash tender offer on the January 2028 Notes for an aggregate principal amount outstanding of \$431.2 million.

On April 3, 2024, the Company completed an offering of an additional \$200.0 million in aggregate principal amount of 7.875% senior unsecured notes due 2032 (the "Tack-On March 2032 Notes," and, together with the Initial March 2032 Notes, the "March 2032 Notes"), at 100.750% of par, under the same indenture dated as of March 28, 2024 for net proceeds of approximately \$198.7 million. On April 3, 2024, the Company settled a cash tender offer on the September 2030 Notes of \$197.6 million and on April 29, 2024, the Company redeemed the remaining principal amount outstanding on the January 2028 Notes of \$269.2 million at a redemption price of 105.063%.

September 2030 Notes

On September 25, 2023, the Company completed an offering and sale of \$500.0 million in aggregate principal amount of 9.750% senior unsecured notes due 2030, 2030 (the "September 2030 Notes"). Interest for the September 2030 Notes is payable semi-annually, in cash in arrears on April 15 and October 15 of each year, commencing October 15, 2023 with interest from closing to that date. The September 2030 Notes were issued at 98.742% of par value, which resulted in a discount upon issuance of \$6.3 million.

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The Company received net proceeds of approximately \$484.7 million from the September 2030 Notes, after deducting issuance discounts, underwriting discounts and commissions and offering costs. The proceeds from the offering were used to redeem the entire principal amount outstanding of its January 2025 Notes and for general corporate purposes, including repaying a portion of the borrowings outstanding under the Company's Senior Secured Credit Facility.

July 2029 Notes

On July 16, 2021, the Company completed a private offering and sale of \$400.0 million in aggregate principal amount of 7.750% senior unsecured notes due 2029 (the "July 2029 Notes"). Interest for the July 2029 Notes is payable semi-annually, in cash in arrears on January 31 and July 31 of each year, commencing January 31, 2022 with interest from closing to that date.

The Company received net proceeds of approximately \$392.0 million from the July 2029 Notes, after deducting underwriting discounts and commissions and estimated offering expenses. The proceeds from the offering were used for general corporate purposes, including repaying a portion of the borrowings outstanding under the Senior Secured Credit Facility.

January 2025 Notes and January 2028 Notes

On January 24, 2020, the Company completed an offer and sale (the "Offering") of \$600.0 million in aggregate principal amount of 9.500% senior unsecured notes due 2025 (the "January 2025 Notes") and \$400.0 million in aggregate principal amount of 10.125% senior unsecured notes due 2028 (the "Original January 2028 Notes"). Interest for both the January 2025 Notes and Original January 2028 Notes is payable semi-annually, in cash in arrears on January 15 and July 15 of each year.

The Company received net proceeds of \$982.0 million from the Offering, after deducting underwriting discounts and commissions and estimated offering expenses. The proceeds from the Offering were used (i) to fund cash tender offers and consent solicitations for any or all of the Company's outstanding 5 5/8% senior unsecured notes due 2022 and 6 1/4% senior unsecured notes due 2023 (ii) to repay the Company's 5 5/8% senior unsecured notes due 2022 and 6 1/4% senior unsecured notes due 2023 that remained outstanding after settling the Tender Offers and (iii) for general corporate purposes, including repayment of a portion of the borrowings outstanding under the Company's Senior Secured Credit Facility.

On September 25, 2023, the Company completed an offering and sale of \$400.0 million in aggregate principal amount of new 10.125% senior unsecured notes due 2028 (the "New January 2028 Notes" and, together with the Original January 2028 Notes, the "January 2028 Notes") as additional notes under, and subject to the terms of, the indenture governing the January 2028 Notes. The New January 2028 Notes were issued at 101.000% of par value, which resulted in a premium upon issuance of \$4.0 million. The Company received net proceeds of approximately \$396.7 million from the New January 2028 Notes, after issuance premiums and deducting underwriting discounts and commissions and offering costs.

On December 27, 2023, the Company issued a notice to redeem the entire \$455.6 million principal amount outstanding of its January 2025 Notes using the proceeds from the offering of the September 2030 Notes and New January 2028 Notes. As a result, the Company incurred a \$2.2 million charge related to the early redemption and a write-off of debt issuance costs of \$1.5 million, both of which are included in "Loss on extinguishment of debt, net" on the consolidated statements of operation

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for the year ended December 31, 2023. On December 27, 2023, the Company was legally released as the obligor of the January 2025 Notes by establishing and funding an irrevocable trust to redeem the January 2025 Notes. As a result, the transferred assets and long-term debt were derecognized from the balance sheet as of the funding date of the irrevocable trust. On January 15, 2024, the January 2025 Notes were redeemed using the funds irrevocably deposited in trust with the trustee on December 27, 2023.

Senior unsecured notes covenants Vital Energy, Inc.

Notes to the consolidated financial statements

Tender offers and repurchases

The following table presents the components of the Company's loss on extinguishment of debt during the periods presented:

(in thousands)	Years ended December 31,		
	2024	2023	2022 ⁽¹⁾
January 2025 Notes	\$ —	\$ 455,628	\$ 122,285
January 2028 Notes	700,309	—	60,735
July 2029 Notes	—	—	101,786
September 2030 Notes	197,636	—	—
Total principal amount tendered or redeemed	897,945	455,628	284,806
Extinguishment of debt ⁽²⁾	(952,214)	(457,792)	(282,902)
Early tender or redemption discount (premium) and other related charges	(54,269)	(2,164)	1,904
Write-off of debt issuance costs	(13,121)	(1,875)	(3,363)
Write-off of issuance discount	(2,311)	—	—
Write-off of issuance premium	3,586	—	—
Loss on extinguishment of debt, net ⁽³⁾	\$ (66,115)	\$ (4,039)	\$ (1,459)

(1) Amounts presented for the year ended December 31, 2022 represent the Company's repurchases of its senior unsecured notes under authorized bond purchase programs. No senior unsecured notes were repurchased under an authorized bond purchase program during the years ended December 31, 2024 and 2023.

(2) Amounts are included in "Extinguishment of debt" in cash flows from financing activities on the consolidated statements of cash flows.

(3) Amounts are included in "Loss on extinguishment of debt, net" on the consolidated statements of operations.

Covenants

The terms of each of the Company's senior unsecured notes include covenants, which are in addition to but different than similar covenants in the Senior Secured Credit Facility, which limit the Company's ability to incur indebtedness, make restricted payments, grant liens and dispose of assets. The Company was in compliance with these covenants as of December 31, 2023 December 31, 2024 and 2022, 2023.

Each of the Company's senior unsecured notes are fully and unconditionally guaranteed on a senior unsecured basis by Vital Midstream Services, LLC and certain of the Company's future restricted subsidiaries, subject to certain automatic customary releases, including the sale, disposition or transfer of all of the capital stock or of all or substantially all of the assets of a subsidiary guarantor to one or more persons that are not the Company or a restricted subsidiary, exercise of legal defeasance or covenant defeasance options or satisfaction and discharge of the applicable indenture, designation of a subsidiary guarantor as a non-guarantor restricted subsidiary or as an unrestricted subsidiary in accordance with the applicable indenture, release from guarantee under the Senior Secured Credit Facility, or liquidation or dissolution. On February 3, 2023, Garden City Minerals, LLC ("GCM") was merged with and into Vital Energy, Inc. and is therefore no longer a guarantor under any of the Company's debt arrangements as of December 31, 2023.

Interest expense

The following table presents amounts that have been incurred and charged to interest expense:

(in thousands)	(in thousands)	Years ended December 31,			Years ended December 31,	
		2023	2022	2021 (in thousands)	2024	2023
Interest expense on borrowings						
Amortization of debt issuance costs and other adjustments						
Less capitalized interest						
Less capitalized interest						
Less capitalized interest						
Total interest expense						

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Notes to the consolidated financial statements

Note 8 Stockholders' equity

Equity offering

On September 19, 2023, the Company completed the sale of 2,750,000 shares of its common stock for net proceeds of \$140.2 million, after underwriting discounts, commissions and offering expenses. On September 29, 2023, the underwriters exercised their option to purchase an additional 412,500 shares of common stock, which resulted in net proceeds to the Company of \$21.0 million, after underwriting discounts, commissions and offering expenses.

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Notes to the consolidated financial statements

Equity issued for acquisitions of oil and natural gas properties

During the **year** years ended December 31, 2023, December 31, 2024 and 2023, the Company issued shares of its common stock and Preferred Stock in connection with the closing of various acquisitions of oil and gas properties, as shown in the table below.

Acquisition	Closing date	Common stock issued ⁽¹⁾	Preferred stock issued ⁽²⁾
Grey Rock	12/21/2023	627,026	595,104
Tall City	11/6/2023	1,402,258	N/A
Henry	11/5/2023	2,145,725	6,131,381
Maple	10/31/2023	3,370,497	N/A
Driftwood	4/3/2023	1,578,948	N/A

Acquisition	Closing date	Common stock issued	Preferred stock issued
PEP ⁽¹⁾	2/2/2024	878,690	980,272
Grey Rock ⁽¹⁾	12/21/2023	627,026	595,104
Tall City ⁽²⁾	11/6/2023	1,402,258	N/A
Henry ⁽³⁾	11/5/2023	2,145,725	6,131,381
Maple ⁽⁴⁾	10/31/2023	3,370,497	N/A
Driftwood	4/3/2023	1,578,948	N/A

(1) On May 23, 2024, the Preferred Stock issued in connection with the PEP Acquisition and Grey Rock Acquisition were converted to common shares. See "Preferred Stock" below for additional discussion.

(2) As of December 31, 2023, 773,290 of the common shares issued for the Tall City Acquisition and 357,500 of the common shares issued for the Maple Acquisition remain were in escrow pending post-close settlements. During the year ended December 31, 2024, 396,570 of the Tall City escrow shares were released to the seller, leaving 376,720 Tall City shares in escrow as of December 31, 2024.

(2)(3) On November 29, 2023, the Preferred Stock issued in connection with the Henry Acquisition were converted to common shares. See "Preferred Stock" below for additional discussion.

(4) As of December 31, 2023, 357,500 of the common shares issued for the Maple Acquisition were in escrow pending post-close settlements. During the year ended December 31, 2024, 79,998 of the Maple escrow shares were returned to the Company and retired and 262,969 shares were released to the seller, leaving 14,533 of the Maple shares in escrow as of December 31, 2024.

See Note 4 for additional information on each of the Company's acquisitions. See Note 18 for shares issued in an acquisition occurring subsequent to December 31, 2023.

Preferred Stock

The Company's non-voting Preferred Stock is ~~was~~ entitled to cumulative preferred cash dividends at an initial rate of 2.0% per annum of the liquidation preference per share of \$54.96, as defined in the Certificate of Designations, provided that such rate shall automatically increase to (i) 5.0% on September 15, 2024, and (ii) 8.0% on September 15, 2025, payable quarterly in arrears, if, and when, declared. If the Company fails to pay in full any distribution on the Preferred Stock, the amount of such unpaid distribution will accrue and accumulate from the last day of the quarter for which such distribution is due until paid in full. The Company may, at any time and from time to time, elect to redeem all outstanding shares of Preferred Stock, in accordance with the terms of the Certificate of Designations. Upon stockholder approval, the Preferred Stock is to be converted to an equal number of shares of common stock.

On November 21, 2023, upon recommendation of the Company's board of directors, stockholders approved the conversion of the 6,131,381 shares of Preferred Stock issued in connection with the Henry Acquisition to an equal number of shares of common stock. The conversion occurred on November 29, 2023. As a result of the conversion, the Company paid a dividend of \$0.4 million for the period for which the Preferred Stock was outstanding.

Authorized shares increase

Upon On May 23, 2024, upon recommendation of the Company's board of directors, stockholders approved ~~amendments~~ the conversion of the remaining 1,575,376 outstanding shares of Preferred Stock issued in connection with the PEP and Grey Rock Acquisitions to the Company's Amended and Restated Certificate of Incorporation to increase the an equal number of authorized shares of its common stock as follows:

- On May 26, 2022, from 22,500,000 shares to 40,000,000 shares.
- On November 21, 2023, from 40,000,000 shares to 80,000,000 shares.

stock. The conversion occurred on June 4, 2024. As a result of the conversion, the Company paid a dividend of \$0.3 million for the period the Preferred Stock was outstanding during the second quarter of 2024.

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Share repurchase program

On May 31, 2022, the Company's board of directors authorized a \$200.0 million share repurchase program. The repurchase program commenced in May 2022 and ~~expires~~ was originally set to expire in May 2024. On May 23, 2024, the board of directors approved an amendment to the share repurchase program to (i) increase the shares of Common Stock which the Company may purchase to a total aggregate authorization of \$237.3 million, and (ii) extend the expiration date to May 22, 2026. Share repurchases under the program may be made through a variety of methods, which may include open market purchases, including under plans complying with Rule 10b5-1 of the Exchange Act, and privately negotiated transactions. The timing and actual number of share repurchases will depend upon several factors, including market conditions, business conditions, the trading price of the Company's common stock and the nature of other investment opportunities available to the Company. The following table presents the Company's open market repurchases of its common stock during the periods presented:

	Year ended
	December 31, 2022
(in thousands, except for share and share price data)	
Shares of Company common stock repurchased	490,536
Average share price ⁽¹⁾	\$ 76.02
Total	<u>\$ 37,290</u>

(1) Average share price includes any commissions paid to repurchase stock.

All shares were retired upon repurchase. No shares were repurchased during the years ended December 31, 2023 December 31, 2024 and 2021.

ATM Program

On February 23, 2021, the Company entered into an equity distribution agreement with Wells Fargo Securities, LLC acting as sales agent and/or principal (the "Sales Agent"), pursuant to which the Company was able to offer and sell, through the Sales Agent, shares of its common stock having an aggregate gross sales price of up to \$75.0 million through an "at-the-market" equity program (the "ATM Program"). As of December 31, 2021, the Company had sold 1,438,105 shares of its common stock pursuant to the ATM Program for net proceeds of approximately \$72.5 million, after underwriting commissions and other related expenses, thus completing the ATM Program. Proceeds from the share sales were utilized to reduce borrowings on the Senior Secured Credit Facility. 2023.

Note 9 Compensation plans

Equity Incentive Plan

The Equity Incentive Plan provides for the granting of incentive awards in the form of restricted stock awards, stock option awards, performance share awards, outperformance share awards, performance unit awards, phantom restricted stock unit awards, stock appreciation rights, stock bonus awards and other awards. On **May 20, 2021** **May 23, 2024**, the Company's stockholders approved an amendment and restatement to the Equity Incentive Plan, to, among other things, increase which increased the maximum number of shares of the Company's common stock issuable under the Equity Incentive Plan from **1,492,500** **2,432,500** to **2,432,500** **3,332,500** shares.

As of **December 31, 2023** **December 31, 2024**, the Company had outstanding restricted stock awards and performance share awards, performance unit awards, phantom unit awards and an immaterial amount of stock option awards.

Equity Awards

Restricted stock awards and restricted stock unit awards

All service vesting restricted stock awards are treated as issued and outstanding in the consolidated financial statements. If the termination of employment is by reason of death or disability, all of the holder's restricted stock will automatically vest. Restricted stock awards granted to employees vest in a variety of schedules that mainly include (i) 33%, 33% and 34% vesting per year beginning on the first anniversary of the grant date and (ii) full vesting on the third anniversary of the grant date. Non-employee directors are granted restricted stock unit awards which are 100% vested on the date of grant, with the option to defer settlement of some or all of such awards in shares until the director's separation from service if the director timely elects in accordance with the terms of the Nonqualified Director Deferred Compensation Plan. **If a director elects to defer settlement of their restricted stock units, we refer to them as deferred stock units or DSUs.**

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Notes to the consolidated financial statements

Performance Share-settled performance share unit awards

Performance Share-settled performance share unit awards, which the Company has determined are equity awards, are subject to a combination of market, performance and service vesting criteria. For portions of awards with market criteria, a Monte Carlo simulation prepared by an independent third party is utilized to determine the grant-date (or modification date) fair value, and the associated expense is recognized on a straight-line basis over the three-year requisite service period of the awards. For portions of awards with performance criteria, the fair value is equal to the Company's closing stock price on the grant date (or modification date), and for each reporting period, the associated expense fluctuates and is adjusted based on an estimated payout of the number of shares of common stock to be delivered on the payment date for the three-year performance period, which begins either at the start of the calendar year in which the award is granted or on December 1 of the year prior to the Calendar year in which the award is granted.

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For share-settled performance share unit awards granted in 2022, the market criteria consists of: (i) annual relative stockholder return comparing the Company's stockholder return to the stockholder return of the exploration and production companies listed in the Russell 2000 index and (ii) annual absolute total stockholder return, together the "PSU Matrix." The performance criteria for these awards consists of: (i) earnings before interest, taxes, depreciation, amortization and exploration expense ("EBITDAX") and three-year total debt reduction (the "EBITDAX/Total Debt Component") (ii) growth in inventory (the "Inventory Growth Component") and (iii) emissions reduction (the "ESG Component"). Any shares units earned are expected to be issued paid in shares in the first quarter following the completion of the respective requisite service periods based on the achievement of certain market and performance criteria, and the payout can range from was 0% to 225%. The awards granted February 22, 2022 had a performance period of January 1, 2022 to December 31, 2024. Certain of the market and performance criteria were satisfied, resulting in a 82% payout, which will be paid in shares during the first quarter of 2025.

Equity award activity

The following table presents activity for equity compensation awards for the year ended **December 31, 2023** **December 31, 2024**:

(in thousands)	Restricted Stock Awards	Weighted-average grant-date fair value (per share)		Stock Option Awards	Weighted-average exercise price (per share)	Performance Share Awards	Weighted-average grant-date fair value (per share)
		Restricted Stock Awards	Stock Option Awards				
Outstanding as of December 31, 2022	362	\$52.90	3		\$235.08	48	\$89.76
Granted	340	\$54.68	—			—	
Forfeited	(47)	\$57.39	—			—	
Vested ⁽¹⁾	(183)	\$44.86	—			—	
Expired or canceled	—		(1)		\$346.80	—	
Outstanding as of December 31, 2023 ⁽²⁾	472	\$56.87	2		\$136.83	48	\$101.48

(in thousands, except per share data)	Restricted stock awards	Weighted-average grant-date fair value (per share)		Share-settled performance share unit awards	Weighted-average grant-date fair value (per share) ⁽²⁾
		Restricted stock awards	Share-settled performance share unit awards		
Outstanding as of December 31, 2023	472	\$56.87	48		\$89.76
Granted	484	\$45.16	—		
Forfeited	(51)	\$51.81	—		
Vested ⁽¹⁾	(240)	\$52.06	—		

Outstanding as of December 31, 2024	665	\$50.47	48	\$89.76
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(1) The aggregate intrinsic value of vested restricted stock awards for the year ended December 31, 2023 December 31, 2024 was \$9.3 million \$10.9 million.

(2) The vested and exercisable stock option weighted-average grant-date fair value of share-settled performance share unit awards as assumes 100%, or target level, achievement of December 31, 2023 had no intrinsic value. the performance criteria.

As of December 31, 2023 December 31, 2024, total unrecognized cost related to equity compensation awards was \$18.3 \$19.3 million, which will be settled in shares. Such cost will be recognized on a straight-line basis over an expected weighted-average period of 1.73 1.57 years.

Equity-based liability awards

Performance Cash-settled performance share unit awards

Performance Cash-settled performance share unit awards, which the Company has determined are liability awards since they are settled in cash, are subject to a combination of market, performance and service vesting criteria. For portions of awards with market criteria, a Monte Carlo simulation prepared by an independent third party is utilized to determine the fair value, and is re-measured at each reporting period until settlement. For portions of awards with performance criteria, the Company's closing stock price is utilized to determine the fair value and is re-measured on the last trading day of each reporting period until settlement and, additionally, the associated expense fluctuates based on an estimated payout for the three-year performance period. The expense related to the cash-settled performance share unit awards is recognized on a straight-line basis over the three-year requisite service period of the awards, and the life-to-date recognized expense is adjusted accordingly at each reporting period based on the

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quarterly fair value re-measurements and redetermination of the estimated payout for the performance criteria. For each performance unit award, the three-year performance period begins at the start of the calendar year in which the award is granted.

For cash-settled performance share unit awards granted in 2023, 2024, the market criteria consists of the PSU Matrix. The performance criteria for these awards consists of: (i) the EBITDAX/Total Debt Component, (ii) the Inventory Growth Component and (iii) the ESG Component. Any units earned are expected to be paid in cash during the first quarter following the completion of the requisite service period, based on the achievement of certain market and performance criteria, and the payout can range from 0% to 250% for the market criteria and 0% to 200% for the performance criteria.

For cash-settled performance share unit awards granted in 2021, 2023, the market criteria consists of the PSU Matrix. The performance criteria for these awards consists of: (i) the EBITDAX/Total Debt Component, and (ii) the Inventory Growth

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Component and (iii) the ESG Component. Any units earned are expected to be paid in cash during the first quarter following the completion of the requisite service period, based on the achievement of certain market and performance criteria, and the payout can range from 0% to 250% for the market criteria and 0% to 200% for the performance criteria.

The performance units granted March 9, 2021 had a performance period of January 1, 2021 to December 31, 2023. Certain of the market and performance criteria were satisfied, resulting in a 146% payout, which will be paid in cash during the first quarter of 2024.

For cash-settled performance share unit awards granted in 2020, 2021, the market criteria consists of: (i) of the RTSR Performance Percentage and (ii) the ATSR Appreciation. PSU Matrix. The performance criteria for these awards consists of: (i) the ROACE Percentage, EBITDAX/Total Debt Component and (ii) the Inventory Growth Component. Potential payout of these awards ranged from 0% to 200%, but was capped at 100% if 250% for the ATSR Appreciation was zero or less. market criteria and 0% to 200% for the performance criteria. In the first quarter of 2023, 2024, following the completion of the requisite service period and achievement of certain market and performance criteria, the granted awards were issued at a 151% 145.83% payout.

Phantom unit awards

Phantom unit awards, which the Company has determined are liability awards, represent the holder's right to receive the cash equivalent of one share of common stock of the Company for each phantom unit as of the applicable vesting date, subject to withholding requirements. Phantom unit awards granted to employees vest 33%, 33% and 34% per year beginning on the first anniversary of the grant date.

Equity-based liability award activity

The following table presents activity for equity-based liability awards for the year ended December 31, 2023 December 31, 2024:

(in thousands)	(in thousands)	Performance Unit Awards	Phantom Unit Awards	(in thousands)	Cash-settled performance share unit awards	Phantom unit awards
Outstanding as of December 31, 2022						
Outstanding as of December 31, 2023						
Granted						
Forfeited						
Vested ⁽¹⁾⁽²⁾						

Outstanding as of December 31, 2023
Outstanding as of December 31, 2024
Outstanding as of December 31, 2023
Outstanding as of December 31, 2024
Outstanding as of December 31, 2023
Outstanding as of December 31, 2024

(1) The cash-settled performance share unit awards granted on **March 5, 2020** **March 9, 2021** had a performance period of **January 1, 2020** **January 1, 2021** to **December 31, 2022** **December 31, 2023** and, as their market and performance criteria were satisfied, resulted in a **151% 145.83%** payout, or **101,368 120,297** units. As such, the granted awards vested and were paid out in cash on **March 3, 2023** **March 8, 2024** at **\$57.06 \$50.38** per unit based on the Company's closing stock price on the vesting date.

(2) On **March 1, 2023** and **March 3, 2023** **March 1, 2024**, the vested phantom unit awards were settled and paid out in cash at a fair value of **\$52.56** and **\$57.06 \$50.81** based on the Company's closing stock price on the respective vesting dates.

The fair value per unit of outstanding phantom unit awards as of December 31, 2023 was **\$45.49**.

As of **December 31, 2023** **December 31, 2024**, total unrecognized cost related to equity-based liability awards was **\$2.8 \$3.2** million, which will be settled in **cash** rather than **shares**. **cash**. Such cost will be recognized on a straight-line basis over an expected weighted-average period of **1.88 1.78** years.

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Fair value assumptions

The Company utilizes the closing stock price on the grant date to determine the fair value of restricted stock awards.

The following table presents (i) the assumptions used to estimate the fair values per performance share or unit and (ii) the expense per performance share or unit, which is the fair value per performance share or unit adjusted for the estimated payout of the performance criteria, for the outstanding performance share and unit awards as of **December 31, 2023** **December 31, 2024** for the grant dates presented:

Performance Share Awards	
Performance Share Awards	
Performance Share Awards	
Share-settled performance share unit awards	
Share-settled performance share unit awards	
Share-settled performance share unit awards	
	February 22, 2022
	February 22, 2022
	February 22, 2022
Remaining performance period on grant date	
Remaining performance period on grant date	
Remaining performance period on grant date	
Remaining performance period	
Remaining performance period	
Remaining performance period	
Risk-free interest rate ⁽¹⁾	
Risk-free interest rate ⁽¹⁾	
Risk-free interest rate ⁽¹⁾	
Dividend yield	
Dividend yield	
Dividend yield	
Expected volatility ⁽²⁾	
Expected volatility ⁽²⁾	
Expected volatility ⁽²⁾	
Expense per performance share or unit as of December 31, 2023	
Expense per performance share or unit as of December 31, 2023	
Expense per performance share or unit as of December 31, 2023	
Expense per performance share unit as of December 31, 2024	
Expense per performance share unit as of December 31, 2024	

Expense per performance share unit as of December 31, 2024

- (1) The remaining performance period matched zero-coupon risk-free interest rate was derived from the U.S. Treasury constant maturities yield curve on the grant date for each respective award.
- (2) The Company utilized its own remaining performance period matched historical volatility in order to develop the expected volatility.

The performance unit awards granted on March 9, 2021 had a performance period of January 1, 2021 to December 31, 2023. As of December 31, 2023, their expense per performance unit was \$66.33

The Company utilizes the closing stock price on the last day of each reporting period to determine the fair value of phantom unit awards and the life-to-date recognized expense is adjusted accordingly.

Equity-based compensation

The following table reflects equity-based compensation expense for the years presented:

(in thousands)	Years ended December 31,		
	2023	2022	2021
Equity awards:			
Restricted stock awards	\$ 12,114	\$ 8,596	\$ 7,594
Performance share awards	1,855	1,590	1,657
Stock option awards	—	—	7
Total share-settled equity-based compensation, gross	\$ 13,969	\$ 10,186	\$ 9,258
Less amounts capitalized	(2,975)	(1,783)	(1,583)
Total share-settled equity-based compensation, net	\$ 10,994	\$ 8,403	\$ 7,675
Liability awards:			
Performance unit awards	\$ 2,932	\$ 741	\$ 7,480
Phantom unit awards	270	1,186	1,238
Total cash-settled equity-based compensation, gross	\$ 3,202	\$ 1,927	\$ 8,718
Less amounts capitalized	(50)	(272)	(365)
Total cash-settled equity-based compensation, net	\$ 3,152	\$ 1,655	\$ 8,353
Total equity-based compensation, net	\$ 14,146	\$ 10,058	\$ 16,028

See Note 17 for discussion of the Company's organizational restructurings and the related equity-based compensation reversals during the years ended December 31, 2023, 2022, and 2021.

