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DELTA REPORT

10-Q

PR - PERMIAN RESOURCES CORP

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

The following comparison report has been automatically generated

TOTAL DELTAS 1774

■ CHANGES	338
■ DELETIONS	849
■ ADDITIONS	587

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____
Commission file number 001-37697

PERMIAN RESOURCES CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

47-5381253

(State of Incorporation)

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

300 N. Marienfeld St., Suite 1000

Midland, Texas 79701

(Address of principal executive offices)

(432) 695-4222

(Registrant's telephone number, including area code): (432) 695-4222

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

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

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

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

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

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company	Emerging growth company
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

As of **November 1, 2023** **April 30, 2024**, there were **773,766,823** **769,949,894** shares of total common stock outstanding, including **509,026,708** **582,405,333** shares of Class A Common Stock, par value \$0.0001 per share, and **264,740,115** **187,544,561** shares of Class C Common Stock, par value \$0.0001 per share.

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GLOSSARY OF UNITS OF MEASUREMENTS AND INDUSTRY TERMS

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

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

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

Bbl/d. One Bbl per day.

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

Boe/d. One Boe per day.

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

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

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

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

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

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

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

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

Henry Hub. *Hub price.* The Henry Hub pipeline is pricing point for natural gas contracts traded on NYMEX used as a benchmark in natural gas pricing. price quoted at settlement date average.

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

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

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

MBoe. One thousand Boe.

Mcf. One thousand cubic feet of natural gas.

Mcf/d. One Mcf per day.

MMBtu. One million British thermal units.

MMcf. One million cubic feet of natural gas.

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

NYMEX. The New York Mercantile Exchange.

NYSE. The New York Stock Exchange.

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

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

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

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

Realized price. The cash market price less differentials.

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

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

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

SOFR. Secured Overnight Funding Rate.

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

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

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

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

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

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

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this Quarterly Report, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans **objectives** and **expectations** of management are forward-looking statements. When used in this Quarterly Report, the words "could," "may," "believe," "anticipate," "intend," "estimate," "expect," "project," "goal," "plan," "target" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under **Item 1A. Risk Factors** in this Quarterly Report and in our Annual Report on Form 10-K for the year ended **December 31, 2022** **December 31, 2023** (the **2022** **2023** Annual Report) and the risk factors and other cautionary statements contained in our other filings with the United States Securities and Exchange Commission ("SEC"). Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties and we can give no assurance that such expectations will prove to have been correct.

Forward-looking statements may include statements about:

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

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

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

- commodity price volatility inflation, (including regional basis differentials);
- uncertainty inherent in estimating oil, natural gas and NGL reserves, including the impact of commodity price declines on the economic producibility of such reserves, and in projecting future rates of production;
- geographic concentration of our operations;
- lack of availability of drilling and production equipment and services, services;
- lack of transportation and storage capacity as a result of oversupply, government regulations or other factors;
- risks relating to the merger of Earthstone Merger;
- competition in the company with Earthstone Energy, Inc. (the "Earthstone Merger"), environmental risks, oil and natural gas industry for assets, materials, qualified personnel and capital;
- drilling and other operating risks;
- environmental and climate related risks, including seasonal weather conditions;
- regulatory changes, changes;
- restrictions on the uncertainty inherent in estimating reserves use of water, including limits on the use of produced water and in projecting future rates of production, potential restrictions on the availability to water disposal facilities;
- availability to cash flow and access to capital, capital;
- inflation;
- changes in our credit ratings or adverse changes in interest rates;
- changes in the financial strength of counterparties to our credit agreement and hedging contracts;
- the timing of development expenditures expenditures;
- political and economic conditions and events in foreign oil and natural gas producing countries, including embargoes, continued hostilities in the Middle East and other sustained military campaigns, the war in Ukraine and associated economic sanctions on Russia, conditions in South America, Central America, China and Russia, and acts of terrorism or sabotage;
- changes in local, regional, national, and international economic conditions;
- security threats, including evolving cybersecurity risks such as those involving unauthorized access, denial-of-service attacks, malicious software, data privacy breaches by employees, insiders or other with authorized access, cyber or phishing-attacks, ransomware, social engineering, physical breaches or other actions; and
- the other risks described in "Item 1A. Risk Factors" in this Quarterly Report and our 2022 2023 Annual Report.