(in thousands)	Years ended December 31,		
	2024	2023	2022
Equity awards:			
Restricted stock awards	\$ 16,364	\$ 12,114	\$ 8,596
Share-settled performance share unit awards	1,972	1,855	1,590
Total share-settled equity-based compensation, gross	\$ 18,336	\$ 13,969	\$ 10,186
Less amounts capitalized	(3,690)	(2,975)	(1,783)
Total share-settled equity-based compensation, net	\$ 14,646	\$ 10,994	\$ 8,403
Liability awards:			
Cash-settled performance share unit awards	\$ 2,116	\$ 2,932	\$ 741
Phantom unit awards	20	270	1,186
Total cash-settled equity-based compensation, gross	\$ 2,136	\$ 3,202	\$ 1,927
Less amounts capitalized	(18)	(50)	(272)
Total cash-settled equity-based compensation, net	\$ 2,118	\$ 3,152	\$ 1,655
Total equity-based compensation, net	\$ 16,764	\$ 14,146	\$ 10,058

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Notes to the consolidated financial statements

Note 10 Net income (loss) per common share

Basic net income (loss) per common share is computed by first subtracting preferred stock dividends from net income (loss) to arrive at net income (loss) available to common stockholders, and then dividing net income (loss) available to common stockholders by the basic weighted-average common shares outstanding for the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the diluted weighted average weighted-average common shares outstanding for the period, which reflects the potential dilution of preferred stock and non-vested equity-based compensation awards. See Notes 8 and 9 for additional discussion of the Company's preferred stock and equity-based compensation awards. For the year ended December 31, 2024, all these awards were anti-dilutive due to the Company's net loss and, therefore, were excluded from the calculation of diluted net loss per common share.

The following table reflects the calculations of basic and diluted (i) weighted-average common shares outstanding and (ii) net income (loss) per common share for the periods presented:

(in thousands, except for per share data)	(in thousands, except for per share data)	Years ended December 31,			(in thousands, except for per share data)		Years ended December 31,	
		2023	2022	2021				
		Years ended December 31,			2024	2023	2022	
Net income								
Net income (loss)								
Less: Preferred stock dividends								
Net income available to common stockholders								
Net income (loss) available to common stockholders								
Weighted-average common shares outstanding:								
Basic								
Basic								
Basic								
Dilutive non-vested restricted stock awards								
Dilutive non-vested performance share awards ⁽¹⁾								
Dilutive non-vested performance share awards ⁽¹⁾								
Dilutive non-vested performance share awards ⁽¹⁾								
Dilutive non-vested share-settled performance share unit awards								
Dilutive non-vested share-settled performance share unit awards								
Dilutive non-vested share-settled performance share unit awards								
Dilutive preferred stock								
Dilutive preferred stock								
Dilutive preferred stock								
Diluted								
Net income per common share:								
Net income (loss) per common share:								
Basic								
Basic								
Basic								
Diluted								
Anti-dilutive weighted-average common shares outstanding ⁽¹⁾ :								
Anti-dilutive weighted-average common shares outstanding ⁽¹⁾ :								
Anti-dilutive weighted-average common shares outstanding ⁽¹⁾ :								
Non-vested restricted stock awards								
Non-vested restricted stock awards								
Non-vested restricted stock awards								
Non-vested share-settled performance share unit awards								
Preferred stock								
Preferred stock								
Preferred stock								

(1) The dilutive Shares excluded from the diluted net income (loss) per common share calculation because their effect would be anti-dilutive.

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Notes to the non-vested performance shares for the year ended December 31, 2023 was calculated as of the end of the performance period on December 31, 2023, consolidated financial statements

Note 11 Derivatives

The Company has two types of derivative instruments as of December 31, 2023 December 31, 2024: (i) commodity derivatives and (ii) a contingent consideration derivative. In previous periods, the Company also engaged in an interest rate swap derivative, which concluded during the quarterly period ended June 30, 2022. See (i) Note 2 for the Company's significant accounting policies for derivatives and presentation in the consolidated financial statements, and (ii) Note 12 for fair value measurement of derivatives on a recurring basis and (iii) Note 18 for derivatives subsequent events.

The following table summarizes components the Company's gain (loss) on derivatives, net by type of derivative instrument for the periods presented:

(in thousands)	(in thousands)	Years ended December 31,		
		2023	2022	(in thousands)
Commodity				2024
Contingent consideration				
Contingent consideration				
Contingent consideration				
Interest rate				
Gain (loss) on derivatives, net				
Gain (loss) on derivatives, net				
Gain (loss) on derivatives, net				
Commodity				

Due to the inherent volatility in oil, NGL and natural gas prices and the sometimes wide pricing differentials between where the Company produces and where the Company sells such commodities, the Company engages in commodity derivative

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transactions, such as puts, swaps, collars and basis swaps to hedge price risk associated with a portion of the Company's anticipated sales volumes. By removing a portion of the price volatility associated with future sales volumes, the Company expects to mitigate, but not eliminate, the potential effects of variability in cash flows from operations. During the year ended December 31, 2023 December 31, 2024, the Company's derivatives were settled based on reported prices on commodity exchanges, with (i) oil derivatives settled based on WTI NYMEX, Argus WTI Midland and Argus WTI Formula Basis pricing, (ii) NGL derivatives settled based on Mont Belvieu OPIS pricing and (iii) natural gas derivatives settled based on Henry Hub NYMEX and Waha Inside FERC pricing.

The following table summarizes open commodity derivative positions as of December 31, 2023 December 31, 2024, for commodity derivatives that were entered into through December 31, 2023 December 31, 2024, for the settlement periods presented:

	Year 2024		Year 2025	
Oil:				
WTI NYMEX - Swaps:				
Volume (Bbl)		18,835,950		3,445,000
Weighted-average price (\$/Bbl)	\$	75.37	\$	75.52
WTI NYMEX - Three-way Collars:				
Volume (Bbl)		217,350		—
Weighted-average sold put price (\$/Bbl)	\$	50.00	\$	—
Weighted-average floor price (\$/Bbl)	\$	66.51	\$	—
Weighted-average ceiling price (\$/Bbl)	\$	87.09	\$	—
Argus WTI Midland to Argus WTI Formula Basis - Basis Swaps:				
Volume (Bbl)		293,300		—
Weighted-average differential (\$/Bbl)	\$	0.11	\$	—
Natural gas:				
Henry Hub NYMEX - Swaps:				
Volume (MMBtu)		26,075,700		—
Weighted-average price (\$/MMBtu)	\$	3.47	\$	—
Henry Hub NYMEX - Collars:				
Volume (MMBtu)		776,292		—
Weighted-average floor price (\$/MMBtu)	\$	3.40	\$	—

Weighted-average ceiling price (\$/MMBtu)	\$	6.11	\$	—
Waha Inside FERC to Henry Hub NYMEX - Basis Swaps:				
Volume (MMBtu)		26,851,992		—
Weighted-average differential (\$/MMBtu)	\$	(0.74)	\$	—

	Year 2025	Year 2026	Year 2027
Oil:			
WTI NYMEX - Swaps:			
Volume (Bbl)	16,074,000	4,005,000	—
Weighted-average price (\$/Bbl)	\$ 74.79	\$ 71.42	\$ —
Natural gas:			
Waha Inside FERC - Swaps:			
Volume (MMBtu)	42,705,000	44,530,000	43,800,000
Weighted-average price (\$/MMBtu)	\$ 2.31	\$ 2.43	\$ 2.70

Contingent consideration

On May 7, 2021, the Company entered into a purchase and sale agreement (the "Sixth Street PSA"), to sell 37.5% of the Company's working interest in certain producing wellbores and the related properties primarily located within Glasscock and Reagan Counties, Texas. The Sixth Street PSA provided for potential contingent payments to be paid to the Company if certain cash flow targets are met related to divested oil and natural gas property operations, operations (the "Sixth Street Contingent Consideration"). The Sixth Street Contingent Consideration provides the Company with the right to receive up to a maximum of \$93.7 million in additional cash consideration, comprised of potential quarterly payments through June 2027 totaling up to \$38.7 million and a potential balloon payment of \$55.0 million in June 2027. As of December 31, 2023 December 31, 2024, the Company had received life-to-date contingent consideration payments of \$4.3 million, with maximum remaining additional potential cash consideration of the contingent consideration was \$84.2 totaling \$79.1 million. The fair value of the Sixth Street Contingent Consideration was determined to be \$16.3 million as of December 31, 2024 and \$31.1 million as of December 31, 2023 and \$26.6 million as of December 31, 2022.

See Note 4 for further discussion of the Working Interest Sale associated with the Sixth Street Contingent Consideration.

Interest rate swap

In previous periods, the Company was engaged in an interest rate derivative swap to hedge interest rate risk associated with a portion of the Company's anticipated outstanding debt under the Senior Secured Credit Facility. The Company paid a fixed rate over the contract term for that portion. During the year ended December 31, 2022, the Company's interest rate swap derivative, which concluded during the quarterly period ended June 30, 2022, was settled based on LIBOR rates. By removing

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a portion of the interest rate volatility associated with anticipated outstanding debt, the Company intended to mitigate, but not eliminate, the potential effects of variability in cash flows from operations.

Note 12 Fair value measurements

The Company has categorized its assets and liabilities measured at fair value, based on the priority of inputs to the valuation techniques, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Assets and liabilities recorded at fair value on the consolidated balance sheets are categorized based on inputs to the valuation techniques as follows:

Level 1—Assets and liabilities recorded at fair value for which values are based on unadjusted quoted prices for identical assets or liabilities in an active market that management has the ability to access. Active markets are considered to be those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Assets and liabilities recorded at fair value for which values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the assets or liabilities. Substantially all of these inputs are observable in the marketplace throughout the full term of the price risk management instrument and can be derived from observable data or supported by observable levels at which transactions are executed in the marketplace.

Level 3—Assets and liabilities recorded at fair value for which values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Unobservable inputs are not corroborated by market data. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

Fair value measurement on a recurring basis

For further discussion of the Company's derivatives, see Notes (i) 2 for the Company's significant accounting policies for derivatives, and (ii) 11 for derivatives, derivatives and (iii) 18 for derivatives subsequent events.

Balance sheet presentation

The following tables present the Company's derivatives by (i) balance sheet classification, (ii) derivative type and (iii) fair value hierarchy level, and provide a total, on a gross basis and a net basis reflected in "Derivatives" on the consolidated balance sheets as of the dates presented:

	December 31, 2023						December 31, 2024							
	(in thousands)	Level 1	Level 2	Level 3	Total gross fair value	Amounts offset	Net fair value presented on the consolidated balance sheets	(in thousands)	Level 1	Level 2	Level 3	Total gross fair value	Amounts offset	Net fair value presented on the consolidated balance sheets
Assets:														
Current:														
Current:														
Current:														
Commodity														
Commodity														
Commodity														
Contingent consideration														
Contingent consideration														
Contingent consideration														
Noncurrent:														
Commodity														
Commodity														
Commodity														
Contingent consideration														
Liabilities:														
Liabilities:														
Liabilities:														
Current:														
Current:														
Current:														
Commodity														
Commodity														
Commodity														
Noncurrent:														
Noncurrent:														
Noncurrent:														
Commodity														
Commodity														
Commodity														
Net derivative asset positions														
Net derivative asset positions														
Net derivative asset positions														
Net derivative asset positions														

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December 31, 2022

December 31, 2023

(in thousands)	(in thousands)	Level 1			Level 2			Level 3			Total gross fair value			Amounts offset			Net fair value presented on the consolidated balance sheets			(in thousands)	Level 1	Level 2	Level 3	Total gross fair value			Amounts offset			Net fair value presented on the consolidated balance sheets		
		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3					1	2	3	1	2	3			
Assets:																																
Current:																																
Contingent consideration																																
Noncurrent:																																
Contingent consideration																																
Commodity																																
Contingent consideration																																
Commodity																																
Commodity																																
Contingent consideration																																
Liabilities:																																
Current:																																
Contingent consideration																																
Commodity																																
Commodity																																
Commodity																																
Net derivative asset positions																																
Net derivative asset positions																																
Net derivative asset positions																																
Net derivative asset positions																																

Commodity

Significant Level 2 inputs associated with the calculation of discounted cash flows used in the fair value mark-to-market analysis of commodity derivatives include each commodity derivative contract's corresponding commodity index price(s), forward price curve models for substantially similar instruments and counterparty risk-adjusted discount rates generated from a compilation of data gathered by a third-party valuation specialist. The Company reviewed the third-party specialist's valuations of commodity derivatives, including the related inputs, and analyzed changes in fair values between reporting dates.

Contingent consideration

The Working Interest Sale provided for potential contingent payments to be paid to the Company. The Sixth Street Contingent Consideration associated with the Working Interest Sale was categorized as Level 3, as the Company utilized its own cash flow projections along with a risk-adjusted discount rate generated by a third-party valuation specialist to determine the valuation. The Company reviewed the third-party specialist's valuation, including the related inputs, and analyzed changes in fair values between the divestiture closing date and the reporting dates. The fair value of the Sixth Street Contingent Consideration was recorded as part of the basis in the oil and natural gas properties divested and as a contingent consideration asset. At each quarterly reporting period, the Company remeasures contingent consideration with the change in fair values recognized in "Gain (loss) on derivatives, net" under "Non-operating income (expense)" on the consolidated statement of operations.

The following table summarizes the changes in contingent consideration derivatives classified as Level 3 measurements for the periods presented:

(in thousands)		Years ended December 31,						
		(in thousands)	2023	2022	2021	(in thousands)	2024	2023
Balance of Level 3 at beginning of year								
Sixth Street Contingent Consideration valuation as of Sixth Street Closing Date								
Change in Sixth Street Contingent Consideration fair value								
Change in Sixth Street Contingent Consideration fair value								
Change in Sixth Street Contingent Consideration fair value								
Settlements realized ⁽¹⁾								

Balance of Level 3 at end of year

(1) For the years ended December 31, 2023 and 2022, the settlements amounts are included in "Settlements received for contingent consideration" "Other, net" in cash flows from investing activities on the consolidated statements of cash flows.

See Note 4 for further discussion of the Company's acquisitions and divestitures associated with the potential contingent consideration payments.

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Items not accounted for at fair value

The carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued capital expenditures, undistributed revenue and royalties and other accrued assets and liabilities approximate their fair values.

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Notes to the consolidated financial statements

The Company has not elected to account for its debt instruments at fair value. The following table presents the carrying amounts and fair values of the Company's debt as of the dates presented:

(in thousands)	December 31, 2023		December 31, 2022	
	Long-term debt	Fair value ⁽¹⁾	Long-term debt	Fair value ⁽¹⁾
January 2025 Notes	\$ —	\$ —	\$ 455,628	\$ 449,122
January 2028 Notes	700,309	719,617	300,309	292,846
July 2029 Notes	298,214	285,099	298,214	268,416
September 2030 Notes	500,000	518,875	—	—
Senior Secured Credit Facility	135,000	135,095	70,000	69,945
Total	\$ 1,633,523	\$ 1,658,686	\$ 1,124,151	\$ 1,080,329

(in thousands)	December 31, 2024		December 31, 2023	
	Carrying amount ⁽¹⁾	Fair value ⁽²⁾	Carrying amount ⁽¹⁾	Fair value ⁽²⁾
Debt	\$ 2,480,578	\$ 2,455,032	\$ 1,633,523	\$ 1,658,686

(1) Amounts presented do not include issuance premiums or discounts.

(2) The fair values of the outstanding notes were determined using the Level 2 fair value hierarchy quoted market prices for each respective instrument as of December 31, 2023 December 31, 2024 and 2022, 2023. The fair values of the outstanding debt amounts under the Senior Secured Credit Facility were estimated utilizing approximate the Level 2 fair value hierarchy pricing model for similar instruments carrying values based on short-term floating interest rates available to the Company as of December 31, 2023 December 31, 2024 and 2022, 2023.

Note 13 Income taxes

The Company is subject to federal and state income taxes and the Texas franchise tax. The following table presents the "Current" and "Deferred" income tax benefit (expense) reported on the consolidated statements of operations for the periods presented:

(in thousands)	(in thousands)	Years ended December 31,		(in 2021 thousands)	2024	2023	2022
		2023	2022				
Current income tax benefit (expense):	Current income tax benefit (expense):			Current income tax benefit (expense):			
Federal							
State							
Deferred income tax benefit (expense):	Deferred income tax benefit (expense):				Deferred income tax benefit (expense):		
Federal							
State							

Total income tax benefit
(expense):

Total income tax benefit (expense) differed from amounts computed by applying the applicable federal income tax rate of 21% for the years ended **December 31, 2023** **December 31, 2024**, **2022** **2023** and **2021** **2022** to pre-tax earnings as a result of the following:

(in thousands)	Years ended December 31,		
	2023	2022	2021
Income tax expense computed by applying the statutory rate	\$ (107,466)	\$ (133,773)	\$ (31,217)
Change in deferred tax valuation allowance	297,658	144,480	45,717
Non-deductible equity-based compensation	—	(19,301)	(13,640)
State income tax and change in valuation allowance	(5,803)	8,058	(3,274)
Other items	(1,052)	(4,966)	(1,231)
Total income tax benefit (expense)	\$ 183,337	\$ (5,502)	\$ (3,645)

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(in thousands)	Years ended December 31,		
	2024	2023	2022
Income tax benefit (expense) computed by applying the statutory rate	\$ 46,465	\$ (107,466)	\$ (133,773)
Change in deferred tax valuation allowance	—	297,658	144,480
Non-deductible equity-based compensation	—	—	(19,301)
State income tax and change in state valuation allowance	(609)	(5,803)	8,058
Other items	1,884	(1,052)	(4,966)
Total income tax benefit (expense)	\$ 47,740	\$ 183,337	\$ (5,502)

The Company is required to estimate the federal and state income taxes in each of the jurisdictions it operates in. This process involves estimating the actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and financial accounting purposes. These differences and the Company's net operating loss ("NOL") carryforwards result in deferred tax assets and liabilities.

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The following table presents significant components of the Company's net deferred tax asset and liability as of the dates presented:

(in thousands)	(in thousands)	December 31, 2023	December 31, 2022	(in thousands)	December 31, 2024	December 31, 2023
Deferred tax assets:						
Net operating loss carryforwards						
Net operating loss carryforwards						
Net operating loss carryforwards						
Equity-based compensation						
Equity-based compensation						
Oil and natural gas properties, midstream service assets and other fixed assets						
Equity-based compensation						
Interest expense limitation						
Interest expense limitation						
Interest expense limitation						
Other						
Total deferred tax asset						
Total deferred tax assets						
Valuation allowance						
Deferred tax assets, net of valuation allowance						
Deferred tax liabilities:						
Oil and natural gas properties, midstream service assets and other fixed assets						
Oil and natural gas properties, midstream service assets and other fixed assets						

Oil and natural gas properties, midstream service assets and other fixed assets
Derivatives
Derivatives
Derivatives
Other
Total deferred tax liabilities
Total net deferred tax asset (liability) ⁽¹⁾
Total net deferred tax asset ⁽¹⁾

(1) The net deferred tax asset as of December 31, 2023 December 31, 2024 and 2023 is included in "Deferred income taxes" on the consolidated balance sheet and the net deferred tax liability as of December 31, 2022 is included in "Other noncurrent liabilities" on the consolidated balance sheet.

As of December 31, 2023 December 31, 2024, the Company had federal net operating loss ("NOL") NOL carryforwards totaling \$1.2 billion \$897.0 million, of which \$789.8 \$530.2 million is subject to expiration and will begin to expire in 2034 2035 and \$366.8 million of which will not expire but may be limited in future periods, and state of Oklahoma NOL carryforwards totaling \$523.7 \$459.3 million, none of which \$34.6 million will begin expiring in 2032 and \$489.1 million will not expire.

As of December 31, 2023 December 31, 2024, the Company's Company had approximately \$239.7 million in net deferred tax assets, were which are primarily the result of U.S. net operating loss carryforwards. NOL carryforwards of \$206.8 million, that can be used to offset taxable income in future periods and reduce the Company's income taxes payable in those future periods. Some of these NOL carryforwards will expire if they are not used within certain periods.

At this time, the Company considers it more-likely-than-not that it will have sufficient taxable income in the future that will allow the utilization of its federal NOL carryforwards and realize its deferred tax assets. However, it is possible that some or all of these NOL carryforwards, that are subject to expiration could ultimately expire unused and prevent us from realizing the full value of the deferred tax assets. Our assessment relies on the ability to forecast sufficient taxable income from operations, however any future impairments, as a result of the full cost ceiling limitation, may limit that reliance. As a result, a full or partial valuation allowance to reduce the Company's deferred tax assets may be required, which would materially increase its expenses in the period the allowance is recognized. As of December 31, 2024, the Company continues to maintain a full valuation allowance against its state of Oklahoma deferred tax assets.

A valuation allowance of \$298.2 million was recorded against the gross deferred tax asset balance as of December 31, 2022, on the basis of management's assessment that its deferred tax assets did not meet the standard for recognition. As of each reporting date, the Company considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. During the year ended December 31, 2023, the Company determined that there was sufficient positive evidence to conclude that it is more likely than not more-likely-than-not its federal deferred tax assets are realizable. For the year ended December 31, 2023, the Company recorded \$183.3 million of tax benefit, which is primarily attributable to the release of the valuation allowance.

The Company's effective tax rate is affected by changes in valuation allowances, recurring permanent differences and discrete items that may occur in any given year, but are not consistent from year to year. For the year ended December 31, 2024, the Company's effective tax rate was 21.6% and the current tax expense was related to Texas franchise tax. For the year ended December 31, 2023, the Company's effective tax rate was not meaningful due to the release of its valuation allowance. For the years year ended December 31, 2022 and 2021, the Company had recorded a full valuation allowance against its federal and Oklahoma

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net deferred tax asset position and the only tax expense was related to Texas franchise tax. For the years ended December 31, 2022 December 31, 2024 and 2021, 2022, the Company's items of discrete income tax expense or benefit were not material.

If the Company were to experience an "ownership change" as determined under Section 382 of the Internal Revenue Code, the Company's ability to offset taxable income arising after the ownership change with net operating losses NOLs arising prior to the ownership change could be significantly limited. Based on information available as of December 31, 2023 February 15, 2025, no such ownership change has occurred.

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On August 16, 2022, the U.S. Inflation Reduction Act of 2022 (the "IRA") was signed into U.S. law. The IRA includes various tax provisions, including a 1% excise tax on stock repurchases made by publicly traded U.S. corporations and a 15% corporate alternative minimum tax ("CAMT") that applies to certain corporations with adjusted financial statement income in excess of \$1.0 billion. Based on the Company's interpretation of the IRA, CAMT and related guidance, the Company does not expect the CAMT to impact its tax obligation for the 2023 2024 taxable year; however, the 1% excise tax on stock repurchases will apply to the share repurchase program. The Company continues to evaluate the IRA and its effect on the Company's financial results and operating cash flows.

The Company closed two acquisitions during 2024. For income tax purposes, both the PEP Acquisition and the Point Acquisition were treated as asset purchases. As such, the tax basis in the assets and liabilities will generally reflect the allocated fair value at closing. Therefore, the Company did not record any deferred income taxes as part of the purchase consideration. See Note 3 for additional information regarding the Company's acquisitions.

Note 14 Credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, accounts receivable and commodity derivatives. The Company places its cash and cash equivalents with high credit quality financial institutions. The Company currently uses commodity derivatives to hedge its exposure to commodity prices. These transactions expose the Company to potential credit risk from its counterparties. The Company has entered into International Swaps and Derivatives

Association Master Agreements ("ISDA Agreements") with each of its commodity derivative counterparties, each of whom is also a lender in its Senior Secured Credit Facility, which, together with hedge agreements with lenders under such facility, is secured by its oil, NGL and natural gas reserves; therefore, the Company is not required to post any additional collateral. The Company ~~did~~ does not require collateral from its commodity derivative counterparties. The terms of the ISDA Agreements provide the non-defaulting or non-affected party the right to terminate the agreement upon the occurrence of certain events of default and termination events by a party and also provide for the marking to market of outstanding positions and the offset of the mark to market amounts owed to and by the parties (and in certain cases, the affiliates of the non-defaulting or non-affected party) upon termination; therefore, the credit risk associated with its commodity derivative counterparties is somewhat mitigated. The Company minimizes the credit risk in commodity derivatives by: (i) limiting its exposure to any single counterparty, (ii) entering into commodity derivatives only with counterparties that meet its minimum credit quality standard or have a guarantee from an affiliate that meets its minimum credit quality standard and (iii) monitoring the creditworthiness of its counterparties on an ongoing basis. As of **December 31, 2023** **December 31, 2024**, the Company had a net asset position of **\$119.3 million** **\$113.9 million** from the fair values of its open commodity derivative contracts. See "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" located elsewhere in this Annual Report and Notes 2, 11, 12 and 18 for additional information regarding the Company's derivatives.

The Company typically sells production to a relatively limited number of customers, as is customary in the exploration, development and production business. The Company's sales of purchased oil are generally made to a few customers. The Company's joint operations accounts receivable are from a number of oil and natural gas companies, partnerships, individuals and others who own interests in the oil and natural gas properties operated by the Company.

The majority of the Company's accounts receivable are unsecured. On occasion the Company requires its customers to post collateral, and the inability or failure of the Company's significant customers to meet their obligations to the Company or their insolvency or liquidation may adversely affect the Company's financial results. In the current market environment, the Company believes that it could sell its production to numerous companies, so that the loss of any one of its major purchasers would not have a material adverse effect on its financial condition and results of operations solely by reason of such loss. Additionally, management believes that any credit risk imposed by a concentration in the oil and natural gas industry is offset by the creditworthiness of the Company's customer base and industry partners. The Company routinely assesses the

Vital Energy, Inc.

Notes to the consolidated financial statements

recoverability of all material trade and other receivables to determine collectability. See Note 2 for additional information regarding the Company's accounts receivable and revenue recognition.