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

Should one or more of the risks or uncertainties described in this Quarterly Report or our 2022 2023 Annual Report occur, or should any underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

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

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

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

September 30, 2023	December 31, 2022
-----------------------	----------------------

		March 31, 2024		December 31, 2023	
ASSETS		ASSETS		March 31, 2024	
Current assets	Current assets				
Current assets					
Current assets					
Cash and cash equivalents					
Cash and cash equivalents					
Cash and cash equivalents	Cash and cash equivalents	\$ 211,703	\$ 59,545		
Accounts receivable, net	Accounts receivable, net	339,495	282,846		
Derivative instruments	Derivative instruments	2,662	100,797		
Prepaid and other current assets	Prepaid and other current assets	11,330	20,602		
Total current assets	Total current assets	565,190	463,790		
Property and Equipment	Property and Equipment				
Oil and natural gas properties, successful efforts method	Oil and natural gas properties, successful efforts method				
Oil and natural gas properties, successful efforts method					
Unproved properties					
Unproved properties					
Unproved properties	Unproved properties	1,373,138	1,424,744	2,476,541	2,401,317
Proved properties	Proved properties	10,112,084	8,869,174	15,492,619	15,036,687
Accumulated depreciation, depletion and amortization	Accumulated depreciation, depletion and amortization	(3,037,676)	(2,419,692)	(3,808,590)	(3,401,895)
Total oil and natural gas properties, net	Total oil and natural gas properties, net	8,447,546	7,874,226	14,160,570	14,036,109
Other property and equipment, net	Other property and equipment, net	39,271	15,173	45,007	43,647
Total property and equipment, net	Total property and equipment, net	8,486,817	7,889,399		
Noncurrent assets	Noncurrent assets				
Operating lease right-of-use assets	Operating lease right-of-use assets	58,446	64,792		
Operating lease right-of-use assets					
Operating lease right-of-use assets					
Other noncurrent assets	Other noncurrent assets	99,345	74,611	145,208	176,071
TOTAL ASSETS	TOTAL ASSETS	\$ 9,209,798	\$ 8,492,592		176,071
LIABILITIES AND EQUITY	LIABILITIES AND EQUITY				
Current liabilities	Current liabilities				
Current liabilities					

Current liabilities					
Accounts payable and accrued expenses					
Accounts payable and accrued expenses					
Accounts payable and accrued expenses	Accounts payable and accrued expenses	\$ 665,359	\$ 562,156		
Operating lease liabilities	Operating lease liabilities	34,266	29,759		
Derivative instruments	Derivative instruments	35,748	1,998		
Other current liabilities	Other current liabilities	24,638	11,656		
Total current liabilities	Total current liabilities	760,011	605,569	Total current liabilities	1,112,032
Noncurrent liabilities	Noncurrent liabilities				1,241,553
Long-term debt, net					
Long-term debt, net					
Long-term debt, net	Long-term debt, net	2,254,178	2,140,798		
Asset retirement obligations	Asset retirement obligations	44,393	40,947		
Deferred income taxes	Deferred income taxes	83,416	4,430		
Operating lease liabilities	Operating lease liabilities	26,156	41,341		
Other noncurrent liabilities	Other noncurrent liabilities	74,708	3,211		
Total liabilities	Total liabilities	3,242,862	2,836,296	Total liabilities	5,733,113
Commitments and contingencies (Note 12)	Commitments and contingencies (Note 12)				5,735,830
Shareholders' equity	Shareholders' equity				5,735,830
Common stock, \$0.0001 par value, 1,500,000,000 shares authorized:	Common stock, \$0.0001 par value, 1,500,000,000 shares authorized:				
Class A: 354,470,922 shares issued and 350,725,718 shares outstanding at September 30, 2023 and 298,640,260 shares issued and 288,532,257 shares outstanding at December 31, 2022	35	30			
Class C: 215,223,134 shares issued and outstanding at September 30, 2023 and 269,300,000 shares issued and outstanding at December 31, 2022	22	27			
Common stock, \$0.0001 par value, 1,500,000,000 shares authorized:					
Common stock, \$0.0001 par value, 1,500,000,000 shares authorized:					
Class A: 587,622,487 shares issued and 582,262,542 shares outstanding at March 31, 2024 and 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023					
Class A: 587,622,487 shares issued and 582,262,542 shares outstanding at March 31, 2024 and 544,610,984 shares issued and 540,789,758 shares outstanding at December 31, 2023					

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

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

Additional paid-in capital	Additional paid-in capital	3,278,846	2,698,465
Retained earnings (accumulated deficit)	Retained earnings (accumulated deficit)	375,933	237,226
Total shareholders' equity	Total shareholders' equity	3,654,836	2,935,748
Noncontrolling interest	Noncontrolling interest	2,312,100	2,720,548
Total equity	Total equity	5,966,936	5,656,296
TOTAL LIABILITIES AND EQUITY	TOTAL LIABILITIES AND EQUITY	\$9,209,798	\$8,492,592

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Three Months Ended March 31,				
Three Months Ended March 31,				
Three Months Ended March 31,				
2024				
2024				
2024				
Operating revenues				
Operating revenues				
Operating revenues	Operating revenues			
Oil and gas sales	Oil and gas sales	\$ 758,541	\$ 549,778	\$ 1,998,207
Oil and gas sales				\$ 1,369,709
Oil and gas sales				
Operating expenses				
Operating expenses				
Operating expenses	Operating expenses			
Lease operating expenses	Lease operating expenses		40,944	
Lease operating expenses		85,810		243,333
Lease operating expenses				98,578

Lease operating expenses					
Severance and ad valorem taxes					
Severance and ad valorem taxes					
Severance and ad valorem taxes	Severance and ad valorem taxes	58,942	41,745	156,378	101,491
Gathering, processing and transportation expenses	Gathering, processing and transportation expenses	20,731	30,022	57,966	77,669
Gathering, processing and transportation expenses					
Gathering, processing and transportation expenses					
Depreciation, depletion and amortization					
Depreciation, depletion and amortization	Depreciation, depletion and amortization	236,204	109,500	640,149	262,626
General and administrative expenses	General and administrative expenses	34,519	43,387	122,729	83,937
General and administrative expenses					
General and administrative expenses					
Merger and integration expense					
Merger and integration expense	Merger and integration expense	10,422	59,270	28,071	64,955
Impairment and abandonment expense	Impairment and abandonment expense	245	498	734	3,631
Impairment and abandonment expense					
Impairment and abandonment expense					
Exploration and other expenses					
Exploration and other expenses	Exploration and other expenses	5,031	2,352	14,668	6,613
Total operating expenses	Total operating expenses	451,904	327,718	1,264,028	699,500
Total operating expenses					
Total operating expenses					
Net gain (loss) on sale of long-lived assets	Net gain (loss) on sale of long-lived assets	63	(3)	129	(1,327)
Income (loss) from operations		306,700	222,057	734,308	668,882
Net gain (loss) on sale of long-lived assets					
Net gain (loss) on sale of long-lived assets					
Income from operations					
Income from operations					
Income from operations					
Other income (expense)					
Other income (expense)					
Other income (expense)	Other income (expense)	(40,582)	(28,807)	(114,185)	(56,287)
Interest expense					
Interest expense					
Net gain (loss) on derivative instruments					
Net gain (loss) on derivative instruments					