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The following table presents purchasers that individually accounted for 10% or more of the Company's oil, NGL and natural gas sales in at least one of the years presented:

		Years ended December 31,		Years ended December 31,		Years ended December 31,	
		2023		2022		2021	
		2024		2023		2022	
Purchaser A ⁽¹⁾	Purchaser A ⁽¹⁾	32 %	33 %	29 %	Purchaser A ⁽¹⁾	24 %	N/A ⁽¹⁾
Purchaser B	Purchaser B	21 %	n/a ⁽²⁾	Purchaser B		17 %	32 %
Purchaser C	Purchaser C	12 %	n/a ⁽²⁾	Purchaser C		17 %	21 %
Purchaser D ⁽¹⁾	Purchaser D ⁽¹⁾	n/a ⁽²⁾	18 %	14 %	Purchaser D ⁽¹⁾	N/A ⁽¹⁾	18 %
Purchaser E	Purchaser E	n/a ⁽²⁾	17 %	24 %	Purchaser E	N/A ⁽¹⁾	N/A ⁽¹⁾
Purchaser F ⁽¹⁾	Purchaser F ⁽¹⁾	n/a ⁽²⁾	n/a ⁽²⁾	17 %	Purchaser F ⁽¹⁾	N/A ⁽¹⁾	12 %

(1) This purchaser of the Company's oil, NGL and natural gas sales is also a purchaser of the Company's sales of purchased oil included in the table below.

(2) This purchaser did not account for 10% or greater of the Company's oil, NGL and natural gas sales.

The following table presents purchasers that individually accounted for 10% or more of sales during the Company's sales of purchased oil for the year ended December 31, 2021:

	Year ended December 31,
	2021
Purchaser A ⁽¹⁾	47 %
Purchaser B ⁽¹⁾	31 %
Purchaser C ⁽¹⁾	22 %

(1) This purchaser of the Company's sales of purchased oil is also a purchaser of the Company's oil, NGL and natural gas sales included in the table above, indicated period.

For the years ended **December 31, 2023** **December 31, 2024**, 2023 and 2022, the Company's sales of purchased oil represented less than 10% of total oil, NGL and natural gas sales revenue.

Note 15 Commitments and contingencies

From time to time, the Company is subject to various legal proceedings arising in the ordinary course of business, including those that arise from interpretation of federal, state and local laws and regulations affecting the oil and natural gas industry, personal injury claims, title disputes, royalty disputes, contract claims, contamination claims relating to oil and natural gas exploration and development and environmental claims, including claims involving assets previously sold to third parties and no longer part of the Company's current operations. The Company may not have insurance coverage for some of these proceedings and failure to comply with applicable laws and regulations can result in substantial penalties. While many of these matters involve inherent uncertainty, as of the date hereof, the Company believes that any such legal proceedings, if ultimately decided adversely, will not have a material adverse effect on the Company's business, financial position, results of operations or liquidity.

The Company has committed to deliver, for sale or transportation, fixed volumes of product under certain contractual arrangements that specify the delivery of a fixed and determinable quantity. If not fulfilled, the Company is subject to firm transportation payments on excess pipeline capacity and other contractual penalties. These commitments are normal and customary for the Company's business. In certain instances, the Company has used spot market purchases to meet its commitments in certain locations or due to favorable pricing. As of December 31, 2024, future firm sale and transportation commitments of \$88.0 million are expected to be satisfied and, as such, are not recorded as a liability on the consolidated balance sheet.

The Company has committed to purchase a fixed supply of electricity at specified prices through 2029. As of December 31, 2024, future minimum payments under the terms of this agreement are \$187.0 million.

The Company has committed to take delivery of processed sand, which is utilized in the Company's completions activities, at specified prices through 2026. As of December 31, 2024, future minimum purchase commitments under the terms of these agreements are related estimated to transportation commitments with a certain pipeline pertaining to the gathering of the Company's production from established acreage that extends into 2024. The Company was unable to satisfy a portion of this particular commitment with produced or purchased oil. Therefore, the Company expensed firm transportation payments on excess capacity of \$5.8 million, \$13.2 million and \$4.4 million during the years ended December 31, 2023, 2022 and 2021, respectively, which is recorded in "Oil be \$40.8 million.

Vital Energy, Inc.

Notes to the consolidated financial statements

transportation and marketing expenses" on the consolidated statements of operations. The Company had an estimated aggregate liability of firm transportation payments on excess capacity of \$6.7 million and \$11.5 million as of December 31, 2023 and 2022, respectively, and is included in "Accounts payable and accrued liabilities" on the consolidated balance sheets. As of December 31, 2023, future firm sale and transportation commitments of \$124.3 million are expected to be satisfied and, as such, are not recorded as a liability on the consolidated balance sheet.

Note 16 Related parties

Halliburton

The Chairman of the Company's board of directors is on the board of directors of Halliburton Company ("Halliburton"). Halliburton provides drilling and completions services to the Company. The Company has entered into a lease agreement with Halliburton, which became effective during the first quarter of 2023 and extends through 2025, to provide an electric fracture stimulation crew and the related services. Under the agreement, the Company had a lease liability of \$59.7 million as of December 31, 2024 and \$59.7 million as of December 31, 2023, which is included in both current and noncurrent "Operating lease liabilities" on the consolidated balance sheets. Services provided under the lease agreement do not differ substantially from historical services provided by Halliburton, which were previously not subject to a long-term agreement. Payments to Halliburton are included in capital expenditures for oil and natural gas properties in cash flows from investing activities on the consolidated statements of cash flows.

The following table presents the capital expenditures for oil and natural gas properties paid to Halliburton included in the consolidated statements of cash flows for the periods presented:

(in thousands)	(in thousands)	Years ended December 31,			Years ended December 31,			
		2023	2022	2021	(in thousands)	2024	2023	2022
Capital expenditures for oil and natural gas properties								
Capital expenditures for oil and natural gas properties								
Capital expenditures for oil and natural gas properties								

Note 17 Organizational restructurings Segment reporting

In November 2023, The Company engages in a single activity, the Company made certain changes to its leadership exploration and development of oil and natural gas properties in the Permian Basin of West Texas, and, as such, has one reportable segment based upon the Company's current organizational structure, which included the departure of the Company's Vice President of Drilling, Completions and Environment, Health and Safety, effective December 22, 2023. Their responsibilities were absorbed by other members of the Company's management team.

On August 24, 2022, the Company announced the departure of the Company's Senior Vice President and Chief Operating Officer. Their responsibilities were absorbed by other members of the Company's management team.

On June 29, 2021, (the "Effective Date"), the Company committed to a company-wide reorganization effort (the "Plan") that included a workforce reduction of 14 individuals, or approximately 5% of the workforce structure. The reduction in workforce was communicated to employees on the Effective Date and implemented immediately, subject to certain administrative procedures. The Plan was put in place in order to better position the Company accounting policies for the future.

In connection with each of these organizational restructurings, segment, including those related to revenue, are the Company incurred one-time charges comprised of compensation, tax, professional, outplacement and insurance-related expenses, same as those described in Note 2. Net income (loss), which are recorded as "Organizational

restructuring expenses" on the consolidated statements of operations. All equity-based compensation awards held by the affected employees were forfeited and the corresponding equity-based compensation was reversed. The following table reflects the aggregate of gross equity-based compensation expense reversals in connection with the Company's respective organizational restructurings, which are included in "General and administrative" is reported on the consolidated statements of operations, is the metric most consistent with GAAP that the Company uses to evaluate its performance and make decisions around the timing and allocation of capital investments and debt reduction. The Company does not use a measure of segment assets in its decision making. The Company's chief operating decision maker ("CODM") is the Senior Executive Team. There are no significant expense categories regularly provided to the CODM beyond those disclosed in the consolidated statements of operations.

Note 18 Subsequent events

Senior Secured Credit Facility

Subsequent to December 31, 2024, the Company borrowed \$90.0 million and repaid \$115.0 million on the Senior Secured Credit Facility. As a result, the outstanding balance under the Senior Secured Credit Facility was \$855.0 million as of February 19, 2025. See Note 7 for additional discussion of the periods presented:

(in thousands)	Years ended December 31,		
	2023	2022	2021
Gross equity-based compensation expense reversals	\$ (283)	\$ (4,908)	\$ (1,088)

Senior Secured Credit Facility.

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Notes to the consolidated financial statements

Subsequent
events Commodity
derivatives

Note 18

2024 acquisition

On February 2, 2024 (the "PEP Closing Date"), the Company purchased additional working interests in producing properties associated with the Henry Acquisition, with an effective date of August 1, 2023 (the "PEP Acquisition") through PEP Henry Production Partners LP, PEP HPP Jubilee SPV LP, PEP PEOF Dropkick SPV, LLC, PEP HPP Dropkick SPV LP and HPP Acorn SPV LP. The aggregate purchase price of \$79.7 million consisted of (i) 878,690 shares of following table summarizes the Company's Common Stock, (ii) 980,272 shares of the Company's Preferred Stock based upon the share price open oil and natural gas derivative positions as of December 31, 2024, updated for the PEP Closing Date plus derivative transactions entered into from December 31, 2024 through February 19, 2025, for the fair value of anticipated dividends and (iii) \$1.0 million in estimated transaction-related expenses, inclusive of customary closing price adjustments and subject to post-closing adjustments, settlement periods presented:

Senior Secured Credit Facility

	Year 2025	Year 2026	Year 2027
Oil:			
WTI NYMEX - Swaps:			
Volume (Bbl)	17,433,000	4,005,000	—
Weighted-average price (\$/Bbl)	\$ 74.75	\$ 71.42	—
NGL:			
Non-TET Propane - Swaps:			
Volume (Bbl)	3,131,000	—	—
Weighted-average price (\$/Bbl)	\$ 34.16	—	—
Non-TET Ethane - Swaps:			
Volume (Bbl)	3,938,000	—	—
Weighted-average price (\$/Bbl)	\$ 11.04	—	—
Natural gas:			
Waha Inside FERC - Swaps:			
Volume (MMBtu)	42,705,000	44,530,000	43,800,000
Weighted-average price (\$/MMBtu)	\$ 2.31	\$ 2.43	\$ 2.70

On January 4, 2024 and February 15, 2024, the Company borrowed an additional \$100.0 million and \$30.0 million, respectively, on the Senior Secured Credit Facility. As a result, the outstanding balance under the Senior Secured Credit Facility was \$265.0 million as of March 4, 2024. See Note 7 for additional discussion of regarding the Senior Secured Credit Facility. Company's derivatives. There has been no other derivative activity subsequent to December 31, 2024.

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Unaudited Supplementary Information

Supplemental oil, NGL and natural gas disclosures

Costs incurred in oil and natural gas property acquisition, exploration and development activities

The following table presents costs incurred in the acquisition, exploration and development of oil and natural gas properties, with asset retirement obligations included in evaluated property acquisition costs and development costs, for the periods presented:

(in thousands)	(in thousands)	Years ended December 31,			
		2023	2022	2021	(in thousands)
Property acquisition costs:		Property acquisition costs:		Property acquisition costs:	
Evaluated					
Unevaluated					
Exploration costs					
Development costs					
Total oil and natural gas properties costs incurred					

Aggregate capitalized oil, NGL and natural gas costs

The following table presents the aggregate capitalized costs related to oil, NGL and natural gas production activities with applicable accumulated depletion and impairment as of the dates presented:

(in thousands)	(in thousands)	December 31, 2023		December 31, 2022		(in thousands)	December 31, 2024	December 31, 2023
		2023	2022	2023	2022			
Gross capitalized costs:	Gross capitalized costs:			Gross capitalized costs:				
Evaluated properties								
Unevaluated properties not being depleted								
Total gross capitalized costs								
Less accumulated depletion and impairment								
Net capitalized costs								

The following table presents a summary of the unevaluated property costs not being depleted as of December 31, 2023 December 31, 2024, by year in which such costs were incurred:

(in thousands)	(in thousands)	December 31, 2023				December 31, 2024						
		2023	2022	2021	2020 and prior	Total	(in thousands)	2024	2023	2022	2021 and prior	Total
Unevaluated properties not being depleted												

Unevaluated properties, which are not subject to depletion, are not individually significant and consist of costs for acquiring oil and natural gas leasehold where no evaluated reserves have been identified, including costs of wells being evaluated. The evaluation process associated with these properties has not been completed and therefore, the Company is unable to estimate when these costs will be included in the depletion calculation.

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Unaudited Supplementary Information

Results of operations of oil, NGL and natural gas producing activities

The following table presents the results of operations of oil, NGL and natural gas producing activities (excluding corporate overhead and interest costs) for the periods presented:

(in thousands)	(in thousands)	Years ended December 31,				
		2023	2022	2021	(in thousands)	
Revenues:		Revenues:		Revenues:		
Revenues:						
Oil, NGL and natural gas sales						
Production costs:						
Lease operating expenses						
Lease operating expenses						
Lease operating expenses						
Production and ad valorem taxes						
Oil transportation and marketing expenses						
Gas gathering, processing and transportation expenses						
Total production costs						

Other costs:	Other costs:	Other costs:	Other costs:
Depletion			
Accretion of asset retirement obligation			
Income tax expense ⁽¹⁾			
Income tax expense ⁽¹⁾			
Impairment expense			
Income tax expense ⁽¹⁾			
Total other costs			
Results of operations			

(1) During the **years** year ended December 31, 2022 and 2021, the Company recorded a full valuation allowance against its deferred tax assets related to its oil, NGL and natural gas producing activities. Accordingly, the income tax expense was computed utilizing the Company's effective tax rate of 1% for the year ended December 31, 2022 and 2% for the year ended December 31, 2021. During 2023, the Company determined that there was sufficient positive evidence to conclude that it is **more likely than not** its federal deferred tax assets are realizable and released the valuation allowance. As such, the income tax expense for the **year** years ended December 31, 2023 December 31, 2024 and 2023 is calculated using the statutory rate of 22%.

Net proved oil, NGL and natural gas reserves

Ryder Scott Company, L.P. ("Ryder Scott"), the Company's independent reserve engineers, estimated 100% of the Company's proved reserves as of December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022. In accordance with SEC regulations, the reserves as of December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022 were estimated using the Realized Prices, which reflect adjustments to the Benchmark Prices for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point. See Note 6 for these Realized Prices. The Company's reserves are reported in three streams: oil, NGL and natural gas.

The SEC has defined proved reserves as the estimated quantities of oil, NGL and natural gas that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. The process of estimating oil, NGL and natural gas reserves is complex, requiring significant decisions in the evaluation of available geological, geophysical, engineering and economic data. The data for a given property may also change substantially over time as a result of numerous factors, including additional development activity, evolving production history and a continual reassessment of the viability of production under changing economic conditions. As a result, material revisions to existing reserve estimates occur from time to time. Although every reasonable effort is made to ensure that reserve estimates reported represent the most accurate assessments possible, the subjective decisions and variances in available data for various properties increase the likelihood of significant changes in these estimates. If such changes are material, they could significantly affect future amortization of capitalized costs and result in impairment of assets that may be material.

Vital Energy, Inc.

Unaudited Supplementary Information

The following tables provide an analysis of the changes in estimated proved reserve quantities of oil, NGL and natural gas for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, all of which are located within the U.S.:

	Oil (MBbl)	Oil (MBbl)	NGL (MBbl)	Proved developed and undeveloped reserves:	Natural gas (MMcf)	MBOE ⁽¹⁾	Oil (MBbl)	NGL (MBbl)	Natural gas (MMcf)	MBOE
Proved developed and undeveloped reserves:				Proved developed and undeveloped reserves:						
As of December 31, 2020										
Revisions of previous estimates										
Extensions, discoveries and other additions										
Acquisitions of reserves in place										
Divestitures of reserves in place										
Production										
As of December 31, 2021				Proved developed and undeveloped reserves:						
Revisions of previous estimates										
Extensions, discoveries and other additions										
Divestitures of reserves in place										
Divestitures of reserves in place										
Divestitures of reserves in place										
Production										



The following discussion is for the year ended December 31, 2024.

- (1) BOE is calculated using Revisions of previous estimates consisted of (i) 27,033 MBOE of negative revisions due to proved undeveloped locations that were removed due to a conversion rate change in the five-year development plan following consideration of six Mcf per one Bbl, recent acquisitions, (ii) 10,910 MBOE of negative revisions from a decrease in the Realized Prices for oil, NGL and natural gas, (iii) 1,220 MBOE of negative revisions due to changes in performance and other economic assumptions on proved wells and locations and (iv) 3,358 MBOE of positive revisions due to the inclusion of proved undeveloped locations that were removed from the development plan in prior years.
- Extensions, discoveries and other additions consisted of (i) 6,094 MBOE from proved developed locations and (ii) 60,083 MBOE for new horizontal proved undeveloped locations, added in the Company's acreage in both the Delaware and Midland Basins.
- Acquisitions of reserves in place consisted of (i) 34,880 MBOE from proved developed producing wells, (ii) 27,072 MBOE from proved undeveloped producing wells and (iii) 7,055 MBOE of additional reserves from proved developed producing wells already operated by the company.

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Unaudited Supplementary Information

- The Company converted 40,914 MBOE of proved undeveloped reserves into proved developed reserves in 2024.

The following discussion is for the year ended December 31, 2023. **The Company's negative revision**

- Revisions of 58,601 MBOE of previously estimated quantities previous estimates consisted of (i) 16,240 MBOE of negative revisions from performance of proved developed producing wells, (ii) 4,470 MBOE of positive revisions from an increase in previously estimated quantities of proved undeveloped locations, (iii) 8,679 MBOE of negative revisions from a decrease in the Realized Prices for oil, NGL and natural gas, (iv) 12,030 MBOE of negative revisions from changes to economic assumptions on proved wells and (v) 26,122 MBOE of negative revisions due to 45 proved undeveloped locations that were removed from the development plan.
- Extensions, discoveries and other additions of 30,844 MBOE consisted of (i) 598 MBOE that resulted from new wells drilled and (ii) 30,246 MBOE that resulted from new horizontal proved undeveloped locations added in the Company's acreage in Howard County, Texas and Western Glasscock Counties, Texas.
- Acquisitions of reserves in place of 165,578 MBOE consisted of (i) 104,323 MBOE from new proved developed producing wells and (ii) 61,255 MBOE from new proved undeveloped locations.

The following discussion is for the year ended December 31, 2022. **The Company's negative revision**

- Revisions of 16,802 MBOE of previously estimated quantities previous estimates consisted of (i) 9,531 MBOE of negative revisions from performance of proved developed

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Unaudited Supplementary Information

producing wells, (ii) 1,837 MBOE of negative revisions from a decrease in previously estimated quantities of proved undeveloped locations, (iii) 4,351 MBOE of positive revisions from an increase in the Realized Prices for oil, NGL and natural gas and other changes to proved wells and (iv) 9,785 MBOE of negative revisions due to 16 proved undeveloped locations that were removed from the development plan.

- Extensions, discoveries and other additions of 34,141 MBOE consisted of (i) 3,850 MBOE that resulted from new wells drilled and (ii) 30,291 MBOE that resulted from new horizontal proved undeveloped locations added in the Company's acreage in Howard and western Glasscock Counties. **Sales**
- **Divestiture of reserves of 3,585 MBOE attributed in place related to the divestment of non-operated properties in Howard County.**

The following discussion is for the year ended December 31, 2021. The Company's positive revision of 38,709 MBOE of previously estimated quantities consisted of (i) 3,622 MBOE of negative revisions from performance of proved developed producing wells, (ii) 2,885 MBOE of negative revisions from a decrease in previously estimated quantities of proved undeveloped locations, (iii) 37,341 MBOE of positive revisions from an increase in the Realized Prices for oil, NGL and natural gas and other changes to proved wells and (iv) 7,875 MBOE of positive revisions due to proved undeveloped locations that were removed from the development plan in prior years. Six of these locations became proved developed producing wells in 2021 and twelve were revised back to proved undeveloped reserves as they became economically producible due to increased commodity prices and increases in lateral lengths. Extensions, discoveries and other additions of 19,369 MBOE consisted of (i) 6,724 MBOE that resulted from new wells drilled and (ii) 12,645 MBOE that resulted from new horizontal proved undeveloped locations added in the Company's acreage in Howard and western Glasscock Counties. Sales of reserves of 88,125 MBOE attributed to the divestment of 37.5% interest of certain proved developed producing wells in Reagan and Glasscock counties. Acquisitions of reserves in place of 100,286 MBOE consisted of (i) 47,310 MBOE from new proved developed wells and (ii) 52,976 MBOE from new proved undeveloped locations in Howard and western Glasscock Counties.

Standardized measure of discounted future net cash flows

The standardized measure of discounted future net cash flows does not purport to be, nor should it be interpreted to present, the fair value of the oil, NGL and natural gas reserves of the property. An estimate of fair value would take into account, among other things, the recovery of reserves not presently classified as proved, the value of proved properties and consideration of expected future economic and operating conditions.

The estimates of future cash flows and future production and development costs as of December 31, 2023 December 31, 2024, 2022 2023 and 2021 2022 are based on the Realized Prices, which reflect adjustments to the Benchmark Prices for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point. All Realized Prices are held flat over the forecast period for all reserve categories in calculating the discounted future net cash flows. Any effect from the Company's commodity hedges is excluded. In accordance with SEC regulations, the proved reserves were anticipated to be economically producible from the "as of date" forward based on existing economic conditions, including prices and costs at which economic producibility from a reservoir was determined. These costs, held flat over the forecast period, include development costs, operating costs, ad valorem and production taxes and abandonment costs after salvage. Future income tax expenses are computed using the appropriate year-end statutory tax rates applied to the future pretax net cash flows from proved oil, NGL and natural gas reserves, less the tax basis of the Company's oil and natural gas properties. The estimated future net cash flows are then discounted at a rate of 10%. The Company's unamortized cost of evaluated oil and natural gas properties exceeded the full cost ceiling for the fourth quarter of 2024 and, as such, the Company recorded a non-cash full cost ceiling impairment of \$481.3 million during the year ended December 31, 2024. No full cost ceiling impairment was recorded for the years ended December 31, 2023, 2022 and 2021. See Note 6 for discussion of the Benchmark Prices and Realized Prices.

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The following table presents the standardized measure of discounted future net cash flows relating to proved oil, NGL and natural gas reserves for the periods presented:

(in thousands)		Years ended December 31,							
		(in thousands)	2023	2022	2021	(in thousands)	2024	2023	2022
Future cash inflows									

Future production costs	
Future development costs	
Future income tax expenses	
Future net cash flows	
10% discount for estimated timing of cash flows	
Standardized measure of discounted future net cash flows	

It is not intended that the FASB's standardized measure of discounted future net cash flows represent the fair market value of the Company's proved reserves. The Company cautions that the disclosures shown are based on estimates of proved reserve quantities and future production schedules which are inherently imprecise and subject to revision, and the 10% discount rate is arbitrary. In addition, prices and costs as of the measurement date are used in the determinations, and no value may be assigned to probable or possible reserves.

The following table presents the changes in the standardized measure of discounted future net cash flows relating to proved oil, NGL and natural gas reserves for the periods presented:

(in thousands)		Years ended December 31,							
		(in thousands)	2023	2022	2021	(in thousands)	2024	2023	2022
Standardized measure of discounted future net cash flows, beginning of year									
Changes in the year resulting from:									
Sales, less production costs									
Sales, less production costs									
Sales, less production costs									
Revisions of previous quantity estimates									
Extensions, discoveries and other additions									
Net change in prices and production costs									
Changes in estimated future development costs									
Previously estimated development costs incurred during the period									
Acquisitions of reserves in place									
Divestitures of reserves in place									
Accretion of discount									
Net change in income taxes									
Timing differences and other									
Standardized measure of discounted future net cash flows, end of year									

Estimates of economically recoverable oil, NGL and natural gas reserves and of future net cash flows are based upon a number of variable factors and assumptions, all of which are, to some degree, subjective and may vary considerably from actual results. Therefore, actual production, revenues, development and operating expenditures may not occur as estimated. The reserve data are estimates only, are subject to many uncertainties and are based on data gained from production histories and on assumptions as to geologic formations and other matters. Actual quantities of oil, NGL and natural gas may differ materially from the amounts estimated.

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EXHIBIT 4.2

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following is a summary of the common stock, par value \$0.01 per share ("Common Stock"), of Vital Energy, Inc., a Delaware corporation (the "Company," "we," "us," and "our"), which is the only class of our securities registered under Section 12 of the Securities Exchange Act of 1934, as amended. The following summary is not complete. You should refer to the applicable provisions of our amended and restated certificate of incorporation, as amended (the "Charter"), our fourth amended and restated bylaws, as amended (the "Bylaws"), and the General Corporation Law of the State of Delaware ("DGCL") for a complete statement of the terms and rights of the Common Stock. Copies of the Charter, including amendments to date, and the Bylaws have been filed with the Securities and Exchange Commission as exhibits 3.1-3.5 and 3.7, respectively, to the Company's Annual Report on Form 10-K.

Authorized Capital Stock

Under our Charter, our authorized capital stock consists of 80,000,000 shares of Common Stock and 50,000,000 shares of preferred stock, par value \$0.01 per share ("Preferred Stock").

Common Stock

Voting Rights

Except as provided by law or in a Preferred Stock designation, holders of Common Stock ("stockholders") are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, have the exclusive right to vote for the election of directors and do not have cumulative voting rights. Except as otherwise required by law, stockholders are not entitled to vote on any amendment to the Charter (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of any outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to the Charter (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL.

Dividend Rights

Subject to preferences that may be applicable to any outstanding shares or series of Preferred Stock and restrictions in the Company debt agreements, stockholders are entitled to receive ratably such dividends (payable in cash, stock or otherwise), if any, as may be declared from time to time by our board of directors (the "Board of Directors") out of funds legally available for dividend payments.

Rights Upon Liquidation

In the event of any liquidation, dissolution or winding-up of our affairs, stockholders will be entitled to share ratably in our assets that are remaining after payment or provision for payment of all of our debts and obligations and after liquidation payments to holders of outstanding shares of Preferred Stock, if any.

Fully Paid and Non-assessable

Our issued and outstanding shares of Common Stock are fully paid and non-assessable.

No Preemptive, Redemption or Conversion Rights

Stockholders have no preferences or rights of conversion, exchange, pre-emption or other subscription rights. There are no redemption or sinking fund provisions applicable to the Common Stock.

Preferred Stock

Our Charter authorizes our Board of Directors, subject to any limitations prescribed by law, without further stockholder approval, to establish and to issue from time to time one or more classes or series of Preferred Stock, par value \$0.01 per share, covering up to an aggregate of 50,000,000 shares of Preferred Stock. Each class or series of Preferred Stock will cover the number of shares and will have the powers, preferences, rights, qualifications, limitations and restrictions determined by our Board of Directors, which may include, among others, dividend rights, liquidation preferences, voting rights, conversion rights, preemptive rights and redemption rights.

Listing

Our Common Stock is listed on the New York Stock Exchange ("NYSE") under the symbol "VTLE."

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Equiniti Trust Company, LLC.

Anti-Takeover Effects of Provisions of our Charter, Bylaws and Delaware Law

Some provisions of Delaware law, and our Charter and Bylaws described below, contain provisions that may be deemed to have an anti-takeover effect. Such provisions could make the following transactions more difficult: (i) acquisition of us by means of a tender offer, a proxy contest or otherwise and (ii) removal of our incumbent officers and directors. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could delay, make it more difficult to accomplish or deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for shares of our Common Stock.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Advance Notice of Stockholder Proposals and Nominations

Our Bylaws provide for advance notice procedures with regard to stockholder nomination of candidates for election as directors or proposals of business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder nominations or proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 45 days nor more than 75 days prior to the first anniversary date of the date on which we first mailed our proxy materials for the annual meeting for the preceding year. Our Bylaws specify the requirements as to form and content of all stockholders' notices.

Issuance of Preferred Stock

Our Charter authorizes the Board of Directors with the ability to establish the terms of undesignated Preferred Stock. This ability makes it possible for our Board of Directors to issue, without stockholder approval, Preferred Stock with voting or other rights or preferences that could impede the success of any attempt to change control of us.

Issuance of Rights

The Board of Directors is expressly authorized to cause the Company to issue, whether or not in connection with the issue and sale of any shares of Common Stock, rights to enter into any agreements necessary or convenient for

such issuance, and to enter into other agreements necessary and convenient to the conduct of the business of the Company.

Control of Board of Directors

Our Board of Directors is divided into three classes with each class serving staggered three year terms, and the authorized number of directors may be changed only by resolution of the Board of Directors without consent of the stockholders. Additionally, all vacancies, including newly created directorships, shall, except as otherwise required by law or by resolution of the Board of Directors and subject to the rights of the holders of any series of Preferred Stock, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum. Subject to the rights of the holders of any series of Preferred Stock, a director may only be removed from office "for cause" by the affirmative vote of the stockholders of at least 75% of our then outstanding Common Stock.

Meeting Requirement

Any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders, subject to the rights of the holders of any series of Preferred Stock.

Supermajority Approval Requirements

Certain provisions of our Charter may be amended only with the affirmative vote of the stockholders of at least 75% of our then outstanding Common Stock. Our Bylaws may be amended by the affirmative vote of the stockholders of at least 75% of our then outstanding Common Stock or our Board of Directors.

Special Meetings of Stockholders

Our Bylaws provide that a special meeting of stockholders may only be called by the Board of Directors.

Corporate Opportunity

Our Charter provides that we renounce our (and our subsidiaries') ability to engage in any business opportunity, transaction or other matter in which Warburg Pincus LLC ("Warburg Pincus") or any private fund that it manages or advises, any of their officers, directors, partners, employees, and any portfolio company in which such entities or persons have an equity interest (other than us and our subsidiaries) (each a "specified party") participates or desires or seeks to participate in and that involves any aspect of the energy business or industry, unless any such business opportunity, transaction or matter is offered in writing solely to (i) one of our directors or officers who is not also a specified party or (ii) a specified party who is one of our directors, officers or employees and is offered such opportunity solely in his or her capacity as one of our directors, officers or employees.

Forum Selection Clause

Under our Charter, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or (iv) any action asserting a claim governed by the internal affairs doctrine.

Section 203 of the DGCL

We are subject to the provisions of Section 203 of the DGCL, which regulates corporate takeovers. In general, those provisions prohibit a Delaware corporation, including those whose securities are listed for trading on the NYSE, from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless:

- the business combination or transaction in which the person became interested is approved by the board of directors before the date the interested stockholder attained that status;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced other than, for purposes of determining the voting stock outstanding (but not the outstanding stock owned by the interested stockholder), shares owned by persons who are directors and also officers of us and by certain employee stock plans; or
- on or after such time the business combination is approved by the board of directors and authorized at a meeting of stockholders by an affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include the following:

- certain mergers or consolidations involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation to or with the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to certain exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by any of these entities or persons. Affiliates of Warburg Pincus owned their equity in us at the time we completed our corporate reorganization in December 2011 in connection with our initial public offering, and, therefore, Warburg Pincus is not subject to the restrictions of Section 203.

EXHIBIT 10.23 19.1

VITAL ENERGY, INC.

OMNIBUS EQUITY INCENTIVE PLAN

PERFORMANCE SHARE UNIT AWARD AGREEMENT

This Performance Share Unit Award Agreement ("Agreement") is made as of [Date] (the "Grant Date") by and between POLICY

PROHIBITING INSIDER TRADING AND UNAUTHORIZED DISCLOSURE OF INFORMATION TO OTHERS

In this policy, the "Company" or "we" refers to Vital Energy, Inc. f/k/a Laredo Petroleum, Inc. (the "Company") "You" or "your" refers to the employees, officers and [Participant Name] (the "Participant").

WITNESSETH:

WHEREAS, the Participant is currently an employee directors of the Company or and any of its Subsidiary, subsidiaries to whom this policy applies. We also refer to employees, officers, and directors of the Company as "insiders."

I. Introduction

Federal and state securities laws generally prohibit insiders who are aware of material nonpublic information about a company from trading in securities of that company. These laws also prohibit insiders from disclosing material nonpublic information to other persons who may trade on the basis of that information.

Our board of directors (the "Board") has adopted this policy to promote compliance with these laws and to protect you and the Company desires from the serious liabilities and penalties that can result from violations of these laws.

It is your responsibility to comply with the securities laws and this policy. If you have questions about this policy, please contact our Chief Compliance Officer. Information on how to contact the Participant remain in such capacity and to afford the Participant the opportunity to participate in the potential increase in value of the Company over the Performance Period (as defined below).

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

1. **Grant of Performance Share Units.** Subject to the restrictions, terms and conditions Chief Compliance Officer is set forth herein and in under the Company's Omnibus Equity Incentive Plan (the "Plan"), the Company hereby grants heading "Company Assistance."

A. Persons subject to the Participant Number this policy

If you are an employee, officer or director of Awards Granted performance share units (the "Performance Share Units", or the "Award"). The provisions of the Plan are incorporated herein by reference, and all capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. In the event of any inconsistency between the provisions of the Plan and this Agreement, the provisions of this Agreement shall govern and control.

The Performance Share Units will be payable, if at all, either in (x) cash, (y) Common Stock or (z) a combination of cash and Common Stock, such type of payment to be determined in the sole discretion of the Administrator, based upon the achievement by the Company of the Performance Goals as described on Exhibit A, over a period commencing [Date] and ending on the earlier of (x) [Date] and (y) the date of the Participant's termination of employment with the Company or any of its Subsidiaries (the "Performance Period"). For purposes of subsidiaries, then this Agreement, policy applies to you as an insider.

It also applies to your family members who reside with you, anyone else who lives with you, any other person whose transactions in Company securities are directed by you or are subject to your influence or control (such as parents or children who consult with you before they trade in Company securities) and any partnerships, trusts, estates and other legal entities controlled by you. We refer to such persons and entities as "related persons." You are responsible for making sure that these related persons comply with this policy.

If you possess material nonpublic information regarding us at the "Maturity Date" shall mean (i) [Date] if time your employment or other services with us terminates, you remain subject to this policy until the Participant remains employed with the Company information has been publicly announced by us or is no longer material.

B. Transactions covered by this policy

This policy applies to any purchase, sale, gift, or any other transaction (including transfers to trusts, family partnerships, or other estate planning transactions) in Company securities, including our common stock, options to purchase our common stock, any other type of its Subsidiaries on securities that we may issue, such date or, if earlier, (ii) the date of the Participant's termination of employment as set forth in Section 4(b) of this Agreement. Subject to Section 4 below, the Performance Share Units shall vest on [Date] (the "Vest Date"); provided, however that if the Participant's employment is terminated preferred stock, convertible debentures and warrants, as set forth in Section 4(b) on or prior to [Date], then the date of the Participant's termination of employment shall be considered the Vest Date, well as exchange-traded options, other derivative securities, and puts, calls and short sales involving Company securities.

II. Transaction restrictions

The specific Performance Goals described on Exhibit A were established by the Administrator. Subject following transaction restrictions apply to the other terms all our employees, officers and conditions of this Agreement directors:

1. If you have material nonpublic information regarding us, you and the Plan, payment of the Performance Share Units will only be made if the Administrator certifies, following the close of the Performance Period, that the pre-established threshold Performance Goals have your related persons must not transact or advise anyone else to transact in our securities until such information has been satisfied or exceeded in whole or in part on the Maturity Date and that the Participant is still employed by the Company or any of its Subsidiaries on the Vest Date, and then only to the extent of the level of performance so certified as having been achieved, publicly disclosed.
2. Form and Time of Payment. The Award earned You may not disclose or tip, either directly or indirectly, material nonpublic information regarding us to any other person where such material nonpublic information may be used by reason of the Administrator's certification as described above will be payable that person to the Participant (or the Participant's beneficiary, or personal administrator such person's profit by transacting in the case of your death or Disability) in (x) cash, (y) Common Stock or (z) a combination of cash and Common Stock, in all cases, at the Administrator's sole discretion, during the first calendar year that commences immediately following the Maturity Date and at any time after the Vest Date; provided, that, in all cases, such payment our securities, nor shall occur on or before March 15 of such subsequent calendar year (the "Payment Date"). The number of shares of Common Stock to be delivered, if applicable, on the Payment Date will be determined by multiplying the number of Performance Share Units set forth in paragraph 1 by the Performance Multiple (as defined below) and, as applicable, rounded to the nearest whole number (such resulting number, the "Award Amount"). If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal to the aggregate Fair Market Value of the Award Amount on the Vest Date less any portion of the Award Amount paid in Common Stock.
3. Transferability. This Award shall not be transferable otherwise than by will or the laws of descent and distribution. Any attempt by the Participant (or in the case of the Participant's death or Disability, the Participant's beneficiary or personal administrator) to assign or transfer the Award, you make recommendations, either voluntarily or involuntarily, contrary to the provisions hereof, shall be null and void and without effect and shall render the Award itself null and void.

directly or indirectly, or express opinions on the basis of material nonpublic information regarding us. You are not authorized to recommend transactions in our securities to any other person, regardless of whether such person is aware of material nonpublic information regarding us.

3. Because of the possibility of benefiting from a decrease in the price of our stock or our other securities, you and your related persons are prohibited from purchasing, selling or otherwise transacting in any form of any derivative securities tied to Company stock and/or other Company securities. This includes, but is not limited to, calls, puts, options, swaps and hedges. See the information under the heading "Exceptions to this policy for certain transactions" for certain exceptions under Company benefit plans.

4. **Forfeiture Provisions.** The following forfeiture provisions shall apply Purchasing the Company's securities on margin (e.g., borrowing money from a brokerage firm or other third party to fund the Performance Share Units):

(a) If the Participant's employment with the Company or any of its Subsidiaries (stock purchase) is terminated prior to the Vest Date for any reason other than prohibited by reason of the Participant's death or Disability as provided under Section 4(b) below, then the Award shall be forfeited by the Participant and cancelled for no consideration.

(b) If the Participant's employment with the Company or any of its Subsidiaries is terminated (i) by reason of the Participant's death or (ii) because the Participant is determined by the Board or the Administrator to be subject to a Disability, then the Participant shall be eligible to receive a pro-rated Award, based on the number of calendar days that Participant was employed with the Company or any of its Subsidiaries during the period commencing on [Date] and ending on [Date] and as determined by the Administrator in its sole discretion. Any amount payable pursuant to this Section 4 shall be paid in accordance with Sections 1 and 2 of this Agreement.

5. **Withholding** Directors and executive officers are prohibited from pledging Company securities as collateral. For all other insiders, pledging Company securities as collateral requires pre-approval from the Chief Compliance Officer.

III. Definitions

A. Material information. The Company shall be obligated to withhold amounts sufficient to satisfy any tax withholding or similar withholding obligations to which

Information about the Company is "material" if there is a substantial likelihood that a reasonable shareholder or its Subsidiaries investor would consider it important in making a decision to buy, sell or hold our securities, or if the disclosure of the information would be expected to significantly alter the total mix of the information in the marketplace about us. In simple terms, material information is any type of information that could reasonably be expected to affect the market price of our securities. Both positive and negative information may be subject by reason of payment of the Award Amount, if any, under this Award. The Participant expressly acknowledges and agrees material. Information that the Participant's rights hereunder are subject to this obligation of could be material about the Company regarding any applicable taxes required includes but is not limited to:

1. financial results (annual, quarterly or otherwise)
2. earnings estimates (including changes to be withheld previously announced estimates)
3. a significant change in connection with the Award, in our operations, projections or strategic plans
4. a form and manner satisfactory to the Company, potential merger or acquisition
5. a potential sale of significant assets or subsidiaries
6. No Right to Continued Employment. This Agreement does not confer upon the Participant any right to continuance impending announcements of employment by the Company bankruptcy or any of its Subsidiaries, nor shall it interfere in any way with the right of the Company or any of its Subsidiaries to terminate the Participant's employment at any time. other financial liquidity problems
7. Terms the gain or loss of issuance a major supplier or customer
8. The Participant acknowledges being subject to all terms, conditions and a new product or discovery
9. a significant pricing change in our products or services
10. a declaration of a stock split, a public or private securities offering by us or a significant change in our distribution or dividend policies contained or amounts
11. a significant change in the Company's Employee Manual, as the same may be amended or modified from time-to-time at the sole discretion of the Company, credit ratings
12. Notice. Every notice a major personnel change, particularly departures or other communication relating to this Agreement shall be in writing, and shall be mailed to elections of executive officers or delivered to the party for whom it is intended at such address as may from time to time be designated in a notice mailed or delivered to the other party as provided herein; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its Tulsa, Oklahoma, office and all notices or communications by the Company to the Participant may be given to the Participant personally or mailed to the Participant's home address as reflected on the books of the Company, certain directors
13. Administration. This Agreement and the issuance of Common Stock a significant corporate event, including related to material cyber, data or payment of cash contemplated hereunder shall be administered by Board or a committee of one or more members of the Board appointed by the Board to administer this Agreement and such issuance (the "Administrator"). Subject to applicable law, the Administrator shall have the sole and plenary authority to: (i) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in this Agreement; (ii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Administrator shall deem appropriate for the proper administration of this Agreement; (iii) accelerate the lapse of restrictions on the Award and/or modify the Maturity Date; and (iv) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of this Agreement. The Administrator may delegate to one or more officers of the Company the authority to act on behalf of the Administrator with respect to any matter, right, obligation, or election that is the responsibility of or that is allocated to the Administrator herein, and that may be so delegated as a matter of law. For the avoidance of doubt, in the event of a Change in Control the provisions of the Plan shall apply, including, without limitation, the authority and discretion granted to the Administrator with regard to Awards in Section 12 thereof. personnel matters
14. Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT. a significant development in litigation or regulatory proceedings
11. **Miscellaneous**
B. Nonpublic information.

(a) **Amendment and Waiver.** Subject to Section 13(b) of the Plan, the Administrator may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Award granted hereunder or this Agreement; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of the Participant with respect

Nonpublic information is information has not been previously disclosed to the Award granted hereunder shall general public and is otherwise not to that extent be effective without the consent of the Participant.

(b) **Severability.** Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction by reason of applicable law shall, as to such jurisdiction, be ineffective only generally available to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(c) **Entire Agreement and Effectiveness.** This Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(d) **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed investing public. In order for information to be an original, but all of which together shall constitute one and the same Agreement.

(e) **Headings.** The paragraph headings have been inserted for purposes of convenience and shall not be considered "public," it must be used for interpretive purposes.

(f) **Gender and Plurals.** Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

(g) **Successors and Assigns.** This Agreement shall bind and inure to the benefit of and be enforceable by and against the Participant, the Company and their respective successors, allowable assigns, heirs, representatives and estates, as the case may be.

(h) **Construction.** Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(i) **Survival of Representations, Warranties and Agreements.** All representations, warranties and agreements contained herein shall survive the consummation of the transactions contemplated hereby and the termination of this Agreement.

(j) **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGE CLAIMS.** EACH PARTY, BY EXECUTING THIS AGREEMENT, WAIVES, TO THE FULLEST EXTENT ALLOWED BY LAW, ANY CLAIMS TO RECOVER PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES NOT MEASURED BY THE PREVAILING PARTY'S ACTUAL DAMAGES IN ANY DISPUTE OR CONTROVERSY ARISING UNDER, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT.

(k) **Delivery of Vital Energy, Inc. Prospectus dated May 25, 2019.** Participant acknowledges that Participant has been provided a copy of the Company's prospectus related to the Company's Omnibus Equity Incentive Plan through such prospectus' availability on the Company's shared network drive, at Q:\Omnibus Equity Incentive Plan Prospectus. A copy will also be provided to Participant, upon Participant's written request to the Company.

12. **Section 409A.** Notwithstanding any of the foregoing, it is intended that this Agreement comply with, or be exempt from, the provisions of Section 409A of the Code and that this Award not result in unfavorable tax

consequences to the Participant under Section 409A of the Code. This Agreement will be administered and interpreted widely disseminated in a manner consistent with such intent. Notwithstanding anything contained herein making it generally available to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have terminated employment investing public with Company or any of its Subsidiaries for purposes of this Agreement and no payments shall be due to him or her under this Agreement which are payable upon his or her termination of employment until he or she would be considered to have incurred a "separation from service" from the Company or any of its Subsidiaries within the meaning of Section 409A of the Code. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided to a "specified employee" pursuant to this Agreement during the six-month period immediately following the Participant's termination of employment shall instead be paid within 30 days following the first business day after the date that is six months following the Participant's termination of employment with the Company or any of its Subsidiaries (or upon the Participant's death, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Participant pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Notwithstanding any of the foregoing to the contrary, the Company and its respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with, or are exempt from, the provisions of Section 409A of the Code, and none of the foregoing shall have any liability enough time for the failure of investing public to absorb the terms of this Agreement as written to comply with, or be exempt from, the provisions of Section 409A of the Code.

13. **Clawback.** The Participant acknowledges and agrees that payments made under this Agreement are subject to clawback if such payments are made (i) on account of fraud or misconduct by the Participant, (ii) following an accounting restatement under certain circumstances (as referenced in the Company's Omnibus Equity Incentive Plan) or (iii) as may be required by any other policy of the Company which may now exist or hereafter be adopted regarding repayment of incentive-based compensation, as may be in effect from time to time.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

COMPANY:

VITAL ENERGY, INC.

Jason Pigott
President & CEO

PARTICIPANT:

Electronic Signature

Printed Name: Participant Name

Exhibit A

Performance Goals
[•]
information fully.

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EXHIBIT 10.28

LAREDO PETROLEUM, INC.
DIRECTOR DEFERRED COMPENSATION PLAN

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LAREDO PETROLEUM, INC.

DIRECTOR DEFERRED COMPENSATION PLAN If you are aware of material nonpublic information, you and your related persons may not trade until the information has been widely disclosed to the public (for example, through a press release or a filing with the Securities and Exchange Commission or a publicly available conference call) and the market has had sufficient time to absorb the information. For purposes of this policy, information will generally be considered public after the closing of trading on two full Trading Days (as defined below) following the Company's widespread public release of the information. Depending on the particular circumstances, the Company may determine that a longer or shorter period should apply to the release of material nonpublic information.

ARTICLE 1 If you are not sure whether information is material or nonpublic, consult with the Chief Compliance Officer for guidance before engaging in any transaction in Company securities.

INTRODUCTION

C. Trading Days.

A Trading Day means a day on which national stock exchanges are open for trading, and a "Trading Day" begins at the time trading begins.

1.1D. Section 16 Officers Purpose. Laredo Petroleum, Inc., a Delaware corporation (the "Company"), hereby establishes this Laredo Petroleum, Inc. Director Deferred Compensation Plan (the "Plan") to provide nonemployee directors of the Company with an opportunity to defer compensation for their services as members of the Board (as defined below) and to maintain a deferred compensation account until they cease to serve as members of the Board.

1.2 Status of Plan. This Plan is intended to be an unfunded, nonqualified deferred compensation arrangement designed to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance promulgated thereunder. Notwithstanding any other provision herein, this Plan shall be interpreted, operated and administered in a manner consistent with these intentions.

ARTICLE 2

DEFINITIONS

For purposes of the Plan, the following terms or phrases shall have the following indicated meanings, unless the context clearly requires otherwise:

(a) **"Account"** or **"Account Balance"** means, for each Participant, the account established for his or her benefit under the Plan, which records the credit on the records of the Company and its Affiliates equal to the amounts set aside under the Plan and the actual or deemed earnings, if any, credited to such account. The Account Balance, and each other specified account or sub-account, shall be a bookkeeping entry only and shall be used solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

(b) **"Affiliate"** means any Person with whom the Company would be considered a single employer under Code Section 414(b) or (c).

(c) **"Beneficiary"** means that person or persons who become entitled to receive a distribution of benefits under the Plan in the event of the death of a Participant prior to the distribution of all benefits to which he or she is entitled.

(d) **"Board"** Section 16 Officer means the Board of Directors of Company's president, principal financial officer, principal accounting officer (or if none, the Company).

(e) **"Cash Compensation"** means compensation, including controller), any retainer or meeting fees, payable to a Director in cash for serving as a member of the Board.

(f) **"Change in Control"** means the occurrence of a change in the Company's ownership, its effective control, or the ownership of a substantial portion of its assets, as follows:

(i) A "change in ownership of the Company" occurs on the date that any "Person" (as defined below), other than (A) the Company or any of its Affiliates, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (C) an underwriter temporarily holding stock pursuant to an offering of such stock, or (D) a corporation owned, directly or indirectly, by the shareholders **vice-president** of the Company in substantially the same proportions as their ownership of the Company's stock, acquires ownership of the Company's stock that, together with stock held by such Person, constitutes more than 50% of the total fair market value or total voting power of the Company's stock. However, if, as of the Effective Date, any Person is considered to already own more than 50% of the total fair market value or total voting power of the Company's stock, the acquisition of additional stock by the same Person is not considered a Change in Control. In addition, if any Person has effective control of the Company through ownership of 30% or more of the total voting power of the Company's stock, as discussed in paragraph

(ii) below, the acquisition of additional control of the Company by the same Person is not considered to cause a Change in Control pursuant to this paragraph (i).

(ii) A "change in the effective control of the Company" occurs on either of the following dates:

(A) The date that any Person acquires (or has acquired during the 12- month period ending on the date of the most recent acquisition by such Person) ownership of the Company's stock possessing 30% or more of the total voting power of the Company's stock; provided, however, that if, as of the Effective Date, any Person owns 30% or more of the total voting power of the Company's stock, the acquisition of additional control of the Company by the same Person is not considered to cause a Change in Control pursuant to this subparagraph (ii)(A); or

(B) The date during any 12-month period when a majority of members of the Board is replaced by directors whose appointment or election is not endorsed by a majority of the Board before the date of the appointment or election; provided, however, that any such director shall not be considered to be endorsed by the Board if his or her initial assumption of office occurs as a result of an actual or threatened solicitation of proxies or consents by or on behalf **charge** of a Person **principal business unit, division or function** (such as sales, administration or finance), and any other than the Board.

(iii) A "change in the ownership of executive officer who performs a substantial portion of the Company's assets" occurs on the date that a Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person) assets of the Company that have a total gross fair market value equal to at least 40% of the total gross fair market value of all of the Company's assets immediately before such acquisition or acquisitions. However, there is no Change in Control when there is such a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer, through a transfer to (A) a shareholder of the Company (immediately before the asset transfer) in exchange for or with respect to the Company's stock; (B) an entity, at least 50% of the total value or voting power of the stock of which is owned, directly or indirectly, by the Company; (C) an entity that owns directly or indirectly, at least 50% of the total value or voting power of the Company's outstanding stock; or (D) an entity, at least 50% of the total value or voting power of the stock of which is owned by a Person that owns,

directly or indirectly, at least 50% of the total value or voting power of the Company's outstanding stock.

It is intended that a Change in Control shall also be considered a "change in control event" under Code Section 409A, and such definition shall be construed in compliance with such requirements under Treasury Regulation Section 1.409A(i)(5).

(g) "Code" means the Internal Revenue Code of 1986, **policy-making function**, as amended.

(h) "Committee" has the meaning set forth in **Section 9.1**.

(i) "Common Stock" means the common stock, par value \$0.01 per share, of the Company, successor.

(j) "Company" means Laredo Petroleum, Inc., a Delaware corporation, or its successor.

(k) "Company Equity Plan" means the Laredo Petroleum Inc. Omnibus Equity Incentive Plan, as it may be amended or restated **determined** from time to time and any successor plan.

(l) **“Deferred Stock”** means an economic unit equal in value to one share of Common Stock, which is issued to a Director as compensation for services performed as a Director pursuant to this Plan and the Company Equity Plan based upon his or her election to receive such Deferred Stock in lieu of Common Stock pursuant to the Plan.

(m) **“Deferred Stock Agreement”** means an agreement that may be entered into between the Company and a Director containing terms and conditions applicable to Deferred Stock allocated to the Director under the Plan. A Deferred Stock Agreement will be entered into with Directors under the Plan only if and to the extent determined by the Board.

(n) **“Director”** means a member of the Board who is not an employee of the Company or any of its Affiliates.

(o) **“Effective Date”** means March 1, 2021.

(p) **“Fund”** means one or more of the investment options designated as an available investment option under the Plan in accordance with Section 5.5.

(q) **“Participant”** means a Director who has commenced participation in the Plan in accordance with Article 3. An individual will cease to be a Participant at such time that the Participant’s Accounts have been fully distributed in accordance with the Plan.

(r) **“Person”** means any individual, corporation, partnership, limited liability company, syndicate, joint venture, trust or other entity, and includes two or more Persons acting as a group as determined under Treasury Regulation Section 1.409A-3(i)(5)(v) and (vii).

(s) **“Plan”** means the Laredo Petroleum, Inc. Director Deferred Compensation Plan, as amended or restated from time to time.

(t) **“Plan Year”** means the calendar year.

(u) **“Separation from Service”** means the termination of a Director’s service as a member of the Board and of the board of directors of any Affiliate, as determined by the Committee in accordance with Code Section 409A and Treasury Regulation Section 1.409A-1(h). If a Director is also providing additional services to the Company or any Affiliate as an independent contractor, he or she shall not be treated as incurring a Separation from Service for purposes of the Plan until he or she has separated from service both as a Director and as an independent contractor.

(v) **“Unforeseeable Emergency”** means a severe financial hardship of the Participant resulting from: (i) an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary, or the Participant’s dependent (as defined in Code Section 152, without regard to Code Section 152(b)(1), (b)(2) and (d)(1)(B)); (ii) a loss of the Participant’s property due to casualty; or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant’s control, as described in Treasury Regulation Section 1.409A-3(i)(3)(i), in each case as determined in the sole discretion of the Committee.

ARTICLE 3

ELIGIBILITY AND PARTICIPATION

3.1 Eligibility. Any Director who is entitled to receive compensation for service as a Director shall be eligible to participate in the Plan as of the first date the individual becomes a Director.