Net gain (loss) on derivative instruments	Net gain (loss) on derivative instruments	(151,781)	181,308	(76,668)	17,651
Other income (expense)	Other income (expense)	246	115	685	318
Other income (expense)					
Other income (expense)					
Total other income (expense)					
Total other income (expense)	Total other income (expense)	(192,117)	152,616	(190,168)	(38,318)
Income (loss) before income taxes		114,583	374,673	544,140	630,564
Income tax (expense) benefit		(16,254)	(31,169)	(77,056)	(79,432)
Net income (loss)		98,329	343,504	467,084	551,132
Less: Net (income) loss attributable to noncontrolling interest		(52,896)	(119,145)	(246,132)	(119,145)
Net income (loss) attributable to Class A Common Stock	\$	45,433	\$	\$	\$
			224,359	220,952	431,987
Income before income taxes					
Income (loss) per share of Class A Common Stock:					
Income before income taxes					
Income before income taxes					
Income tax expense					
Income tax expense					
Income tax expense					
Net income					
Net income					
Net income					
Less: Net income attributable to noncontrolling interest					
Less: Net income attributable to noncontrolling interest					
Less: Net income attributable to noncontrolling interest					
Net income attributable to Class A Common Stock					
Net income attributable to Class A Common Stock					
Net income attributable to Class A Common Stock					
Income per share of Class A Common Stock:					
Income per share of Class A Common Stock:					
Income per share of Class A Common Stock:					
Basic	Basic	\$ 0.14	\$ 0.78	\$ 0.71	\$ 1.51
Diluted	Diluted	\$ 0.13	\$ 0.70	\$ 0.64	\$ 1.36
Diluted					
Diluted					

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

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

Nine Months Ended
September 30,

		2023	2022		
		Three Months Ended March 31,		Three Months Ended March 31,	
		2024	2024	2023	
Cash flows from operating activities:	Cash flows from operating activities:				
Net income (loss)		\$ 467,084	\$ 551,132		
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Net income					
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation, depletion and amortization	Depreciation, depletion and amortization	640,149	262,626		
Stock-based compensation expense - equity awards		69,585	60,971		
Stock-based compensation expense - liability awards		—	(24,174)		
Depreciation, depletion and amortization					
Depreciation, depletion and amortization					
Stock-based compensation expense					
Impairment and abandonment expense	Impairment and abandonment expense	734	3,631		
Deferred tax expense (benefit)		73,453	78,832		
Deferred tax expense					
Net (gain) loss on sale of long-lived assets	Net (gain) loss on sale of long-lived assets	(129)	1,327		
Non-cash portion of derivative (gain) loss	Non-cash portion of derivative (gain) loss	165,573	(166,372)		
Amortization of debt issuance costs and debt discount		11,858	12,555		
Amortization of debt issuance costs, discount and premium					
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable					
(Increase) decrease in accounts receivable					
(Increase) decrease in accounts receivable	(Increase) decrease in accounts receivable	(57,787)	(6,753)		

(Increase) decrease in prepaid and other assets	(Increase) decrease in prepaid and other assets	(27,810)	(38)
Increase (decrease) in accounts payable and other liabilities	Increase (decrease) in accounts payable and other liabilities	24,795	69,639
Net cash provided by operating activities	Net cash provided by operating activities	1,367,505	843,376
Cash flows from investing activities:	Cash flows from investing activities:		
Acquisition of oil and natural gas properties, net	Acquisition of oil and natural gas properties, net	(116,869)	(4,866)
Acquisition of oil and natural gas properties, net			
Acquisition of oil and natural gas properties, net			
Drilling and development capital expenditures	Drilling and development capital expenditures	(1,066,693)	(397,892)
Cash paid for business acquired in the Colgate Merger, net of cash acquired		—	(496,671)
Purchases of other property and equipment	Purchases of other property and equipment	(30,828)	(3,199)
Contingent considerations received related to divestiture	Contingent considerations received related to divestiture	60,000	—
Proceeds from sales of oil and natural gas properties	Proceeds from sales of oil and natural gas properties	59,203	6,190
Net cash used in investing activities	Net cash used in investing activities	(1,095,187)	(896,438)
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from borrowings under revolving credit facility	Proceeds from borrowings under revolving credit facility	1,050,000	970,000
Proceeds from borrowings under revolving credit facility			
Proceeds from borrowings under revolving credit facility			
Repayment of borrowings under revolving credit facility	Repayment of borrowings under revolving credit facility	(1,435,000)	(445,000)
Repayment of credit facility acquired in the Colgate Merger		—	(400,000)
Proceeds from the issuance of 2032 Senior Notes		500,000	—
Debt issuance costs	Debt issuance costs	(6,950)	(19,611)