3.2 Enrollment and Commencement of Deferrals. Each eligible Director who wishes to participate in the Plan for a Plan Year must make an irrevocable election as to the deferral of Cash Compensation and/or the receipt of Deferred Stock in lieu of Common Stock for the Plan Year by timely completing, executing and submitting such election forms or other enrollment materials as the Committee requires, as follows:

(a) In the case of a Director who first becomes eligible to participate in the Plan as of the first day of a Plan Year, on or prior to December 31 of the prior Plan Year; and

(b) In the case of a Director who first becomes eligible to participate in the Plan after the first day of a Plan Year, within 30 days after the date the Director first becomes eligible to participate.

If a Director fails to timely complete such election forms or other enrollment materials, the Director shall not participate in the Plan until the first day of the first Plan Year beginning after the date on which the Director timely completes, executes and submits such election forms or other enrollment materials in accordance with procedures established by the Committee.

3.3 Failure of Eligibility. If the Committee determines, in its sole and absolute discretion, that any Participant no longer meets the eligibility criteria of the Plan, the Participant shall cease to be an active Participant in the Plan and future contributions to the Plan made by or on behalf of the Participant shall cease as of the date of such determination by the Committee. The Committee's determination hereunder shall be final and binding on all persons.

ARTICLE 4

DEFERRALS

4.1 Election Forms and Enrollment Materials. In order to make deferrals, a Participant must complete the election forms (or other enrollment materials) as required by the Committee. A Participant may agree to defer any portion of his Cash Compensation or receipt of Common Stock for the Plan Year under the Plan.

An election made by a Participant pursuant to the election forms shall be irrevocable with respect to the Plan Year covered by such election. Notwithstanding the foregoing, the Committee may permit a Participant to revoke an election if the Participant has experienced an Unforeseeable Emergency, but only to the extent that revoking the election is necessary for the Participant to satisfy the Unforeseeable Emergency.

4.2 Permitted Deferral Elections.

(a) For each Plan Year, a Participant may make an irrevocable election (i) to defer up to 100% of his or her Cash Compensation and/or (ii) to receive Deferred Stock in lieu of the grant of Common Stock, that the Participant would otherwise have received for services performed during the Plan Year. The Participant's deferral election under this Section 4.2 shall apply solely to compensation to be paid with respect to services performed during the Plan Year for which such deferral election is effective. If the Participant fails to timely complete, execute and return such election forms or other enrollment materials as required by the Committee in accordance with Section 3.2, then the Participant shall not be permitted to make to defer any Cash Compensation or Common Stock under the Plan for such Plan Year.

(b) In connection with a Participant's deferral election, the Participant shall also make an irrevocable election for the Plan Year as to the time and form of distribution (from the options available under Section 6.1) of any deferrals (in the form of Cash Compensation credited to his or her Account, including earnings thereon, and/or Deferred Stock) for such Plan Year. If the Participant fails to make such election, or if such election does not meet the requirements of Code Section 409A and related Treasury guidance or regulations, the Participant shall be deemed to have elected to receive a lump sum distribution on Separation from Service.

4.3 Timing of Deferral Elections.

(a) Except as provided in Section 4.3(b), a Participant's deferral election must be submitted no later than December 31 of the calendar year immediately preceding the Plan Year for which the election is to be effective.

(b) If a Participant first becomes a Director during a Plan Year, or if the first day of the Plan Year is other than January 1, the Participant's deferral election with respect to such Plan Year must be submitted within 30 days following the first date he or she becomes a Participant. For purposes of this rule, an individual will be treated as first becoming a Director during a Plan Year only if:

(i) He or she was not eligible to participate in the Plan or any other plan required by Section 409A to be aggregated with the Plan at any time during the 24-month period ending on the date during the Plan Year he or she becomes a Director; or

(ii) He or she was paid all amounts previously due under the Plan and any other plan required by Section 409A to be aggregated with the Plan and, on and before the date of the last such payment, was not eligible to continue to participate in the Plan and any other plan required by Section 409A to be aggregated with the Plan for periods after such payment.

A Participant's deferral election under this Section 4.3(b) will be effective only with respect to compensation for services performed after the date of such election. With respect to any compensation that is earned based on a specified performance period (for example, an annual or quarterly retainer fee), the amount of compensation payable to the Participant for services performed after the Participant's deferral election will be determined by multiplying the applicable compensation by a fraction, the numerator of which is the number of calendar days remaining in the performance period after the election and the denominator of which is the total number of calendar days in such performance period. For purposes of this Section 4.3(b), the date of a Participant's election is the date the deferral election is received by the Committee.

4.4 Duration of Elections. A deferral election made pursuant to this Article 4 for a Plan Year (or remainder thereof in the case of a new Director) is irrevocable after the latest date by which the deferral election is required to be filed. A deferral election for one Plan Year will not

automatically be given effect for a subsequent Plan Year, so that if a Director desires to defer Cash Compensation or Common Stock for a subsequent Plan Year, a separate election must be made by the Director.

4.5 Modification of Distribution Elections for Previously Credited Amounts. To the extent permitted by the Committee, a Participant may elect to modify his or her existing election or elections as to the time and form of payment with respect to amounts previously credited under the Plan (and any earnings thereon) or Deferred Stock previously received in lieu of Common Stock, in accordance with Section 6.3. Any such election shall be irrevocable as of the date made.

ARTICLE 5 ACCOUNTS

5.1 Accounts. The Company shall establish an Account for each Participant with at least two sub-accounts, a Deferred Stock Account and a Deferred Cash Account, along with such additional sub-accounts as it deems necessary or desirable for the proper administration of the Plan. The Deferred Stock Account shall reflect the value of Deferred Stock issued to the Participant in lieu of Common Stock for each Plan Year, together with any adjustments for income, gain or loss and any payments from such sub-account as provided herein. Deferred Stock shall be credited to the Participant's Deferred Stock Account and relevant sub-accounts (if any) as of the date the Common Stock would otherwise have been granted to the Participant if the Participant had not elected to defer such Common Stock under this Plan. The Deferred Cash Account shall reflect all deferrals of Cash Compensation made by the Participant for each Plan Year, together with any

adjustments for income, gain or loss and any payments from such sub-account as provided herein. Cash Compensation deferred by a Participant under this Plan shall be credited to the Participant's Deferred Cash Account and relevant sub-accounts (if any) as soon as administratively practicable after the amounts would have otherwise been paid to the Participant.

5.2 Status of Accounts. Accounts and sub-accounts established hereunder shall be record-keeping devices utilized for the sole purpose of determining benefits payable under this Plan, and will not constitute a separate fund of assets but shall continue for all purposes to be part of the general, unrestricted assets of the Company and its Affiliates, subject to the claims of their general creditors.

5.3 Vesting. Amounts attributable to deferred Cash Compensation are 100% vested under the Plan immediately upon being credited to a Participant's Deferred Cash Account under the Plan and at all times thereafter. Deferred Stock attributable to deferred Common Stock will vest, in whole or in installments, in accordance with the applicable agreement governing the Deferred Stock.

5.4 Deemed Investments. Each Participant shall designate, in accordance with any procedures, restrictions and conditions established by the Committee, the manner in which the amounts credited to the Participant's Deferred Cash Account shall be deemed to be invested for purposes of determining the amount of earnings and losses to be credited to such Deferred Cash Account. For this purpose, a Participant may specify that all or any percentage of his or her Deferred Cash Account shall be deemed to be invested, in such percentage increments as the Committee may prescribe, in one or more of the Funds that have been designated as alternative investments under the Plan pursuant to Section 5.5. A Participant's designation shall remain in effect until a new designation is made in the manner required by the Committee, subject to the termination or replacement of a Fund as an available investment option and further subject to any timing restrictions imposed by the Committee. If a Participant fails to provide a designation in the manner required by the Committee, the Participant's Deferred Cash Account shall be deemed to be invested in a default Fund designated by the Committee or its designee from time to time for such purpose.

5.5 Investment Funds. The Committee shall specify the investment options that will constitute the Funds and may change the available investment options from time to time. The Committee may designate employees of the Company or an Affiliate or other individuals or entities to act, solely in an agency capacity, on behalf of the Committee for this purpose. The Committee and any employee of the Company or an Affiliate and other individual or entity designated to act on behalf of the Committee for the purpose of selecting the Funds make no promise or guarantee regarding the performance of any Fund and shall have no liability to any Participant, Beneficiary or any other individual or entity with respect to the selection of the Funds or any decrease (or lack of increase) in a Participant's Deferred Cash Account as a result of the performance or lack thereof of: (a) the Funds selected by the Participant; or (b) the default Fund applicable to amounts for which a Participant has failed to provide an investment designation in the manner required by Plan Rules. A Participant assumes all risk associated with his or her investment designation or failure to provide an investment designation, as well as all risk associated with the unsecured nature of the Plan.

5.6 Earnings Allocations. The balance of a Participant's Deferred Cash Account shall reflect the result of daily pricing of the assets in which such Deferred Cash Account is deemed invested from time to time until the time of distribution.

5.7 Purpose of Investment Elections. A Participant's Fund elections shall be solely for purposes of calculation of the notional gains and losses credited on the Participant's Deferred Cash Account. The Company shall have no obligation to set aside or invest amounts as directed by the

Participant and, if the Company elects to invest amounts as directed by the Participant, the Participant shall have no more right to such investments than any other unsecured general creditor.

ARTICLE 6 DISTRIBUTIONS

6.1 Times of Distribution. Distribution of a Participant's Account shall be made (or commence, in the case of installments) on the earliest to occur of the following events:

(a) The date of the Participant's Separation from Service or, if designated by the Participant in his or her election forms, the first or second anniversary of the Participant's Separation from Service;

(b) The designated date or dates specified by the Participant in his or her election forms, which shall not be earlier than 24 months from the date of deferral of the amount to be distributed.

6.2 Form of Distribution. A Participant may elect to receive a distribution in any of the following forms:

(i) A single lump sum; or

(ii) Substantially equal annual installments over a period not to exceed 10 years.

If the Participant fails to make such election, the Participant shall be deemed to have elected to receive distribution in a single lump sum.

6.3 Subsequent Deferrals. Notwithstanding an actual or deemed election as to the timing of the distribution of a Participant's Account, at such times and in such manner as the Committee may determine, a Participant may make an irrevocable one-time election to delay the payment, or the commencement of payment, of his or her Account, but only if such election (i) is made not less than 12 months before the date the payment or commencement of installment payments is scheduled to be paid or to begin; (ii) shall not take effect until at least 12 months after the date the election is made; and (iii) relating to a payment not being made on account of death or an Unforeseeable Emergency, delays the payment or commencement of payments for a period of at least five years from the date the payment or series of payments was scheduled to be paid or begin.

6.4 Change in Control. Notwithstanding any election made by the Participant, in the event of a Change in Control, all amounts then credited to the Participant Account shall be distributed to the Participant in a single lump sum within 60 days following the Change in Control.

6.5 Calculation of Distributions.

(a) **Lump Sum.** All cash lump sum distributions shall be based on the value of the Participant's Account (or the portion thereof to be paid in a lump sum) as of the closest administratively feasible valuation date preceding the date distribution is made, in accordance with rules established by the Committee.

(b) **Installment Distributions.** Under an installment payout, the amount to be distributed in each installment payment shall be determined by dividing the value of the Participant's Accounts being paid in installments as of the closest administratively feasible valuation date preceding the date of each distribution by the number of installment payments remaining to be made, in accordance with rules established by the Committee. In the event of the death of the Participant prior to the full payment of his or her Accounts being paid in installments, the remaining Account Balance of such Participant shall be paid to his or her Beneficiary in a lump sum within 90 days following the date of the Participant's death.

6.6 Method of Payment. All payments under the Plan shall be made in cash, provided, however, that, solely with respect to amounts in a Participant's Deferred Stock Account, if prior to distribution and in accordance with administrative procedures and notice requirements that may be established by the Company from time to time, a Participant timely requests that a payment be made in the form of Common Stock (a "Stock Distribution Request"), then, unless otherwise determined by the Committee in its sole discretion, such amounts shall be paid in the form of an equal number of actual shares of Common Stock, which shares of Common Stock shall be delivered to the Participant under the Company Equity Plan as of the date the distribution is made. For the avoidance of doubt, the Company shall have the right to pay all amounts under the Plan in cash notwithstanding any Equity Distribution Request, as determined by the Committee in its discretion.

ARTICLE 7 WITHDRAWALS FOR UNFORESEEABLE EMERGENCIES

7.1 Petition. If the Participant experiences an Unforeseeable Emergency, the Participant may petition the Board in writing to receive a partial or full payout from the Plan, subject to the provisions set forth below. A Participant's written petition for such a payment shall describe the circumstances that the Participant believes justify the payment and an estimate of the amount necessary to eliminate the Unforeseeable Emergency.

7.2 Amount of Withdrawal; Necessity. The payout, if any, from the Plan shall not exceed the lesser of: (a) the Participant's vested Account Balance, calculated as of the close of business on or around the date on which the amount becomes payable, as determined by the Committee in its sole discretion; or (b) the amount necessary to satisfy the Unforeseeable Emergency, plus amounts necessary to pay federal, state, or local income taxes or penalties reasonably anticipated as a result of the distribution. Notwithstanding the foregoing, a Participant may not receive a payout from the Plan to the extent that the Unforeseeable Emergency is or may be relieved (x) through reimbursement or compensation by insurance or otherwise, (y) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (z) by cessation of deferrals under this Plan.

7.3 Payment; Cessation of Deferrals. If the Committee, in its sole discretion, approves a Participant's petition for payout from the Plan, the Participant shall receive a payout in the form of a lump sum from the Plan within 60 days of the date of such approval, and the Participant's deferrals then in effect under the Plan shall be cancelled as of the date of such approval.

7.4 Code Section 409A. Any payment as a result of an Unforeseeable Emergency shall be made in accordance with Code Section 409A and Treasury Regulation Section 1.409A-3(i)(3).

ARTICLE 8 ACCOUNT STATEMENTS

Within 60 days after the end of the Plan Year, a statement will be sent to each Participant listing the balance in his or her Account as of the last day of the Plan Year.

ARTICLE 9 ADMINISTRATION

9.1 Committee. The Plan shall be administered by the Board, or a committee (the "Committee") consisting any other person who performs similar policy-making functions of one or more persons appointed the Company, as determined from time to time by the Board. As Executive officers of the Effective Date of this Plan, the Board appoints the Compensation Committee Company's parents or subsidiaries shall also be deemed executive officers of the Board Company if they perform policy-making functions for the Company, as determined from time to administer time by the Plan. Any member Board.

IV. Additional transaction requirements for certain periods and insiders

A. Routine Red-Light Periods.

Except for those exceptions set forth in this policy, all of the Committee may be removed at any Company's directors, officers and employees and their related persons are prohibited from transacting in Company securities during the periods designated by the Chief Compliance Officer from time to time (the "routine red light trading period") as identified on the Trading Calendar described below. You must comply with the routine red light trading period whether or without cause, by resolution not you receive a reminder of the Board, and any vacancy occurring in the membership commencement of the Committee may be filled by appointment by the Board. The Committee shall select one of its members to act as its Chairman. A majority of the Committee shall constitute a quorum, and the act of a majority of the members of the Committee present at a meeting at which a quorum is present shall be the act of the Committee each routine red light trading period.

B. Non-Routine Red Light Periods.

9.2 Authority. The Committee, From time to time, the Company may also prohibit some or all of its directors, officers, or employees from transacting in its discretion, shall (1) interpret the Plan, (2) prescribe, amend and rescind any rules and regulations necessary or appropriate for the administration securities of the Plan, (3) make such other determinations Company because of developments known to the Company and take such other action not yet disclosed to the public (an "non-routine red light period"). In this event, the Chief Compliance Officer will notify you, and, except as it deems necessary or advisable set forth as an exception to this policy below, you may not transact in the administration securities of the Plan, (4) supply any omissions herein, and reconcile and correct any errors or inconsistencies, (5) decide any questions in the administration and application of the Plan, (6) make equitable adjustments for any mistakes or errors made in the administration of the Plan, (7) maintain complete and accurate records of all Plan transactions and other data in the manner necessary for proper administration of the Plan, (8) enforce the terms of the Plan and the

rules and regulations it adopts, (9) review claims and render decisions on claims for benefits under the Plan, (10) furnish the Company or the Directors, upon request, with information other specified company, as applicable, until the Chief Compliance Officer notifies you that they require for tax or the non-routine red light period is over. In addition, if you are made aware of the existence of a non-routine red light period, you should not disclose the existence of the non-routine red light trading period to any other purposes, (11) employ agents, attorneys, accountants or other person (outside of those subject to the non-routine red light trading period).

C. Trading Calendar.

To assist the Company's directors, officers and employees and their related persons (who may be employed by or represent in determining when it is safe to trade, the Company) for such purposes as the Committee considers necessary or desirable in connection with its duties hereunder and (12) perform any and all other acts necessary or appropriate Company will provide a Trading Calendar which shows anticipated dates for the proper management following:

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1. No Trading (in red)
2. Free to Trade (in green)
3. Anticipated SEC Filing date (in yellow)

The dates set forth in the Trading Calendar are anticipated and administration of the Plan. All such actions or determinations made by the Committee, and the application of rules and regulations to a particular case or issue by the Committee, in good faith, shall not could be subject to review by anyone, but shall change. In the unlikely event these dates change, the Trading Calendar will be final, binding amended, and conclusive on all Persons. you will be notified.

A director, officer or employee cannot trade even in a green light period if the director, officer or employee has received notice from the Legal Department that he/she is subject to a non-routine red light trading period or possesses material nonpublic information. If you still have questions about whether it is safe to trade after consulting the Trading Calendars, please contact the Legal Department.

ARTICLE 10

AMENDMENT AND TERMINATION D. Mandatory Pre-Clearance for the Pre-Clearance Group.

The Company, Company's directors, Section 16 Officers, and other employees who have been notified by action the Chief Compliance Officer (collectively, the "Pre-Clearance Group") must not transact in the Company's securities, even outside of a routine or non-routine red light trading period, without first complying with the Company's "pre-clearance" process.

Each member of the Board, reserves Pre-Clearance Group should contact the right Company's Chief Compliance Officer prior to amend transacting in the Company's securities. Pre-Clearance Group members must obtain written clearance (which may include clearance via email) from the Chief Compliance Officer; oral pre-clearance is not sufficient.

Members of the Pre-Clearance Group that receive permission to engage in a transaction from the Chief Compliance Officer must complete their transaction within (i) three Trading Days or terminate (ii) such shorter or longer period as designated by the Plan at any time in its sole discretion. No amendment, modification Chief Compliance Officer, or termination shall adversely affect make a Participant's rights with respect to amounts vested in his or her Account without obtaining such Participant's consent. In the event of termination, the Company shall specify whether termination will change the time at which distributions are made, provided new request for clearance.

Please note that any acceleration clearance of a distribution proposed transaction by the Chief Compliance Officer does not result in the assessment of tax under Code Section 409A. In the absence of such specification, the timing of distributions shall be unaffected by termination constitute legal advice or otherwise acknowledge that a member of the Plan. Pre-Clearance Group does not possess material nonpublic information. You must ultimately make your own judgments regarding, and are personally responsible for determining, whether they are in possession of material nonpublic information.

ARTICLE 11 V. Exceptions to this policy for certain transactions

MISCELLANEOUS

Certain transactions in Company securities are not prohibited by this policy. These are:

11.1 Election Forms A. Restricted Stock. All elections shall be made online at such site as the Committee determines and in accordance with procedures established by the Committee in order to be valid.

This policy does not apply to the vesting of restricted stock. It also does not apply to your election to have the Company withhold stock to satisfy tax withholding requirements to the extent that such election is either made during a green light trading period, or is otherwise approved by the Chief Compliance Officer. This policy does apply, however, to sales of

stock received upon vesting of restricted stock.

11.2 Participant's Rights Unsecured B. Stock Option Exercises. The

This policy does not apply to your exercise of an employee stock option. This policy does apply, however, to sales of shares received upon exercise of an option, including any broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

C. 401(k) Plan at all times shall.

This policy does not apply to purchases of Company stock in our 401(k) plan resulting from your periodic contribution of money to the plan through a payroll deduction election. This policy does apply, however, to certain elections you may make under our 401(k) plan, including (a) an initial election to participate in the Company stock fund, (b) an election to increase or decrease the percentage of your periodic contributions

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that will be entirely unfunded and no provision shall at any time be made with respect allocated to segregating any assets the Company stock fund, (c) an election to make an intra-plan transfer of an existing account balance into or out of the Company stock fund, (d) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or any Affiliate for payment all of any distributions hereunder. The right your Company stock fund balance, and (e) your election to prepay a plan loan if the prepayment will result in allocation of a Participant, or his or her Beneficiary, loan proceeds to receive a distribution hereunder shall be an unsecured claim against the general assets of the Company and neither the Participant nor any Beneficiary shall have any rights in or against any specific assets of the Company or any Affiliate. All amounts credited to a Participant's Account hereunder shall constitute general assets of the Company and may be disposed of by the Company at such time and for such purposes as it may deem appropriate. stock fund.

11.3 Trust D. Diversified Mutual Funds.

(a) **Discretionary Establishment of Trust.** Notwithstanding anything This policy does not apply to the contrary, the transactions in diversified mutual funds that are invested in Company may establish one or more accounts, funds or grantor trusts (the "Trust") to reflect obligations under the Plan and may make such investments as it may deem desirable to assist in meeting such obligations. The Company may transfer money or other property to any such Trust, and the Trust shall pay Plan benefits to Participants and their Beneficiaries out of the Trust Fund. Such Trust or Trusts may be irrevocable, but shall provide that in the event of the insolvency of the Company, the assets of the Trust or Trusts shall be subject to the claims of the Company's creditors. No Participant or Beneficiary shall have any preferred claim to, or any beneficial ownership interest in, any assets of the Trust, and Participants shall have the status of general unsecured creditors of the Company. stock.

(b) E. Automatic Reinvestment in Dividends Interrelationship

This exception applies to the automatic reinvestment of dividends paid on Company securities. This exception does not apply to, and members of the Plan Pre-Clearance Group must preclear: (i) voluntary, additional purchases of Company securities resulting from automatic reinvestment of dividends, (ii) your election to participate in automatic reinvestment of dividends, and the Trust. The provisions (iii) your election to increase or decrease your level of the Plan shall govern the rights automatic reinvestment of dividends.

F. Rule 10b5-1 Trading Plan.

This policy does not apply to predetermined sales of Company stock pursuant to a preapproved Rule 10b5-1 trading plan. This policy does apply, however, to any other purchases or sales of Company stock made separate and apart from trading pursuant to a Rule 10b5-1 trading plan even if you have such a plan in place. This policy also applies to any modification, suspension or termination of a Participant or Beneficiary to receive distribution of benefits under the Plan. The provisions of the Trust shall govern the rights of the Company and any delegate thereof, Participants and the creditors of the Company to the assets transferred to the Trust. The Company shall at all times remain liable to carry out its obligations under the Plan.

(c) **Distributions from the Trust.** The Company's obligations under the Plan may be satisfied with Trust assets distributed pursuant to Rule 10b5-1 trading plan, unless such changes are automatic per the terms of the Trust, and any such distribution shall reduce plan. You must obtain written pre-clearance from the Company's obligations under the Plan.

Chief Compliance Officer before entering into or modifying a Rule 10b5-1 trading plan.

11.4 No Assignment or Alienation **G. Other Approved Transactions.**

(a) **General.** Except as provided **This exception applies to any transaction specifically approved in subsection (b) below, advance by the benefits provided for in General Counsel or Chief Compliance Officer.**

VI. Consequences of violating insider trading laws or this Plan shall not be anticipated, assigned (either at law policy

If you violate this policy or in equity), alienated insider trading or tipping laws, you may be subject to attachment, garnishment, levy, execution civil and criminal penalties and disciplinary action by the Company, up to and including termination for cause. A violation of our Company policy is not necessarily the same as a violation of law and we may determine that specific conduct violates its policy, whether or other legal not the conduct also violates the law. We are not required to await the filing or equitable process. conclusion of a civil or criminal action against an alleged violator before taking disciplinary action.

A. Reporting of Violations. Any attempt employee, officer or director who violates this policy or any federal or state laws governing insider trading or tipping or knows of any such violation by any Participant other employee, officer or any Beneficiary director, must report the violation immediately to anticipate, assign or alienate any portion of the benefits provided for in this Plan shall be null and void. Chief Compliance Officer.

(b) **Domestic Relations Orders.** The restrictions of subsection (a) shall not apply Company Assistance

If you have a question about this policy or whether it applies to a distribution to an "alternate payee" (as defined in Code Section 414(p)) pursuant to a "domestic relations order" (DRO) within the meaning of Code Section 414(p)(1)(B). The Committee shall have the discretion, power and authority to determine whether an order is a DRO. Upon a determination that an order is a DRO, the Committee shall cause the Company to make a distribution to the alternate payee or payees named in the DRO, as directed by the DRO. particular transaction, contact our Chief Compliance Officer.

11.5 Beneficiaries. A Participant shall have the right, in accordance with forms and procedures established by the Committee, to designate one or more Beneficiaries to receive some or all amounts payable under the Plan after the Participant's death. Notwithstanding the foregoing, no Beneficiary designation made by a married Participant, other than one under which the surviving lawful spouse of such Participant is designated as the sole Beneficiary, shall be valid and effective without the prior written consent of such spouse to the designation of another primary Beneficiary on a form provided by the Committee for such purpose. However, in the event of Participant's divorce, any designation of his former spouse as his Beneficiary shall be. **11.6 Payments to Incompetents.** If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of his or her property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any such payment shall be a payment for the account of the Participant and the Participant's Beneficiary, as the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

11.7 Court Order. The Committee is authorized to make any payments directed by court order in any action in which the Plan or the Committee has been named as a party.

11.8 No Creation of Rights. Nothing in this Plan shall confer upon any Participant the right to continue as a Director. Nothing in this Plan shall constitute a guarantee by the Company, the Board, the Committee or any other Person that the Company's assets will be sufficient to pay any benefit hereunder.

11.9 Recovery of Overpayments. In the event any payments under the Plan are made on account of a mistake of fact or law, the recipient shall return such payment or overpayment to the Company as requested by the Company.

11.10 Participants Should Consult Advisors. The Company, the Board and the Committee make no representation or warranty with respect to the tax, financial, estate planning or other legal implications of participation in the Plan. Participants should consult with their own tax, financial and legal advisors with respect to their participation in the Plan.

11.11 Investment Intent. The Company may require that there be presented to any Participant or filed with the Company under the Plan, such evidence that it deems to be necessary or appropriate to establish that any (a) Deferred Stock credited under the Plan and (b) shares of Common Stock delivered as payment on behalf of a Participant, are being acquired for investment and not with a view to their distribution.