Proceeds from exercise of stock options	Proceeds from exercise of stock options	514	46
Share repurchases	Share repurchases	(95,448)	(16,241)
Dividends paid	Dividends paid	(80,793)	—
Dividend distributions paid to noncontrolling interest owners		(62,296)	—
Distributions paid to noncontrolling interest owners		—	—
Net cash provided by (used in) financing activities	Net cash provided by (used in) financing activities	(129,973)	89,194
Net increase (decrease) in cash, cash equivalents and restricted cash	Net increase (decrease) in cash, cash equivalents and restricted cash	142,345	36,132
Cash, cash equivalents and restricted cash, beginning of period	Cash, cash equivalents and restricted cash, beginning of period	69,932	9,935
Cash, cash equivalents and restricted cash, end of period	Cash, cash equivalents and restricted cash, end of period	\$ 212,277	\$ 46,067

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

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

		Nine Months Ended			
		September 30,			
		2024	2023	2024	2023
Supplemental cash flow information	Supplemental cash flow information				
Cash paid for interest					
Cash paid for interest					
Cash paid for interest	Cash paid for interest	\$119,469	\$ 36,653		
Cash paid for income taxes	Cash paid for income taxes	3,603	600		
Supplemental non-cash activity	Supplemental non-cash activity				
Equity issued and long-term debt assumed to acquire oil and gas properties via the Colgate Merger		—	3,526,688		
Accrued capital expenditures included in accounts payable and accrued expenses					
Accrued capital expenditures included in accounts payable and accrued expenses					

Accrued capital expenditures included in accounts payable and accrued expenses	Accrued capital expenditures included in accounts payable and accrued expenses	233,160	95,149
Deferred tax liability assumed in asset acquisition	Deferred tax liability assumed in asset acquisition	24,801	—
Asset retirement obligations incurred, including revisions to estimates	Asset retirement obligations incurred, including revisions to estimates	1,908	22,068
Dividends payable	Dividends payable	2,509	—

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

		Nine Months Ended			
		September 30,			
		2023	2022		
Three Months Ended March					
		31,		Three Months Ended March 31,	
		2024		2023	
Cash and cash equivalents	Cash and cash equivalents	\$211,703	\$45,514		
Restricted cash ⁽¹⁾	Restricted cash ⁽¹⁾	574	553		
Total cash, cash equivalents and restricted cash	Total cash, cash equivalents and restricted cash	\$212,277	\$46,067		

⁽¹⁾ Included in *Prepaid and other current assets* as of **September 30, 2023** **March 31, 2024** and **September 30, 2022** **2023** in the consolidated balance sheets.

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

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

	Common Stock				Retained Earnings			Total Shareholders' Non-controlling		
	Class A		Class C		Additional Paid-In Capital	(Accumulated Deficit)	Equity	Interest	Total Equity	
	Shares	Amount	Shares	Amount						
Balance at December 31, 2022	298,640	\$ 30	269,300	\$ 27	\$ 2,698,465	\$ 237,226	\$ 2,935,748	\$ 2,720,548	\$ 5,656,296	
Restricted stock issued	359	—	—	—	—	—	—	—	—	
Restricted stock forfeited	(298)	—	—	—	—	—	—	—	—	
Stock option exercises	39	—	—	—	231	—	231	—	231	