11.12 Code Section 409A. The payments and benefits provided under the Plan are intended to comply with Code Section 409A. Notwithstanding any provision of this Plan to the contrary, if the Committee reasonably determines that any payments or benefits hereunder are not either exempt from or compliant with the requirements of Code Section 409A, the Company may adopt such amendments to the Plan or adopt such other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that it deems necessary or appropriate (a) to preserve the intended tax treatment of the payments and benefits provided hereunder, to preserve the economic benefits with respect to such payments and benefits or (b) to exempt such payments and benefits from Code Section 409A or to comply with the requirements of Code Section 409A and thereby avoid the application of taxes thereunder; provided, however, that this Section 11.12 does not, and shall not be construed so as to, create any obligation on the part of the Company to adopt any such amendments, policies or procedures or to take any other such actions or to indemnify any Participant for any failure to do so.

11.13 Compliance with Other Laws. The Company may obtain such agreements or undertakings as the Company deems to be necessary or advisable to assure compliance with any law or regulation of any governmental authority or any securities exchange on which the shares of Common Stock are traded. The Plan and the conversion of Deferred Stock hereunder shall be subject to all applicable federal and state laws, rules and regulations, and to any required approvals by any government or regulatory agency.

11.14 Severability. If any term or provision of the Plan is declared invalid and unenforceable in a final decree or order issued by a court of competent jurisdiction, such declaration shall not affect the validity of the other provisions of the Plan to which such declaration of invalidity does not relate, and such other provisions shall remain in full force and effect.

11.15 Governing Law. The Plan shall be subject to and governed by the laws of the State of Oklahoma (other than such laws relating to choice of laws), to the extent not preempted by federal law.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned, a duly authorized officer of the Company, has executed this Laredo Petroleum, Inc. Director Deferred Compensation Plan by and on behalf of the Company, effective as of February 12, 2021.

LAREDO PETROLEUM, INC.

By: /s/ Kim Harding

Name: Kim Harding

Title: Vice President, Human Resources

Signature page to

Laredo Petroleum, Inc. Director Deferred Compensation Plan

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EXHIBIT 21.1

List of Subsidiaries of Vital Energy, Inc.

Name of Subsidiary	Jurisdiction of Organization
Vital Midstream Services, LLC	Delaware
Vital Energy Technology, LLC	Delaware

EXHIBIT 22.1

List of Issuers and Guarantor Subsidiaries

The following entities are the issuer and guarantors of Vital Energy, Inc.'s senior unsecured notes.

Entity	Jurisdiction of Organization	Role
Vital Energy, Inc.	Delaware	Issuer
Vital Midstream Services, LLC	Delaware	Guarantor

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Form S-3 (No. 333-257799) 333-263752 of Vital Energy, Inc.,
- (2) Form S-3 (No. 333-260479) 333-271095 of Vital Energy, Inc.,
- (3) Form S-3 (No. 333-263752) 333-275259 of Vital Energy, Inc.,
- (4) Form S-3 (No. 333-271095) 333-275347 of Vital Energy, Inc.,
- (5) Form S-3 (No. 333-275259) 333-275348 of Vital Energy, Inc.,
- (6) Form S-3 (No. 333-275347) 333-276380 of Vital Energy, Inc.,
- (7) Form S-3 (No. 333-275348) 333-277079 of Vital Energy, Inc.,
- (8) Form S-3 (No. 333-276380) of Vital Energy, Inc.,
- (9) Form S-3 (No. 333-277079) of Vital Energy, Inc.,
- (10) Form S-8 (No. 333-178828) pertaining to the Vital Energy, Inc. Omnibus Equity Incentive Plan,
- (11) (9) Form S-8 (No. 333-211610) pertaining to the Vital Energy, Inc. Omnibus Equity Incentive Plan,
- (12) (10) Form S-8 (No. 333-231593) pertaining to the Vital Energy, Inc. Omnibus Equity Incentive Plan, and
- (13) (11) Form S-8 (No. 333-256431) pertaining to the Vital Energy, Inc. Omnibus Equity Incentive Plan, and
- (12) Form S-8 (No. 333-282439) pertaining to the Vital Energy, Inc. Omnibus Equity Incentive Plan;

of our reports dated **March 11, 2024** **February 24, 2025**, with respect to the consolidated financial statements of Vital Energy, Inc. and the effectiveness of internal control over financial reporting of Vital Energy, Inc. included in this Annual Report (Form 10-K) of Vital Energy, Inc. for the year ended **December 31, 2023** **December 31, 2024**.

/s/ Ernst & Young LLP

Tulsa, Oklahoma

March 11, 2024 **February 24, 2025**

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated February 24, 2022, with respect to the consolidated financial statements included in the Annual Report of Vital Energy, Inc. (formerly known as Laredo Petroleum, Inc.) on Form 10-K for the year ended December 31, 2023. We consent to the incorporation by reference of said report in the Registration Statements of Vital Energy, Inc. on Forms S-3 (File No. 333-257799, File No. 333-260479, File No. 333-263752, File No. 333-271095, File No. 333-275259, File No. 333-275347, File No. 333-275348, File No. 333-276380 and File No. 333-277079) and on Forms S-8 (File No. 333-178828, File No. 333-211610, File No. 333-231593 and File No. 333-256431).

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
March 11, 2024

EXHIBIT 23.3

TBPELS REGISTERED ENGINEERING FIRM F-1580
1100 LOUISIANA SUITE 4600

HOUSTON, TX 77002-5294

FAX (713) 651-0849
TELEPHONE (713) 651-9191

CONSENT OF INDEPENDENT PETROLEUM ENGINEERS

Ryder Scott Company, L.P. hereby consents to the references to its firm in the form and context in which they appear in this Annual Report on Form 10-K filed by Vital Energy, Inc. (the "Annual Report"). Ryder Scott Company, L.P. hereby further consents to the use and incorporation by reference of information from its reports regarding those quantities estimated by Ryder Scott of proved reserves of Vital Energy, Inc. and its subsidiaries, the future net revenues from those reserves and their present value for the years ended December 31, 2023 December 31, 2024, 2022 2023 and 2021, 2022, and to the inclusion of its summary report dated January 18, 2024 January 17, 2025 as an exhibit to the Annual Report. We further consent to the incorporation by reference thereof into Vital Energy, Inc.'s Registration Statements on Form S-8 (File No. 333-178828, effective December 30, 2011, File No. 333-211610, effective May 25, 2016, File No. 333-231593, effective May 20, 2019 and, File No. 333-256431, effective May 24, 2021 and File No. 333-282439, effective October 1, 2024) and the Registration Statements of Vital Energy, Inc. on Form S-3 (File No. 333-257799, effective July 9, 2021, File No. 333-260479, effective October 25, 2021, File No. 333-263752, effective March 21, 2022, File No. 333-271095, effective April 3, 2023, File No. 333-275259, effective November 2, 2023, File No. 333-275347, effective November 6, 2023, File No. 333-275348, effective November 6, 2023, File No. 333-276380, effective January 5, 2024 and File No. 333-277079, effective February 15, 2024).

/s/ RYDER SCOTT COMPANY, L.P.

RYDER SCOTT COMPANY, L.P.
TBPELS Firm Registration No. F-1580

Houston, Texas
March 11, 2024 February 24, 2025

SUITE 2800 7TH AVENUE, S. W.
633 17TH STREET, SUITE 1700

CALGARY, ALBERTA T2P 3N9
DENVER, COLORADO 80202

TEL (403) 262-2799
TEL (303) 339-8110

EXHIBIT 31.1

CERTIFICATION

I, Jason Pigott, certify that:

1. I have reviewed this Annual Report on Form 10-K of Vital Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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: **March 11, 2024** **February 24, 2025**

/s/ Jason Pigott

Jason Pigott
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Bryan J. Lemmerman, certify that:

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

- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officer 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: **March 11, 2024** February 24, 2025

/s/ Bryan J. Lemmerman
 Bryan J. Lemmerman
Executive Vice President and Chief 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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Jason Pigott, President and Chief Executive Officer of Vital Energy, Inc. (the "Company"), and Bryan J. Lemmerman, **Senior Executive** Vice President and Chief Financial Officer of the Company, certify that, to their knowledge:

- (1) the Annual Report on Form 10-K of the Company for the period ending **December 31, 2023** December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

March 11, 2024 February 24, 2025

/s/ Jason Pigott
 Jason Pigott
President and Chief Executive Officer

March 11, 2024 February 24, 2025

/s/ Bryan J. Lemmerman
 Bryan J. Lemmerman
Executive Vice President and Chief Financial Officer

EXHIBIT 95.1

Mine Safety Disclosures

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and Item 104 of Regulation S-K (17 CFR 229.104) require certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that

operate mines regulated under the Federal Mine Safety and Health Act of 1977 (as amended by the Mine Improvement and New Emergency Response Act of 2006, the "Mine Act").

Vital Energy, Inc. ("Vital"), on April 15, 2020, acquired surface and sand rights on approximately 628 acres in Howard County, Texas, and in October 2020 entered into an agreement with Hi-Crush, Inc. and its subsidiary OnCore Processing, LLC ("OnCore") to construct and operate an in-field sand mine to support Vital's exploration and development operations. Operations began in November 2020 and are subject to regulation by the U.S. Federal Mine Safety and Health Administration ("MSHA").

MSHA inspects mining facilities on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Citations and orders may be appealed with the potential of reduced or dismissed penalties. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K (17 CFR 229.104) are outlined below.

Mine Safety Data

The following provides additional information about references used in the table below to describe the categories of violations, orders or citations issued by MSHA under the Mine Act:

- **Section 104 Significant Substantial ("S&S") Citations:** Citations for violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard.
- **Section 104(b) Orders:** Orders which represents a failure to abate a citation under section 104(a) within the period of time prescribed by MSHA. This results in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.
- **Section 104(d) Citations and Orders:** Citations and orders for an unwarrantable failure to comply with mandatory health or safety standards.
- **Section 110(b)(2) Violations:** Flagrant violations.
- **Section 107(a) Orders:** Orders for situations in which MSHA determined an "imminent danger" (as defined by MSHA) existed.
- **Notice of Pattern of Violations:** Notice of a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the Mine Act.
- **Notice of Potential Pattern of Violations:** Notice of the potential to have a pattern of violations under section 104(e).
- **Pending Legal Actions:** Legal actions before the Federal Mine Safety and Health Review Commission ("FMSHRC") initiated.

For the year ended **December 31, 2023** **December 31, 2024**

Citation, Order, Violation or Action	OnCore ^(a)
Section 104 S&S citations (#)	23
Section 104(b) orders (#)	None
Section 104(d) citations and orders (#)	None
Section 110(b)(2) violations (#)	None
Section 107(a) orders (#)	None
Proposed assessments under MSHA (\$) ^(b)	None \$4,507
Mining-related fatalities (#)	None
Notice of pattern of violations (yes/no)	None
Notice of potential pattern of violations (yes/no)	None
Pending legal actions (#)	None

(a) The definition of mine under section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting minerals, such as land, structures, facilities, equipment, machines, tools and minerals preparation facilities. Unless otherwise indicated, any of these other items associated with a single mine have been aggregated in the totals for that mine. MSHA assigns an identification number to each mine and may or may not assign separate identification numbers to related facilities such as preparation facilities. We are providing the information in the table by mine rather than MSHA identification number because that is how we manage and operate our mining business and we believe this presentation will be more useful to investors than providing information based on MSHA identification numbers.

(b) Represents the total dollar value of the proposed assessment from MSHA under the Mine Act pursuant to the citations and/or orders preceding such dollar value in the corresponding row.

VITAL ENERGY, INC.

POLICY ON RECOUPMENT AND FORFEITURE OF INCENTIVE COMPENSATION

Adopted []

Effective as of December 1, 2023

Overview

The Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Vital Energy, Inc. (the "Company") believes it is prudent to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. To that end, the Committee hereby adopts a comprehensive policy that allows the Company to recover, to the extent permitted by applicable law, Incentive Compensation (as defined below), in whole or in part, following certain events or conduct on the part of a Covered Executive (as defined below) that adversely affects the Company.

The Committee has adopted the Clawback Policy (the "Policy") set forth below, which is designed to comply with Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and with New York Stock Exchange ("NYSE") Rule 303A.14 and the applicable rules of the NYSE Listed Company Manual (the "NYSE Rules"). The Policy is effective with respect to Incentive Compensation received on or after October 2, 2023 and supersedes any previous Company policy on recoupment and forfeiture of incentive compensation.

Administration

The Policy shall be administered by the Committee. Any determination by the Committee shall be made by votes taken pursuant to the Committee Charter and the Company's By-Laws, as they may be amended from time to time. The Committee shall have full power, authority, and sole and exclusive discretion to construe, interpret, and administer this Policy and make the determinations necessary for the Company's compliance with the NYSE Rules, Section 10D and Rule 10D-1 of the Exchange Act and any other applicable law, regulation, rule or interpretation of the U.S. Securities and Exchange Commission or the NYSE promulgated or issued in connection therewith.

All decisions of the Committee shall be conclusive and binding on each person, directly or indirectly, affected by such action or inaction, including, but not limited to, the Covered Executives. Further, the exercise by the Committee of any rights pursuant to this Policy shall be without prejudice to any other rights that the Company or the Committee may have with respect to any Covered Executive subject to this Policy.

The Committee may amend or change the terms of this Policy at any time for any reason, including as required to comply with the rules of the U.S. Securities and Exchange Commission and the NYSE Rules.

Covered Executives

Each employee who currently serves as or was previously designated an "officer" (as defined pursuant to Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder) employed by the Company or any of its affiliates ("Covered Executives"). Covered Executives who cease employment or service with the Company and its affiliates shall continue to be bound by the terms of the Policy with respect to Incentive Compensation subject to this Policy.

Recovery Events

Recoupment

Pursuant to this Policy, in the event the Company is required to prepare a Financial Restatement, the Committee shall reasonably promptly recover any Excess Incentive Compensation paid or awarded to a Covered Employee during the Recovery Period.

Forfeiture

If the Committee concludes that a Covered Executive has engaged in Improper Conduct (as defined below) within the thirty-six (36) months following the award or payment (including vesting) of any amount of Incentive Compensation (the "Improper Conduct Lookback Period"), subject to the enforcement provisions of the Policy, the Committee may, in its sole discretion and to the extent legally permitted, seek recovery of any amount of Incentive Compensation awarded or paid (including vesting) for the performance or vesting period in which such Improper Conduct occurred. In addition, subject to the enforcement provisions of the Policy, the Company shall, if directed by the Committee, provide for the forfeiture of any Incentive Compensation awarded within the Improper Conduct Lookback Period that has not been settled, paid, or become vested, as applicable. In each such instance, the amount required to be returned, repaid or forfeited by the Covered Executive shall be determined by the Committee in its sole discretion.

Enforcement

The Committee may recover any Excess Incentive Compensation owed by a Covered Executive through one or more of the following methods, as selected by the Committee and subject to applicable law:

- 1) reimbursement of the amount of cash Excess Incentive Compensation previously paid;
- 2) recovery of shares issued in connection with, or proceeds realized on the settlement, sale, transfer, or other disposition of, any affected equity-based award received as Incentive Compensation;
- 3) offset of the Excess Incentive Compensation from any compensation otherwise owed to the Covered Executive by the Company or its affiliates;
- 4) cancellation of an affected equity award received as Incentive Compensation, whether vested or unvested;
- 5) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code of 1986, as amended; or
- 6) any other remedial and recovery action permitted by law, as determined by the Committee.

If the Committee determines to seek recovery of Excess Incentive Compensation, it shall first make a written demand for repayment from the Covered Executive and, if the individual does not tender timely repayment in response to such demand, the Committee may pursue the other remedies contemplated by the Policy, including seeking a court order against the individual for such repayment.

For purposes of calculating the Excess Incentive Compensation amount, Incentive Compensation will be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the incentive-based compensation award is attained, even if the payment or grant of the Incentive Compensation occurs after the end of that period. In making a determination of the amount of any Excess Incentive Compensation attributable to equity-based awards, the amount of Excess Incentive Compensation considered to be received by a Covered Executive shall be determined on the basis of the value of each such equity-based award at the time of any vesting event, whether such award has vested in full or in part.

Notwithstanding the foregoing, if the Committee cannot determine the amount of Excess Incentive Compensation received by the Covered Employee directly from the information in the Financial Restatement, the Committee will make a determination as to the amount of Excess Incentive Compensation based on a reasonable estimate of the effect of the Financial Restatement. For example, where the matter is not subject to mathematical recalculation directly from the information adjusted in the Financial Restatement, the Committee may seek to recover the amount, if any, by which the Committee reasonably determines that the payment or award should be reduced as a result of such adjustment.

Impracticability

The Committee shall recover any Excess Incentive Compensation in accordance with this Policy unless the Committee concludes such recovery would be impracticable, as determined by the Committee pursuant to and in accordance with Rule 10D-1 of the Exchange Act and NYSE Rule 303A.14.

No Indemnification

The Company shall not indemnify any Covered Executive against the loss of any Incentive Compensation effected pursuant to this Policy and any purported indemnification shall be null and void *ab initio*.

Other Recoupment Rights

The Committee intends that this Policy will be applied to the fullest extent of the law. The Committee may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date expressly require a Covered Executive to abide by the terms of this Policy; however, the absence of any such express provision in any such agreement shall not prevent application of the Policy to Covered Executives. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement or any other legal remedies available to the Company.

To the extent that any applicable law or stock market or exchange rules or regulations permit or require recovery of compensation in circumstances in addition to those specified herein, nothing in this Policy will be deemed to limit or restrict the right or obligation of the Company to recover such compensation to the fullest extent permitted or required by such law, rules or regulations.

Non-Exclusivity of Remedies

Application of the Policy does not preclude the Company from taking any other action to enforce a Covered Executive's obligations to the Company, including termination of employment or institution of civil or criminal proceedings or any other remedies that may be available to the Company with respect to inappropriate conduct on the part of the Covered Executive.

Non-Exclusivity of Policy

The terms of this Policy are in addition to any recoupment required or permitted by contract or by law, including the Sarbanes-Oxley Act of 2002, the Dodd Frank Wall Street Reform and Consumer Protection Act, and any other law or regulation that the Committee determines, in its discretion, is applicable.

Successors

The Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, executors, administrators, and other legal representatives.

Definitions

The following definitions apply to this Policy:

"Excess Incentive Compensation" means the amount of Incentive Compensation received by the Covered Employee that exceeds the amount of Incentive Compensation that would have otherwise been received by the Covered Employee had it been determined based on the results of the Financial Restatement, computed without regard to any taxes paid.

"Financial Reporting Measures" are measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, whether presented in or outside of the Company's financial statements, any measure derived wholly or in part from such measures (including non-GAAP measures and other measures, metrics, and ratios that are non-GAAP measures). Stock price and total shareholder return are also financial reporting measures.

"Financial Restatement" means a restatement of the Company's financial statements due to material noncompliance of the Company with any financial reporting requirement under applicable securities laws, including: (i) a restatement to correct a material error in a previously issued financial statement; or (ii) a restatement

to correct an immaterial error from a previously issued financial statement that, if left uncorrected, would result in a material misstatement in the current-period financial statement.

"Improper Conduct" means the occurrence of one of the following events:

- 1) the Covered Executive's commission of, conviction for, plea of guilty or nolo contendere to a felony or a crime involving moral turpitude, or other material act or omission involving dishonesty or fraud; or
- 2) the Covered Executive's material violation of any rule, regulation, written policy or written plan for the conduct of any service provided to the Company or its affiliates or its or their business (which, if curable, is not cured within five (5) days after notice thereof is provided to the Covered Executive).

"Incentive Compensation" means any of the following, in each case, that is granted, earned, or vested based wholly or in part on the attainment of any Financial Reporting Measure:

- 1) annual bonuses and other short-or long-term cash incentives not otherwise considered base salary, regular hourly pay, overtime, and commissions;
- 2) stock options;
- 3) stock appreciation rights;
- 4) restricted stock grants, including performance shares;
- 5) restricted or performance-based restricted stock units; and
- 6) any other equity or cash award that is based on a Financial Reporting Measure, as determined by the Committee from time to time in accordance with this Policy.

"Recovery Period" means the three completed fiscal years immediately preceding the Required Financial Restatement Date. In addition, the Recovery Period shall include any transition period (that results from a change in the Company's fiscal year) within or immediately following the aforementioned three completed fiscal years; provided, however, that a transition period between the last day of the Company's previous fiscal year end and the first of its new fiscal year that comprises a period of nine to twelve months would be deemed a completed fiscal year.

"Required Financial Restatement Date" means the earlier to occur of: (i) the date the Board, a committee of the Board, or the officers or officers of the Company authorized to take such action if the Board is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement or (ii) the date a court, regulatory, or other legally authorized body directs to the Company to prepare a Financial Restatement.

VITAL ENERGY, INC.

Estimated

Future Reserves and Income

Attributable to Certain

Leasehold and Royalty Interests

SEC Parameters

As of

December 31, 2023 2024

/s/ Marsha E. Wellmann

Marsha E. Wellmann, P.E.

TBPELS License No. 116149

Senior Vice President

[SEAL]

[SEAL]

RYDER SCOTT COMPANY, L.P.
TBPELS Firm Registration No. F-1580

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

 image_3.jpg  image_2.jpg

TBPELS REGISTERED ENGINEERING FIRM F-1580
1100 LOUISIANA SUITE 4600

HOUSTON, TX 77002-5294

FAX (713) 651-0849
TELEPHONE (713) 651-9191

January 18, 2024 17, 2025

Vital Energy, Inc.
521 E. 2nd Street, Suite 1000
Tulsa, Oklahoma 74120

Ladies and Gentlemen:

At your request, Ryder Scott Company, L.P. (Ryder Scott) has prepared an estimate of the proved reserves, future production, and income attributable to certain leasehold and royalty interests of Vital Energy, Inc. (Vital Energy) as of December 31, 2023 December 31, 2024. The subject properties are located in the state of Texas. The reserves and income data were estimated based on the definitions and disclosure guidelines of the United States Securities and Exchange Commission (SEC) contained in Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register (SEC regulations). Our third party study, completed on January 11, 2024 January 15, 2025 and presented herein, was prepared for public disclosure by Vital Energy in filings made with the SEC in accordance with the disclosure requirements set forth in the SEC regulations.

The properties evaluated by Ryder Scott represent 100 percent of the total net proved liquid hydrocarbon reserves and 100 percent of the total net proved gas reserves of Vital Energy as of December 31, 2023 December 31, 2024.

The estimated reserves and future net income amounts presented in this report, as of December 31, 2023 December 31, 2024 are related to hydrocarbon prices. The hydrocarbon prices used in the preparation of this report are based on the average prices during the 12-month period prior to the "as of date" of this report, determined as the unweighted arithmetic averages of the prices in effect on the first-day-of-the-month for each month within such period, unless prices were defined by contractual arrangements, as required by the SEC regulations. Actual future prices may vary considerably from the prices required by SEC regulations. The reserves volumes and the income attributable thereto have a direct relationship to the hydrocarbon prices actually received; therefore, volumes of reserves actually recovered and the amounts of income actually received may differ significantly from the estimated quantities presented in this report. The results of this study are summarized as follows.

Vital Energy, Inc.

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SEC PARAMETERS
Estimated Net Reserves and Income Data
Certain Leasehold and Royalty Interests of
Vital Energy Inc.
As of December 31, 2023 December 31, 2024

Net Reserves	Net Reserves	Proved			Proved			
		Developed		Total	Developed		Total	
		Producing	Undeveloped	Proved	Producing	Undeveloped	Proved	
Oil/Condensate Mbbl	Oil/Condensate – Mbbl	104,993	54,790	159,783	Oil/Condensate – Mbbl	118,966	64,174	183,140
Plant Products Mbbl	Plant Products – Mbbl	89,449	31,954	121,403	Plant Products – Mbbl	101,229	38,421	139,650
Gas – MMcf	Gas – MMcf	555,472	186,710	742,182	Gas – MMcf	587,785	207,124	794,909
MBOE	MBOE	287,021	117,862	404,883	MBOE	318,159	137,116	455,275
<i>Income Data (\$M)</i>	<i>Income Data (\$M)</i>				<i>Income Data (\$M)</i>			
Future Revenue	Gross Revenue	\$9,932,714	\$4,846,862	\$14,779,576	Future Gross Revenue	\$10,469,545	\$5,353,790	\$15,823,335
Deductions	Deductions	3,732,876	2,924,270	6,657,146	Deductions	4,476,048	3,329,266	7,805,314
Future Income (FNI)	Net Future Income (FNI)	\$6,199,838	\$1,922,592	\$8,122,430	Future Net Income (FNI)	\$5,993,497	\$2,024,524	\$8,018,021
Discounted FNI @ 10%	Discounted FNI @ 10%	\$3,684,475	\$803,875	\$4,488,350	Discounted FNI @ 10%	\$3,718,086	\$791,579	\$4,509,665

Liquid hydrocarbons are expressed in standard 42 U.S. gallon barrels and shown herein as thousands of barrels (Mbbl). All gas volumes are reported on an "as sold basis" expressed in millions of cubic feet (MMcf) at the official temperature and pressure bases of the areas in which the gas reserves are located. The net reserves are also shown herein on an equivalent unit basis wherein natural gas is converted to oil equivalent using a factor of 6,000 cubic feet of natural gas per one barrel of oil equivalent. MBOE means thousand barrels of oil equivalent. In this report, the revenues, deductions, and income data are expressed as thousands of U.S. dollars (\$M).

The estimates of the reserves, future production, and income attributable to properties in this report were prepared using the economic software package ARIES™ Petroleum Economics and Reserves Software, a copyrighted program of Halliburton. The program was used at the request of Vital Energy. Ryder Scott has found this program to be generally acceptable, but notes that certain summaries and calculations may vary due to rounding and may not exactly match the sum of the properties being summarized. Furthermore, one line economic summaries may vary slightly from the more detailed cash flow projections of the same properties, also due to rounding. The rounding differences are not material.

The future gross revenue is after the deduction of production taxes. The deductions incorporate the normal direct costs of operating the wells, ad valorem taxes, recompletion costs, development costs, and certain abandonment costs. Other costs include variable costs associated with transportation and processing fees. The future net income is before the deduction of state and federal income taxes and general administrative overhead, and has not been adjusted for outstanding loans that may exist nor does it include any adjustment for cash on hand or undistributed income.

Liquid hydrocarbon reserves account for approximately 94.96 percent and gas reserves account for the remaining 6.4 percent of total future gross revenue from proved reserves.

The discounted future net income shown above was calculated using a discount rate of 10 percent per annum compounded monthly. Future net income was discounted at four other discount rates which were also compounded monthly. These results are shown in summary form as follows.

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Vital Energy, Inc.

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Discount Rate Percent	Discount Rate Percent	Discounted Future Net Income (\$M) As of December 31, 2023		Discounted Future Net Income (\$M) As of December 31, 2024	
		Total	Proved	Discount Rate Percent	Total
		Proved		Percent	Proved
5	5	\$5,780,378		5	\$5,783,603
8	8	\$4,926,857		8	\$4,945,425
12	12	\$4,124,266		12	\$4,145,317
15	15	\$3,681,505		15	\$3,699,343

The results shown above are presented for your information and should not be construed as our estimate of fair market value.

Reserves Included in This Report

The proved reserves included herein conform to the definition as set forth in the Securities and Exchange Commission's Regulations Part 210.4-10(a). An abridged version of the SEC reserves definitions from 210.4-10(a) entitled "PETROLEUM RESERVES DEFINITIONS" is included as an attachment to this report.

The various reserves status categories are defined in the attachment entitled "PETROLEUM RESERVES STATUS DEFINITIONS AND GUIDELINES" in this report.

No attempt was made to quantify or otherwise account for any accumulated gas production imbalances that may exist. The proved gas volumes presented herein do not include volumes of gas consumed in operations as reserves.

Reserves are "estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations." All reserves estimates involve an assessment of the uncertainty relating the likelihood that the actual remaining quantities recovered will be greater or less than the estimated quantities determined as of the date the estimate is made. The uncertainty depends primarily on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal categories, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-categorized as probable and possible reserves to denote progressively increasing uncertainty in their recoverability. At Vital Energy's request, this report addresses only the proved reserves attributable to the properties evaluated herein.

Proved oil and gas reserves are "those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward." The proved reserves included herein were estimated using deterministic methods. The SEC has defined reasonable certainty for proved reserves, when based on deterministic methods, as a "high degree of confidence that the quantities will be recovered."

Proved reserves estimates will generally be revised only as additional geologic or engineering data become available or as economic conditions change. For proved reserves, the SEC states that "as changes due to increased availability of geoscience (geological, geophysical, and geochemical), engineering, and economic data are made to the estimated ultimate recovery (EUR) with time, reasonably certain EUR is much more likely to increase or remain constant than to decrease." Moreover, estimates

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of proved reserves may be revised as a result of future operations, effects of regulation by governmental agencies or geopolitical or economic risks. Therefore, the proved reserves included in this report are estimates only and should not be construed as being exact quantities, and if recovered, the revenues therefrom, and the actual costs related thereto, could be more or less than the estimated amounts.

Vital Energy's operations may be subject to various levels of governmental controls and regulations. These controls and regulations may include, but may not be limited to, matters relating to land tenure and leasing, the legal rights to produce hydrocarbons, drilling and production practices, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax and are subject to change from time to time. Such changes in governmental regulations and policies may cause volumes of proved reserves actually recovered and amounts of proved income actually received to differ significantly from the estimated quantities.

The estimates of proved reserves presented herein were based upon a detailed study of the properties in which Vital Energy owns an interest; however, we have not made any field examination of the properties. No consideration was given in this report to potential environmental liabilities that may exist nor were any costs included for potential liabilities to restore and clean up damages, if any, caused by past operating practices.

Estimates of Reserves

The estimation of reserves involves two distinct determinations. The first determination results in the estimation of the quantities of recoverable oil and gas and the second determination results in the estimation of the uncertainty associated with those estimated quantities in accordance with the definitions set forth by the Securities and Exchange Commission's Regulations Part 210.4-10(a). The process of estimating the quantities of recoverable oil and gas reserves relies on the use of certain generally accepted analytical procedures. These analytical procedures fall into three broad categories or methods:

(1) performance-based methods, (2) volumetric-based methods and (3) analogy. These methods may be used individually or in combination by the reserves evaluator in the process of estimating the quantities of reserves. Reserves evaluators must select the method or combination of methods which in their professional judgment is most appropriate given the nature and amount of reliable geoscience and engineering data available at the time of the estimate, the established or anticipated performance characteristics of the reservoir being evaluated, and the stage of development or producing maturity of the property.

In many cases, the analysis of the available geoscience and engineering data and the subsequent interpretation of this data may indicate a range of possible outcomes in an estimate, irrespective of the method selected by the evaluator. When a range in the quantity of reserves is identified, the evaluator must determine the uncertainty associated with the incremental quantities of the reserves. If the reserves quantities are estimated using the deterministic incremental approach, the uncertainty for each discrete incremental quantity of the reserves is addressed by the reserves category assigned by the evaluator. Therefore, it is the categorization of reserves quantities as proved, probable and/or possible that addresses the inherent uncertainty in the estimated quantities reported. For proved reserves, uncertainty is defined by the SEC as reasonable certainty wherein the "quantities actually recovered are much more likely to be achieved than not." The SEC states that "probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered." The SEC states that "possible reserves are those additional reserves that are less certain to be recovered than probable reserves and the total quantities ultimately recovered from a project have a low probability of exceeding proved plus probable plus possible reserves." All quantities of reserves within the same reserves category must meet the SEC definitions as noted above.

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Estimates of reserves quantities and their associated reserves categories may be revised in the future as additional geoscience or engineering data become available. Furthermore, estimates of reserves quantities and their associated reserves categories may also be revised due to other factors such as changes in economic conditions, results of future operations, effects of regulation by governmental agencies or geopolitical or economic risks as previously noted herein.

The reserves for the properties included herein were estimated by performance methods, analogy, or a combination of methods. In general, the reserves attributable to producing wells and/or reservoirs were estimated by performance methods or a combination of methods. These performance methods include, but may not be limited to, decline curve analysis, which utilized extrapolations of historical production and pressure data available through December 2023/2024 in those cases where such data were considered definitive. The data used in these analyses were furnished to Ryder Scott by Vital Energy or obtained from public data sources and were considered sufficient for the purpose thereof. In certain cases, producing reserves were estimated by analogy. This method was used where there were inadequate historical performance data to establish a definitive trend and where the use of production performance data as a basis for the estimates was considered to be inappropriate.

The reserves for the properties included herein attributable to the undeveloped status category were estimated by analogy. The data utilized from the analogues were considered sufficient for the purpose thereof.

To estimate economically producible proved oil and gas reserves and related future net cash flows, we consider many factors and assumptions including, but not limited to, the use of reservoir parameters derived from geological, geophysical and engineering data which cannot be measured directly, economic criteria based on current costs and SEC pricing requirements, and forecasts of future production rates. Under the SEC regulations 210.4-10(a)(22)(v) and (26), proved reserves must be anticipated to be economically producible from a given date forward based on existing economic conditions including the prices and costs at which economic producibility from a reservoir is to be determined. While it may reasonably be anticipated that the future prices received for the sale of production and the operating costs and other costs relating to such production may increase or decrease from those under existing economic conditions, such changes were, in accordance with rules adopted by the SEC, omitted from consideration in making this evaluation.

Vital Energy has informed us that they have furnished us all of the material accounts, records, geological and engineering data, and reports and other data required for this investigation. In preparing our forecast of future proved production and income, we have relied upon data furnished by Vital Energy with respect to property interests owned, production and well tests from examined wells, normal direct costs of operating the wells or leases, other costs such as transportation and/or processing fees, ad valorem and production taxes, workover and development costs, development plans, abandonment costs, product prices based on the SEC regulations, adjustments or differentials to product prices, geological structural and isochore maps, well logs, core analyses, and pressure measurements. Ryder Scott reviewed such factual data for its reasonableness; however, we have not conducted an independent verification of the data furnished by Vital Energy. We consider the factual data used in this report appropriate and sufficient for the purpose of preparing the estimates of reserves and future net revenues herein.

In summary, we consider the assumptions, data, methods and analytical procedures used in this report appropriate for the purpose hereof, and we have used all such methods and procedures that we consider necessary and appropriate to prepare the estimates of reserves herein. The proved reserves included herein were determined in conformance with the United States Securities and Exchange Commission (SEC) Modernization of Oil and Gas Reporting; Final Rule, including all references to

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Regulation S-X and Regulation S-K, referred to herein collectively as the "SEC Regulations." In our opinion, the proved reserves presented in this report comply with the definitions, guidelines and disclosure requirements as required by the SEC regulations.

Future Production Rates

For wells currently on production, our forecasts of future production rates are based on historical performance data. If no production decline trend has been established, future production rates were held constant until a decline in ability to produce was anticipated. An estimated rate of decline was then applied until depletion of the reserves. If a decline trend has been established, this trend was used as the basis for estimating future production rates.

Test data and other related information were used to estimate the anticipated initial production rates for those wells or locations that are not currently producing. For reserves not yet on production, sales were estimated to commence at an anticipated date furnished by Vital Energy. Wells or locations that are not currently producing may start producing earlier or later than anticipated in our estimates due to

unforeseen factors causing a change in the timing to initiate production. Such factors may include delays due to weather, the availability of rigs, the sequence of drilling, completing and/or recompleting wells and/or constraints set by regulatory bodies.

The future production rates from wells currently on production or wells or locations that are not currently producing may be more or less than estimated because of changes including, but not limited to, reservoir performance, operating conditions related to surface facilities, compression and artificial lift, pipeline capacity and/or operating conditions, producing market demand and/or allowables or other constraints set by regulatory bodies.

Hydrocarbon Prices

The hydrocarbon prices used herein are based on SEC price parameters using the average prices during the 12-month period prior to the "as of date" of this report, determined as the unweighted arithmetic averages of the prices in effect on the first-day-of-the-month for each month within such period, unless prices were defined by contractual arrangements. For hydrocarbon products sold under contract, the contract prices, including fixed and determinable escalations, exclusive of inflation adjustments, were used until expiration of the contract. Upon contract expiration, the prices were adjusted to the 12-month unweighted arithmetic average as previously described.

Vital Energy furnished us with the above mentioned average benchmark prices in effect on December 31, 2023 December 31, 2024. These initial SEC hydrocarbon prices were determined using the 12-month average first-day-of-the-month benchmark prices appropriate to the geographic area where the hydrocarbons are sold. These benchmark prices are prior to the adjustments for differentials as described herein. The table below summarizes the "benchmark prices" and "price reference" used for the geographic area included in the report. In certain geographic areas, the price reference and benchmark prices may be defined by contractual arrangements.

The product prices that were actually used to determine the future gross revenue for each property reflect adjustments to the benchmark prices for gravity, quality, local conditions, and/or distance from market, referred to herein as "differentials." NGL prices were assumed to be 18% of WTI. The differentials used in the preparation of this report were furnished to us by Vital Energy.

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In addition, the table below summarizes the net volume weighted benchmark prices adjusted for differentials and referred to herein as the "average realized prices." The average realized prices shown in the table below were determined from the total future gross revenue before production taxes and the total net reserves for the geographic area and presented in accordance with SEC disclosure requirements for each of the geographic areas included in the report.

Geographic Area	Product	Price Product	Price Reference	Average Benchmark Prices	Average Realized Prices
North America					
United States	Oil/Condensate	WTI Cushing	\$78.22/75.48/bbl	\$79.52/76.76/bbl	
	NGLs	WTI Cushing	\$78.22/75.48/bbl	\$16.46/13.66/bbl	
	Gas	Henry Hub	\$2.637/2.13/MMBTU	\$1.17/0.85/Mcf	

The effects of derivative instruments designated as price hedges of oil and gas quantities are not reflected in our individual property evaluations.

Costs

Operating costs for the leases and wells in this report were furnished by Vital Energy and are based on the operating expense reports of Vital Energy and include only those costs directly applicable to the leases or wells. The operating costs include a portion of general and administrative costs allocated directly to the leases and wells. For operated properties, the operating costs include an appropriate level of corporate general administrative and overhead costs. The operating costs for non-operated properties include the COPAS overhead costs that are allocated directly to the leases and wells under terms of operating agreements. The

operating costs furnished by Vital Energy were reviewed by us for their reasonableness using information furnished by Vital Energy for this purpose. No deduction was made for loan repayments, interest expenses, or exploration and development prepayments that were not charged directly to the leases or wells.

Development costs were furnished to us by Vital Energy and are based on authorizations for expenditure for the proposed work or actual costs for similar projects. The development costs furnished by Vital Energy were reviewed by us for their reasonableness using information furnished by Vital Energy for this purpose.

The estimated cost of abandonment was included for properties where certain abandonment costs were provided by Vital Energy and for which they requested be included in our report. The estimates of the abandonment costs furnished by Vital Energy were accepted without independent verification. We have made no inspections to determine if any additional abandonment, decommissioning, and /or restoration costs may be necessary in addition to the costs provided by Vital Energy and included herein.

Current costs used by Vital Energy were held constant throughout the life of the properties.

The proved undeveloped reserves in this report have been incorporated herein in accordance with Vital Energy's plans to develop these reserves as of **December 31, 2023** **December 31, 2024**. The implementation of Vital Energy's development plans as presented to us and incorporated herein is subject to the approval process adopted by Vital Energy's management. As the result of our inquiries during the course of

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

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January **18, 2024** **17, 2025**

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preparing this report, Vital Energy has informed us that the development activities included herein have been subjected to and received the internal approvals required by Vital Energy's management at the appropriate local, regional and/or corporate level. In addition to the internal approvals as noted, certain development activities may still be subject to specific partner AFE processes, Joint Operating Agreement (JOA) requirements or other administrative approvals external to Vital Energy. Vital Energy has provided written documentation supporting their commitment to proceed with the development activities as presented to us. Additionally, Vital Energy has informed us that they are not aware of any legal, regulatory, or political obstacles that would significantly alter their plans. While these plans could change from those under existing economic conditions as of **December 31, 2023** **December 31, 2024**, such changes were, in accordance with rules adopted by the SEC, omitted from consideration in making this evaluation.

Standards of Independence and Professional Qualification

Ryder Scott is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1937. Ryder Scott is employee-owned and maintains offices in Houston, Texas; Denver, Colorado; and Calgary, Alberta, Canada. We have approximately eighty engineers and geoscientists on our permanent staff. By virtue of the size of our firm and the large number of clients for which we provide services, no single client or job represents a material portion of our annual revenue. We do not serve as officers or directors of any privately-owned or publicly-traded oil and gas company and are separate and independent from the operating and investment decision-making process of our clients. This allows us to bring the highest level of independence and objectivity to each engagement for our services.

Ryder Scott actively participates in industry-related professional societies and organizes an annual public forum focused on the subject of reserves evaluations and SEC regulations. Many of our staff have authored or co-authored technical papers on the subject of reserves related topics. We encourage our staff to maintain and enhance their professional skills by actively participating in ongoing continuing education.

Prior to becoming an officer of the Company, Ryder Scott requires that staff engineers and geoscientists receive professional accreditation in the form of a registered or certified professional engineer's license or a registered or certified professional geoscientist's license, or the equivalent thereof, from an appropriate governmental authority or a recognized self-regulating professional organization. Regulating agencies require that, in order to maintain active status, a certain amount of continuing education hours be completed annually, including an hour of ethics training. Ryder Scott fully supports this technical and ethics training with our internal requirement mentioned above.

We are independent petroleum engineers with respect to Vital Energy. Neither we nor any of our employees have any financial interest in the subject properties and neither the employment to do this work nor the compensation is contingent on our estimates of reserves for the properties which were reviewed.

The results of this study, presented herein, are based on technical analyses conducted by teams of geoscientists and engineers from Ryder Scott. The professional qualifications of the undersigned, the technical person primarily responsible for overseeing the evaluation of the reserves information discussed in this report, are included as an attachment to this letter.

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Terms of Usage

The results of our third party study, presented in report form herein, were prepared in accordance with the disclosure requirements set forth in the SEC regulations and intended for public disclosure as an exhibit in filings made with the SEC by Vital Energy.

Vital Energy makes periodic filings on Form 10-K with the SEC under the 1934 Exchange Act. Furthermore, Vital Energy has certain registration statements filed with the SEC under the 1933 Securities Act into which any subsequently filed Form 10-K is incorporated by reference. We have consented to the incorporation by reference in the registration statements on Form S-3 and Form S-8 of Vital Energy, of the references to our name, as well as to the references to our third party report for Vital Energy, which appears in the December 31, 2023 December 31, 2024 annual report on Form 10-K of Vital Energy. Our written consent for such use is included as a separate exhibit to the filings made with the SEC by Vital Energy.

We have provided Vital Energy with a digital version of the original signed copy retained in our files. In the event there are any differences between the digital version included in filings made by Vital Energy and the original signed copy in our files, the original signed file copy shall control and supersede.

The data and work papers used in the preparation of this report are available for examination by authorized parties in our offices. Please contact us if we can be of further service.

Very truly yours,

RYDER SCOTT COMPANY, L.P.
TBPELS Firm Registration No. F-1580

/s/ Marsha E. Wellmann

Marsha E. Wellmann, P.E.
TBPELS License No. 116149
Senior Vice President [SEAL]

MEW (HGA)/pl

MEW (DRO)/pl

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

Professional Qualifications of Primary Technical Person

The conclusions presented in this report are the result of technical analysis conducted by teams of geoscientists and engineers from Ryder Scott Company, L.P. Ms. Marsha E. Wellmann was the primary technical person responsible for overseeing the estimate of the reserves, future production and income prepared by Ryder Scott presented herein.

Ms. Wellmann, an employee of Ryder Scott Company L.P. (Ryder Scott) since 2012, is a Senior Vice President responsible for coordinating and supervising staff and consulting engineers of the company in ongoing reservoir evaluation studies throughout North America and the Gulf of Mexico. Before joining Ryder Scott, Ms. Wellmann served in a number of engineering positions. For more information regarding Ms. Wellmann geographic and job specific experience, please refer to the Ryder Scott Company website at www.ryderscott.com/Company/Employees.

Ms. Wellmann earned a Bachelor of Science degree in Petroleum Engineering and a Business Foundations Certificate from The University of Texas at Austin in 2002 and is a registered Professional Engineer in the State of Texas. She is also a member of the Society of Petroleum Engineers.

In addition to gaining experience and competency through prior work experience, the Texas Board of Professional Engineers requires a minimum of fifteen hours of continuing education annually, including at least one hour in the area of professional ethics, which Ms. Wellmann fulfills. As part of her 2023 2024 continuing education hours, Ms. Wellmann attended 4229 hours of formalized training including various professional society presentations covering such topics as the definitions and disclosure guidelines contained in the United States Securities and Exchange Commission Title 17, Code of Federal Regulations, Modernization of Oil and Gas Reporting, Final Rule released January 14, 2009 in the Federal Register, the SPE/WPC/AAPG/SPEE Petroleum Resources Management System, reservoir engineering, geoscience and petroleum economics evaluation methods, procedures and software and ethics for consultants.

Based on her educational background, professional training and more than 15 years of practical experience in the estimation and evaluation of petroleum reserves, Ms. Wellmann has attained the professional qualifications as a Reserves Estimator and Reserves Auditor set forth in Article III of the "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information" promulgated by the Society of Petroleum Engineers as of June 2019.

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

PETROLEUM RESERVES DEFINITIONS

As Adapted From:
RULE 4-10(a) of REGULATION S-X PART 210
UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC)

PREAMBLE

On January 14, 2009, the United States Securities and Exchange Commission (SEC) published the "Modernization of Oil and Gas Reporting; Final Rule" in the Federal Register of National Archives and Records Administration (NARA). The "Modernization of Oil and Gas Reporting; Final Rule" includes revisions and additions to the definition section in Rule 4-10 of Regulation S-X, revisions and additions to the oil and gas reporting requirements in Regulation S-K, and amends and codifies Industry Guide 2 in Regulation S-K. The "Modernization of Oil and Gas Reporting; Final Rule", including all references to Regulation S-X and Regulation S-K, shall be referred to herein collectively as the "SEC regulations". The SEC regulations take effect for all filings made with the United States Securities and Exchange Commission as of December 31, 2009, or after January 1, 2010. Reference should be made to the full text under Title 17, Code of Federal Regulations,

Regulation S-X Part 210, Rule 4-10(a) for the complete definitions (direct passages excerpted in part or wholly from the aforementioned SEC document are denoted in italics herein).

Reserves are estimated remaining quantities of oil and gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. All reserve estimates involve an assessment of the uncertainty relating the likelihood that the actual remaining quantities recovered will be greater or less than the estimated quantities determined as of the date the estimate is made. The uncertainty depends primarily on the amount of reliable geologic and engineering data available at the time of the estimate and the interpretation of these data. The relative degree of uncertainty may be conveyed by placing reserves into one of two principal categories, either proved or unproved. Unproved reserves are less certain to be recovered than proved reserves and may be further sub-categorized as probable and possible reserves to denote progressively increasing uncertainty in their recoverability. Under the SEC regulations as of December 31, 2009, or after January 1, 2010, a company may optionally disclose estimated quantities of probable or possible oil and gas reserves in documents publicly filed with the SEC. The SEC regulations continue to prohibit disclosure of estimates of oil and gas resources other than reserves and any estimated values of such resources in any document publicly filed with the SEC unless such information is required to be disclosed in the document by foreign or state law as noted in §229.1202 Instruction to Item 1202.

Reserves estimates will generally be revised only as additional geologic or engineering data become available or as economic conditions change.

Reserves may be attributed to either natural energy or improved recovery methods. Improved recovery methods include all methods for supplementing natural energy or altering natural forces in the reservoir to increase ultimate recovery. Examples of such methods are pressure maintenance, natural gas cycling, waterflooding, thermal methods, chemical flooding, and the use of miscible and immiscible displacement fluids. Other improved recovery methods may be developed in the future as petroleum technology continues to evolve.

Reserves may be attributed to either conventional or unconventional petroleum accumulations. Petroleum accumulations are considered as either conventional or unconventional based on the nature of their in-place characteristics, extraction method applied, or degree of processing prior to sale. Examples of unconventional petroleum accumulations include coalbed or coalseam methane (CBM/CSM), basin-centered gas, shale gas, gas hydrates, natural bitumen and oil shale deposits. These

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

PETROLEUM RESERVES DEFINITIONS

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unconventional accumulations may require specialized extraction technology and/or significant processing prior to sale.

Reserves do not include quantities of petroleum being held in inventory.

Because of the differences in uncertainty, caution should be exercised when aggregating quantities of petroleum from different reserves categories.

RESERVES (SEC DEFINITIONS)

Securities and Exchange Commission Regulation S-X §210.4-10(a)(26) defines reserves as follows:

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

Note to paragraph (a)(26): Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

PROVED RESERVES (SEC DEFINITIONS)

Securities and Exchange Commission Regulation S-X §210.4-10(a)(22) defines proved oil and gas reserves as follows:

Proved oil and gas reserves. *Proved oil and gas reserves are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.*

(i) *The area of the reservoir considered as proved includes:*

(A) *The area identified by drilling and limited by fluid contacts, if any, and*

(B) *Adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data.*

(ii) *In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering,*

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

PETROLEUM RESERVES DEFINITIONS

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or performance data and reliable technology establishes a lower contact with reasonable certainty.

(iii) *Where direct observation from well penetrations has defined a highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty.*

(iv) *Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when:*

(A) *Successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and*

(B) *The project has been approved for development by all necessary parties and entities, including governmental entities.*

(v) *Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.*

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

PETROLEUM RESERVES STATUS DEFINITIONS AND GUIDELINES

As Adapted From:
RULE 4-10(a) of REGULATION S-X PART 210
UNITED STATES SECURITIES AND EXCHANGE COMMISSION (SEC)

and

2018 PETROLEUM RESOURCES MANAGEMENT SYSTEM (SPE-PRMS)

Sponsored and Approved by:

SOCIETY OF PETROLEUM ENGINEERS (SPE)
WORLD PETROLEUM COUNCIL (WPC)

AMERICAN ASSOCIATION OF PETROLEUM GEOLOGISTS (AAPG)

SOCIETY OF PETROLEUM EVALUATION ENGINEERS (SPEE)

SOCIETY OF EXPLORATION GEOPHYSICISTS (SEG)

SOCIETY OF PETROPHYSICISTS AND WELL LOG ANALYSTS (SPWLA)

EUROPEAN ASSOCIATION OF GEOSCIENTISTS & ENGINEERS (EAGE)

Reserves status categories define the development and producing status of wells and reservoirs. Reference should be made to Title 17, Code of Federal Regulations, Regulation S-X Part 210, Rule 4-10(a) and the SPE-PRMS as the following reserves status definitions are based on excerpts from the original documents (direct passages excerpted from the aforementioned SEC and SPE-PRMS documents are denoted in italics herein).

DEVELOPED RESERVES (SEC DEFINITIONS)

Securities and Exchange Commission Regulation S-X §210.4-10(a)(6) defines developed oil and gas reserves as follows:

Developed oil and gas reserves are reserves of any category that can be expected to be recovered:

- (i) Through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared to the cost of a new well; and*
- (ii) Through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.*

Developed Producing (SPE-PRMS Definitions)

While not a requirement for disclosure under the SEC regulations, developed oil and gas reserves may be further sub-classified according to the guidance contained in the SPE-PRMS as Producing or Non-Producing.

Developed Producing Reserves

Developed Producing Reserves are expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

PETROLEUM RESERVES STATUS DEFINITIONS AND GUIDELINES

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Improved recovery reserves are considered producing only after the improved recovery project is in operation.

Developed Non-Producing

Developed Non-Producing Reserves include shut-in and behind-pipe Reserves.

Shut-In

Shut-in Reserves are expected to be recovered from:

- (1) completion intervals that are open at the time of the estimate but which have not yet started producing;
- (2) wells which were shut-in for market conditions or pipeline connections; or
- (3) wells not capable of production for mechanical reasons.

Behind-Pipe

Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.

In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

UNDEVELOPED RESERVES (SEC DEFINITIONS)

Securities and Exchange Commission Regulation S-X §210.4-10(a)(31) defines undeveloped oil and gas reserves as follows:

Undeveloped oil and gas reserves are reserves of any category that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion.

- (i) *Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances.*
- (ii) *Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances, justify a longer time.*
- (iii) *Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, as defined in paragraph (a)(2) of this section, or by other evidence using reliable technology establishing reasonable certainty.*

RYDER SCOTT COMPANY PETROLEUM CONSULTANTS

EXHIBIT 99.2

Vital Energy, Inc.

Unaudited Pro Forma Condensed Combined Financial Information

Vital Energy, Inc., a Delaware corporation ("Vital" or the "Company"), recently completed the following transactions, collectively known as the "Acquisitions":

- **Tall City Acquisition:** As previously disclosed in its Current Report on Form 8-K filed on November 6, 2023 with the SEC, on November 6, 2023 September 23, 2024, Vital completed Energy, Inc., ("Vital Energy" or the acquisition of certain oil and natural gas properties located in the Delaware Basin from Tall City Property Holdings III LLC and Tall City Operations III LLC. Total consideration paid was \$358.9 million, after closing adjustments, subject to post-closing adjustments, consisting of (i) \$280.3 million in cash, (ii) 1.40 million shares of Vital's common stock, and (iii) \$7.8 million in transaction related expenses, inclusive of customary closing price adjustments, subject to post-closing adjustments.
- **Henry Acquisition:** As previously disclosed in its Current Report on Form 8-K filed on November 6, 2023 with the SEC, on November 5, 2023, Vital completed the acquisition of approximately 93.0% of the working interests in certain oil and natural gas properties located in Midland and Delaware basins from Henry Energy LP, Henry Resources LLC and Moriah Henry Partners LLC (the "Henry Acquisition" "Company"). Aggregate consideration of \$434.1 million consisted of (ii) 2.15 million shares of Vital's common stock (ii) 6.13 million shares of Vital's Preferred Stock, and (iii) \$1.2 million of cash related to working capital closing adjustments, subject to post-closing adjustments.
- **Maple Acquisition:** As previously disclosed in its Current Report on Form 8-K filed on November 6, 2023 with the SEC, on October 31, 2023, Vital completed the acquisition of certain oil and natural gas properties from Maple Energy Holdings, LLC . The aggregate purchase price was \$175.1 million, after closing adjustments, subject to post-closing adjustments, consisting of 3.37 million shares of Vital's common stock and \$6.4 million in transaction costs.

- **Forge Acquisition:** As previously disclosed in its Current Report on Form 8-K filed on June 30, 2023 with the SEC, on June 30, 2023, Vital and Northern Oil and Gas, Inc. ("NOG") completed the acquisition of the assets of Forge Energy II Delaware, LLC. Vital and NOG jointly acquired Forge's oil and natural gas properties located in the Delaware Basin in Ward, Reeves and Pecos Counties. Vital acquired an undivided 70% interest in Forge's oil and natural gas properties and related assets located in Ward and Winkler Counties from Point Energy Partners Petroleum, LLC, Point Energy Partners Operating, LLC, Point Energy Partners Water, LLC and Point Energy Partners Royalty, LLC (together, "Point"). The Company agreed to purchase 80% of the acquired assets (the "Point Acquisition") and will operate the assets, and NOG acquired agreed to purchase the remaining undivided 30% interest in Forge's oil and natural gas properties. Aggregate 20% of the assets. Total consideration excluding the undivided 30.0% interest acquired paid by NOG, Vital Energy to Point for its portion was \$397.5 million, comprised \$827.0 million, which consisted of \$389.9 million (i) \$805.1 million in cash after closing price adjustments and \$7.6 million in transaction related (ii) \$21.9 million of estimated transaction-related expenses.
- **Driftwood The Point Acquisition:** As previously disclosed in its Current Report on Form 8-K filed on April 3, 2023 with was funded from borrowings under the SEC, on April 3, 2023, Vital completed the acquisition of interests in oil and natural gas leases and related property located in the Midland Basin from Driftwood Energy Operating, LLC. Aggregate consideration of \$201.7 million consisted of approximately \$117.4 million in cash, after closing price adjustments, 1.58 million shares of Vital's common stock and \$4.2 million in transaction related expenses. Company's senior secured credit facility.

The Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2023 December 31, 2024 give effect to the Acquisitions Point Acquisition as if they it had been completed on January 1, 2022 January 1, 2023. Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the unaudited pro forma condensed combined financial statements.

All the Acquisitions were completed prior to December 31, 2023, and all The results of the acquired assets are included in the consolidated financial statements of the Company as included within the Company's Annual Report on Form 10-K. Refer to Note 4 - Acquisitions and divestitures included with the consolidated financial statements beginning on page F-1 of the Company's Annual Report for further information regarding the Acquisitions, Point Acquisition, including purchase price allocation.

The unaudited pro forma condensed combined financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations or the consolidated financial position of Vital Energy would have been had the Acquisitions Point Acquisition and related financing occurred on the dates noted above, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position. operations. Future results may vary significantly from the results reflected because of various factors. In Vital's Vital Energy's opinion, all adjustments that are necessary to present fairly the unaudited pro forma condensed combined financial information have been made.

The unaudited pro forma condensed combined financial information does not reflect the benefits of potential cost savings or the costs that may be necessary to achieve such savings, opportunities to increase revenue generation or other factors that may result from the Acquisitions and, Point Acquisition, accordingly, does not attempt to predict or suggest future results.

The unaudited pro forma financial statements have been developed from and should be read in conjunction with:

- The audited consolidated financial statements and accompanying notes of Vital Energy contained in Vital's Vital Energy's Annual Report on Form 10-K for the year ended December 31, 2023 December 31, 2024;
- The unaudited consolidated financial statements and related notes of Driftwood Energy Partners, LLC and its wholly-owned subsidiaries, Driftwood Energy Operating, LLC, Driftwood Energy Management, LLC and Driftwood Energy Intermediate, LLC (collectively, the "Driftwood Entities") as of March 31, 2023, and for the three-month periods ended March 31, 2023 and 2022, which are incorporated by reference from Exhibit 99.2 to Vital's Current Report on Form 8-K/A filed with the SEC on June 15, 2023;
- The unaudited condensed financial statements and related notes of Forge Point as of March 31, 2023 June 30, 2024, and for the three-month six month periods ended March 31, 2023 June 30, 2024 and 2022, 2023, which are incorporated by reference from Exhibit 99.2 to Vital's Vital Energy's Current Report on Form 8-K/A 8-K filed with the SEC on July 13, 2023;
- The unaudited financial statements and related notes of Maple Energy Holdings, LLC ("Maple") as of September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022, which are incorporated by reference from Exhibit 99.5 to Vital's Current Report on Form 8-K/A filed with the SEC on December 22, 2023;
- The unaudited condensed consolidated financial statements and related notes of Henry Energy LP ("Henry") as of September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022, which are incorporated by reference from Exhibit 99.6 to Vital's Current Report on Form 8-K/A filed with the SEC on December 22, 2023;
- The unaudited consolidated financial statements and related notes of Tall City Exploration III LLC ("Tall City") as of September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022, which are incorporated by reference from Exhibit 99.7 to Vital's Current Report on Form 8-K/A filed with the SEC on December 22, 2023 September 23, 2024.

Vital Energy, Inc.

Pro forma condensed combined statements of operations
For the year ended ended December 31, 2023 December 31, 2024
(in thousands, except per share data)
(Unaudited)

Historical	Transaction accounting adjustments
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	Vital ₁	Driftwood ₂	Forge ₂	Maple ₂	Henry ₂	Tall City ₂	Conforming and reclass	Acquisition Adjustments	Pro forma combined
Revenues:									
Oil sales	\$ 1,328,518	\$ —	\$ 116,373	\$ 53,423	\$ —	\$ 207,713	\$ 158,428 (a)	\$ (9,678) (u) (34,912) (ad)	\$ 1,819,865
NGL sales	136,901	—	11,170	17,662	—	18,089	12,087 (a)	(763) (u) (3,351) (ad)	191,795
Natural gas sales	63,214	—	2,929	7,229	—	7,485	9,111 (a)	(468) (u) (879) (ad)	88,621
Crude oil, natural gas, and NGL sales, net	—	—	—	155,846	—	—	(155,846) (a)	—	—
Oil and natural gas sales, net	—	23,780	—	—	—	—	(23,780) (a)	—	—
Sales of purchased oil	14,313	—	—	—	—	—	—	—	14,313
Drilling and overhead fees	—	—	—	—	3,194	—	(3,194) (w)	—	—
Water disposal fees and pipeline income	—	—	—	—	8,043	—	—	(563) (u)	7,480
Affiliate service fee income	—	—	—	—	38,804	—	(38,804) (l)	—	—
Unrealized and realized gains/(losses), net	—	—	—	—	—	(6,698)	6,698 (b)	—	—
Other income	—	—	—	—	1,073	—	(1,073) (c)	—	—
Other operating revenues	4,658	—	107	—	—	—	1,073 (c)	(75) (u) (32) (ad)	5,731
Total revenues	1,547,604	23,780	130,579	78,314	206,960	226,589	(35,300)	(50,721)	2,127,805
Costs and expenses:									
Lease operating expenses	261,129	3,396	27,485	31,462	—	70,977	31,748 (d)	(1,963) (u) 224 (u)	411,908
Workover expenses	—	—	3,700	—	—	—	(3,700) (d)	—	—
Lease operating and workover expenses	—	—	—	—	28,048	—	(28,048) (d)	—	—
Pipeline operating expenses	—	—	—	—	5,850	—	(5,850) (z)	—	—
Gas gathering, processing and transportation expenses	2,013	—	—	—	—	7,318	727 (n)	—	10,058
Gathering and processing	—	727	—	—	—	—	(727) (n)	—	—
Production and ad valorem taxes	93,224	998	8,192	—	—	—	23,389 (e)	(532) (u) (2,458) (ad)	122,813
Production tax and other	—	—	—	5,052	—	10,743	(15,795) (e)	—	—
Severance and ad valorem taxes	—	—	—	—	7,594	—	(7,594) (e)	—	—
Oil transportation and marketing expenses	41,284	—	—	—	—	—	—	—	41,284
Costs of purchased oil	15,065	—	—	—	—	—	—	—	15,065

	Historical						Transaction accounting adjustments			Pro forma combined
	Vital ₁	Driftwood ₂	Forge ₂	Maple ₂	Henry ₂	Tall City ₂	Conforming and reclass	Acquisition Adjustments		
General and administrative	104,819	884	904	3,428	24,942	8,075	222 (f) (16,661) (x)	(271) (ad)	126,342	—
Equity-based compensation expense	—	—	—	—	—	222	(222) (f)	—	—	—
Organizational restructuring expenses	1,654	—	—	—	—	—	—	—	1,654	—
Depletion, depreciation and amortization	463,244	—	—	—	31,682	—	(31,682) (g)	45,634 (q)	595,429	21,299 (r) 35,541 (s) 23,208 (t) 5,697 (ac) 806 (y)
Depletion, depreciation, amortization and impairment	—	—	—	—	—	55,309	(55,309) (g)	—	—	—
Depletion - oil and gas properties	—	—	—	20,981	—	—	(20,981) (g)	—	—	—
Depreciation - other property and equipment	—	—	—	33	—	—	(33) (g)	—	—	—
Depletion and depreciation	—	—	23,063	—	—	—	(23,063) (g)	—	—	—
Depletion expense	—	5,069	—	—	—	—	(5,069) (g)	—	—	—
Accretion of asset retirement obligations	—	—	—	103	—	114	(217) (h)	—	—	—
Accretion expense	—	12	238	—	89	—	(339) (h)	—	—	—
Exploration	—	116	—	—	—	—	(116) (ab)	—	—	—
Other operating expenses, net	6,223	—	—	—	—	—	5,850 (z)	543 (h) (410) (u)	12,206	—
Total costs and expenses	988,655	11,202	63,582	61,059	98,205	152,758	(156,664)	117,962	1,336,759	—
Gain on disposal of assets, net	672	—	—	—	—	—	—	—	672	—
Operating income	559,621	12,578	66,997	17,255	108,755	73,831	121,364	(168,683)	791,718	—
Non-operating income (expense):										—
Gain (loss) on derivatives, net	96,230	—	—	(1,193)	—	—	1,352 (b)	(1,525) (ad)	94,864	—
Loss on realized derivatives	—	(1,916)	(1,346)	—	—	—	3,262 (b)	—	—	—

Gain on unrealized derivatives	—	4,883	6,429	—	—	—	(11,312) (b)	—
Gain on unrealized fair value of contingent consideration	—	—	52	—	—	—	(52) (aa)	—
Other expense	—	—	—	—	(1,837)	—	1,837 (i)	—
Interest expense	(149,819)	(1,170)	(3,018)	—	(1,002)	(16,778)	21,968 (j)	(35,870) (m)
Loss on extinguishment of debt, net	(4,039)	—	—	—	—	—	—	(4,039)
Interest expense and other	—	—	—	(1,834)	—	—	1,834 (j)	—
Interest income	—	—	—	—	761	—	(761) (i)	—
Other income, sale of assets	—	—	—	—	16	—	(16) (o)	—
Gain on sale of assets	—	1,301	—	—	—	—	(1,301) (ae)	—
Loss from equity method investments	—	—	—	—	(42)	—	42 (p)	—
Other income, net	9,748	—	—	—	—	50	(1,076) (i)	(129) (u)
							53 (u)	8,646
Total non-operating income (expense), net	(47,880)	3,098	2,117	(3,027)	(2,104)	(16,728)	15,777	(37,471)
Income before income taxes	511,741	15,676	69,114	14,228	106,651	57,103	137,141	(206,154)
								705,500

	Historical						Transaction accounting adjustments		Pro forma combined
	Vital ¹	Driftwood ²	Forge ²	Maple ²	Henry ²	Tall City ²	Conforming and reclass	Acquisition Adjustments	
Income tax benefit (expense):									
Current	(5,723)	—	—	—	—	—	—	—	(5,723)
Deferred	189,060	—	—	—	—	—	(107) (v)	(102,909) (v)	86,044
Income taxes	—	—	—	(107)	—	—	107 (v)	—	—
Total income tax benefit (expense)	183,337	—	—	(107)	—	—	—	(102,909)	80,321
Net income	695,078	\$ 15,676	\$ 69,114	\$ 14,121	\$ 106,651	\$ 57,103	\$ 137,141	\$ (309,063)	\$ 785,821
Preferred stock dividends	(449)	—	—	—	—	—	—	—	\$ (6,197)
Net income available to common stockholders	\$ 694,629	—	—	—	—	—	—	—	\$ 779,624
Net income per common share:									
Basic	\$ 34.30	—	—	—	—	—	—	(k)	\$ 29.48
Diluted	\$ 33.44	—	—	—	—	—	—	(k)	\$ 24.44
Weighted-average common shares outstanding:									
Basic	20,254	—	—	—	—	—	—	(k)	26,448
Diluted	20,783	—	—	—	—	—	—	(k)	32,151

	Historical			Transaction accounting adjustments			Pro forma combined
	Vital Energy		Point ⁽¹⁾	Conforming and reclass	Acquisition Adjustments		
	Vital Energy	Point ⁽¹⁾					
Revenues:							
Oil sales	\$ 1,728,971	\$ —	\$ 290,110 (a)	\$ (58,022) (e)	\$ 1,961,059	—	—
NGL sales	190,775	—	849 (a)	(170) (e)	191,454	—	—
Natural gas sales	15,544	—	20,835 (a)	(4,167) (e)	32,212	—	—
Oil and natural gas sales	—	302,829	(302,829) (a)	—	—	—	—
Salt water disposal sales	—	1,306	(1,306) (a)	—	—	—	—
Realized loss on derivatives	—	(3,122)	3,122 (a)	—	—	—	—
Unrealized loss on derivatives	—	(19,790)	19,790 (a)	—	—	—	—
Sales of purchased oil	12,745	—	—	—	—	12,745	—
Other operating revenues	4,279	—	1,306 (a)	(261) (e)	5,324	—	—
Total revenues	1,952,314	281,223	31,877	(62,620)	2,202,794	—	—
Costs and expenses:							
Lease operating expenses	448,078	44,541	16,794 (a)	(12,267) (e)	497,146	—	—
Workover costs	—	16,794	(16,794) (a)	—	—	—	—
Production and ad valorem taxes	117,947	14,219	—	(2,844) (e)	129,322	—	—
Oil transportation and marketing expenses	44,843	—	5,371 (a)	(1,074) (e)	49,140	—	—
Gas gathering, processing, and transportation expenses	17,825	—	3,594 (a)	(719) (e)	20,700	—	—
Costs of purchased oil	13,243	—	—	—	13,243	—	—
General and administrative	101,578	4,866	—	(973) (e)	105,471	—	—
Organizational restructuring expenses	795	—	—	—	795	—	—
Depletion, depreciation and amortization	741,966	—	—	76,625 (f)	818,591	—	—
Impairment expense	481,305	—	—	—	481,305	—	—
Depletion and depreciation expense	—	73,819	(73,819) (b)	—	—	—	—
Accretion expense	—	177	(177) (c)	—	—	—	—
Other operating expenses, net	8,799	—	—	257 (c)	9,056	—	—
Total costs and expenses	1,976,379	154,416	(65,031)	59,005	2,124,769	—	—
Gain on disposal of assets, net	1,513	—	—	—	1,513	—	—

Operating income (loss)	(22,552)	126,807	96,908	(121,625)	79,538
Non-operating income (expense):					
Gain (loss) on derivatives, net	38,140	—	(22,912) (a)	4,582 (e)	19,810
Interest expense	(177,794)	(22,797)	22,797 (d)	(31,964) (g)	(209,758)
Loss on extinguishment of debt, net	(66,115)	—	—	—	(66,115)
Other income, net	7,060	198	71 (a)	(54) (e)	7,275
Right of use asset lease expense - operating leases	—	71	(71) (a)	—	—
Total non-operating expense, net:	(198,709)	(22,528)	(115)	(27,436)	(248,788)
Income (loss) before income taxes	(221,261)	104,279	96,793	(149,061)	(169,250)
Income tax benefit (expense)	47,740	—	—	(11,195) (h)	36,545
Net income (loss)	\$ (173,521)	\$ 104,279	\$ 96,793	\$ (160,256)	\$ (132,705)
Preferred stock dividends	(652)				(652)
Loss available to common shareholders	\$ (174,173)				\$ (133,357)
Net loss per common share:					
Basic	\$ (4.74)			(i) \$ (3.63)	
Diluted	\$ (4.74)			(i) \$ (3.63)	
Weighted-average common shares outstanding:					
Basic	36,725			(i)	36,725
Diluted	36,725			(i)	36,725

(1) Vital's historical statement of operations, as shown in the table above, include the Represents Point's historical results of the Acquisitions subsequent to the respective close dates of each Acquisition.

(2) The table above represents the historical results of the Acquisitions for the period prior to the closing of each acquisition as follows: (i) Driftwood, for the three months ended March 31, 2023, (ii) Forge, operations for the six months ended June 30, 2023 (including estimated amounts for the three months ended June 30, 2023), and (iii) Maple, Henry, and Tall City each for the nine months ended September 30, 2023 June 30, 2024.

Vital Energy, Inc.

Notes to Unaudited Pro Forma Condensed Combined Financial Information

1. Basis of Presentation

The accompanying unaudited pro forma condensed combined financial statements were prepared based on the historical consolidated financial statements of Vital Energy and the Acquisitions Point in accordance with Article 11 of the Security and Exchange Commission's ("SEC") SEC's Regulation S-X. Vital Energy is acquiring substantially all the assets of Point. The Tall City Acquisition, Maple Acquisition, Driftwood Acquisition, and Forge Acquisition and have been accounted for as asset acquisitions in accordance with ASC 805. The Henry Point Acquisition has been assumed to be a business combination an asset acquisition for purposes of these unaudited pro forma condensed combined financial statements under in accordance with Accounting Standards Codification Topic 805 ("ASC 805, 805"). The fair value of the consideration paid by Vital Energy and the allocation of that amount to the underlying assets acquired is recorded on a relative fair value basis. Additionally, costs directly related to the Point Acquisition are capitalized as a component of the purchase price. Certain of the historical amounts for the Acquisitions Point Acquisition have been reclassified to conform to the financial statement presentation of Vital. Vital Energy.

The Unaudited Pro Forma Condensed Combined Statements of Operations for the year ended December 31, 2023 give December 31, 2024 gives effect to Acquisitions as the Point Acquisition if they it had been completed on January 1, 2022 January 1, 2023.

The unaudited pro forma condensed combined financial information and related notes are presented for illustrative purposes only. If the Acquisitions Point Acquisition and other transactions contemplated herein had occurred in the past, Vital's Vital Energy's operating results might have been materially different from those presented in the unaudited pro forma condensed combined financial information. The unaudited pro forma condensed combined financial information should not be relied upon as an indication of operating results that Vital Energy would have achieved if the Acquisitions and other transactions contemplated herein Point Acquisition had taken place on the specified dates. date. In addition, future results may vary significantly from the results reflected in the unaudited pro forma condensed combined financial statement of operations and should not be relied upon as an indication of the future results Vital Energy will have after the contemplation of the Acquisitions Point Acquisition. For income tax purposes, the Point Acquisition will be treated as an asset purchase such that the tax bases in the assets and liabilities will generally reflect the other transactions contemplated by the unaudited pro forma condensed combined financial information. allocated fair value at closing. In Vital's Vital Energy's opinion, all adjustments that are necessary to present fairly the unaudited pro forma condensed combined financial information have been made.

2. Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations

The unaudited pro forma condensed combined financial information has been compiled in a manner consistent with the accounting policies adopted by Vital. Vital Energy. Actual results may differ materially from the assumptions and estimates contained herein.

The pro forma adjustments are based on currently available information and certain estimates and assumptions that Vital Energy believes provide a reasonable basis for presenting the significant effects of the Acquisitions. General descriptions of the pro forma adjustments are provided below.

Unaudited Pro Forma Condensed Combined Statements of Operations

The following adjustments were made in the preparation of the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2023 December 31, 2024:

- (a) **Adjustments** to conform Henry and Driftwood's Point's historical presentation of historical crude oil, natural gas and NGL sales these line items to the presentation by Vital. Vital Energy.
- (b) **Adjustment** to conform Tall City, Forge, and Driftwood's presentation of historical derivative gains and losses to the presentation by Vital.
- (c) **Adjustment** to conform Henry's historical other income to the presentation by Vital.
- (d) **Adjustment** to conform Henry's historical lease operating and workover expenses and Forge's historical workover expenses to the presentation by Vital.
- (e) **Adjustment** to conform Maple and Tall City's historical production and other taxes and Henry's historical severance and ad valorem taxes to the presentation by Vital.
- (f) **Adjustment** to conform Tall City's historical equity-based compensation expense to the presentation by Vital.
- (g) **Adjustment** to remove the historical amount of Driftwood's historical depletion expense, Forge's historical Point's depletion and depreciation Maple's historical depletion - oil and natural gas properties and depreciation - other property and expense.

equipment, Henry's historical depletion, depreciation, and amortization and Tall City's historical depletion, depreciation, amortization, and impairment.

- (h) (c) **Adjustment** to remove historical accretion expense of Maple, Henry, Tall City, Forge and Driftwood Point associated with asset retirement obligations and recalculate accretion expense based upon estimated fair value.

- (i) **Adjustment** to conform Henry's historical other expense and interest income to the presentation by Vital.

- (j) (d) **Adjustment** to remove Henry, Tall City, Forge and Driftwood's Point's historical interest expense, and Maple's historical interest expense and other prior to the acquisition. expense.

- (k) (e) The following table provides reconciliation between basic **Adjustments** necessary to remove the historical revenues, gains, expenses and **diluted net income** for losses associated with the year ended December 31, 2023 (in thousands, except per share amounts):

	Year Ended December 31, 2023	
	Vital	Pro-Forma
Net income	\$ 695,078	\$ 785,821
Less: Preferred dividends ²	449	6,197
Net income available to common shareholders	694,629	779,624
Weighted-average common shares outstanding:		
Basic	20,254	26,448
Dilutive non-vested restricted stock	106	106
Dilutive non-vested performance awards	2	2
Dilutive preferred stock ²	421	5,595
Diluted	20,783	32,151
Net income per share		
Basic	\$ 34.30	\$ 29.48
Diluted	\$ 33.44	\$ 24.44

1. Amounts shown above for Vital are from 20% undivided interest acquired by NOG in the unaudited consolidated financial statements oil and accompanying notes contained in Vital's Annual Report on Form 10-K for the period ended December 31, 2023. natural gas properties of Point.

2. Reflective of the conversion of Henry's 6.13 million shares of Preferred Stock to common stock on November 29, 2023.

- (l) **Adjustment** to eliminate Henry's affiliate service fee income.

(m) **Adjustment** to reflect the estimated interest expense in the periods presented with respect to the incremental borrowings necessary to finance the Forge Acquisition and Tall City Acquisitions. The interest rates utilized for the Forge Acquisition and Tall City Acquisitions were 7.98% and 9.75%, respectively. A one-eighth percent increase or decrease in the interest rates would have changed interest expense by \$0.8 million for the year ended December 31, 2023.

- (n) **Adjustment** to conform Driftwood's historical gathering and processing expenses to the presentation by Vital.

- (o) **Adjustment** to remove Henry's historical other income, sale of assets not being acquired by Vital.

- (p) **Adjustment** to remove Henry's historical loss from equity method investments as Vital is not acquiring such investments.

(q) (f) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Tall City Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and

production volumes attributable to the acquired assets.

(r) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Maple Point Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(s) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Henry Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(t) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Forge Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(u) Adjustment to reflect the approximate 7.0% of oil and gas properties working estimated interest being retained expense in the periods presented with respect to the incremental borrowings on the Company's senior secured credit facility necessary to finance the Point Acquisition. The interest rate utilized was 7.694% for incremental borrowings. A one-eighth percent increase or decrease in the interest rate would have changed interest expense by Henry Properties Seller \$0.5 million for the pro forma period.

(v) The adjustment pertains to estimated income tax considerations associated with the Acquisitions. These entities were Point Acquisition. This entity was previously held within a flow-through structure, making them exempt from federal income taxes. For the 2023 proforma income statement, income tax expense for the Acquisitions are Point Acquisition is recorded at an effective tax rate of 21.5%. Additionally, the release of Vital's valuation allowance, which occurred in Q2 2023 for Vital, was adjusted to account.

(i) The following table provides a reconciliation between basic and diluted net loss for the impact year ended December 31, 2024 (in thousands, except per share amounts):

	Year Ended	
	December 31, 2024	
	Historical	Pro-Forma
Net loss	\$ (173,521)	\$ (132,705)
Less: Preferred dividends	(652)	(652)
Net loss available to common shareholders	\$ (174,173)	\$ (133,357)
Weighted-average common shares outstanding:		
Basic	36,725	36,725
Diluted ⁽¹⁾	36,725	36,725
Net loss per share:		
Basic	\$ (4.74)	\$ (3.63)
Diluted	\$ (4.74)	\$ (3.63)

(1) Any potential dilutive shares are anti-dilutive for the Acquisitions would have had on the 2022 valuation allowance period due to a net loss.

(w) Adjustment to reclassify Henry's historical drilling and overhead fees to the presentation by Vital.

(x) Adjustment to remove a portion of general and administrative costs for certain entities related to Henry that are not being acquired by Vital.

(y) Adjustment to include depreciation on other property and equipment pipeline assets acquired as part of the Henry Acquisition.

(z) Adjustment to conform Henry's pipeline operating expenses to the presentation by Vital.

(aa) Adjustment to remove the gain on unrealized fair value of contingent consideration, which was not acquired as part of the Forge Acquisition.

(ab) Adjustment to remove exploration expense to align the presentation by Driftwood with the full cost method of accounting utilized by Vital.

(ac) Represents depreciation, depletion, and amortization expense resulting from the change in basis of property and equipment acquired as a result of the Driftwood Acquisition. The depletion adjustment was calculated using the unit-of-production method under the full cost method of accounting using estimated proved reserves and production volumes attributable to the acquired assets.

(ad) Adjustments necessary to remove the historical revenues, gains, expenses and losses associated with the 30% undivided interest acquired by NOG in the oil and natural gas properties of Forge.

(ae) Adjustment to remove Driftwood's gain on on sale of assets as Vital utilizes the full cost method of accounting.

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