Issuance of Common Stock under Employee Stock									
Purchase Plan	56	—	—	—	241	—	241	—	241
Performance stock vested and issued	5,406	—	—	—	—	—	—	—	—
Stock-based compensation - equity awards	—	—	—	—	17,871	—	17,871	—	17,871
Dividends	—	—	—	—	—	(15,669)	(15,669)	—	(15,669)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(13,950)	(13,950)
Share repurchases - Class A	(3,384)	—	—	—	(32,160)	—	(32,160)	—	(32,160)
Share repurchase - Class C	—	—	(2,750)	—	—	—	—	(29,418)	(29,418)
Conversion of common shares from Class C to Class A, net of tax	20,906	2	(20,906)	(2)	217,280	—	217,280	(214,864)	2,416
Equity impact from transactions effecting Common Units, net of tax of \$3.0 million	—	—	—	—	(10,400)	—	(10,400)	13,427	3,027
Net income (loss)	—	—	—	—	—	102,120	102,120	117,681	219,801
Balance at March 31, 2023	321,724	\$ 32	245,644	\$ 25	2,891,528	\$ 323,677	3,215,262	\$ 2,593,424	\$ 5,808,686
Restricted stock issued	373	—	—	—	—	—	—	—	—
Restricted stock forfeited	(357)	—	—	—	—	—	—	—	—
Stock option exercises	7	—	—	—	(1)	—	(1)	—	(1)
Performance stock vested and issued	3,290	1	—	—	(1)	—	—	—	—
Stock-based compensation - equity awards	—	—	—	—	35,694	—	35,694	—	35,694
Dividends	—	—	—	—	—	(33,195)	(33,195)	—	(33,195)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(24,558)	(24,558)
Share repurchases - Class A	(602)	(1)	—	—	(5,948)	—	(5,949)	—	(5,949)
Conversion of common shares from Class C to Class A, net of tax	1,011	1	(1,011)	(1)	10,882	—	10,882	(10,825)	57
Equity impact from transactions effecting Common Units, net of tax of \$3.7 million	—	—	—	—	12,631	—	12,631	(16,309)	(3,678)
Net income (loss)	—	—	—	—	—	73,399	73,399	75,555	148,954
Balance at June 30, 2023	325,446	\$ 33	244,633	\$ 24	2,944,785	\$ 363,881	3,308,723	\$ 2,617,287	\$ 5,926,010

	Common Stock				Retained Earnings				Total	
	Class A		Class C		Additional Paid-In Capital	(Accumulated Deficit)	Shareholders' Equity	Non-controlling Interest	Total Equity	
	Shares	Amount	Shares	Amount						
Balance at December 31, 2023	544,611	\$ 54	230,963	\$ 23	\$ 5,766,881	\$ 569,139	\$ 6,336,097	\$ 2,893,651	\$ 9,229,748	
Restricted stock issued	1,713	1	—	—	(1)	—	—	—	—	
Restricted stock forfeited	(65)	—	—	—	—	—	—	—	—	
Share repurchases - Class C	—	—	(2,000)	—	—	—	—	(31,492)	(31,492)	
Stock-based compensation	—	—	—	—	9,631	—	9,631	—	9,631	
Stock option exercises	7	—	—	—	58	—	58	—	58	
Dividends	—	—	—	—	—	(88,784)	(88,784)	—	(88,784)	
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(28,327)	(28,327)	
Conversion of common shares from Class C to Class A, net of tax	41,356	4	(41,356)	(4)	559,584	—	559,584	(533,307)	26,277	
Equity impact from transactions effecting Common Units, net of tax of \$1.5 million	—	—	—	—	(5,080)	—	(5,080)	6,570	1,490	
Net income	—	—	—	—	—	146,575	146,575	83,020	229,595	
Balance at March 31, 2024	587,622	\$ 59	187,607	\$ 19	\$ 6,331,073	\$ 626,930	\$ 6,958,081	\$ 2,390,115	\$ 9,348,196	
Balance at December 31, 2022	298,640	\$ 30	269,300	\$ 27	\$ 2,698,465	\$ 237,226	\$ 2,935,748	\$ 2,720,548	\$ 5,656,296	
Restricted stock issued	359	—	—	—	—	—	—	—	—	
Restricted stock forfeited	(298)	—	—	—	—	—	—	—	—	
Share repurchases - Class A	(3,384)	—	—	—	(32,160)	—	(32,160)	—	(32,160)	
Share repurchases - Class C	—	—	(2,750)	—	—	—	—	(29,418)	(29,418)	

Issuance of Common Stock under Employee Stock Purchase Plan	56	—	—	—	241	—	241	—	241
Performance stock vested and issued	5,406	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	17,871	—	17,871	—	17,871
Stock option exercises	39	—	—	—	231	—	231	—	231
Dividends	—	—	—	—	—	(15,669)	(15,669)	—	(15,669)
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	(13,950)	(13,950)
Conversion of common shares from Class C to Class A, net of tax	20,906	2	(20,906)	(2)	217,280	—	217,280	(214,864)	2,416
Equity impact from transactions effecting Common Units, net of tax of \$3.0 million	—	—	—	—	(10,400)	—	(10,400)	13,427	3,027
Net income	—	—	—	—	—	102,120	102,120	117,681	219,801
Balance at March 31, 2023	<u>321,724</u>	<u>\$ 32</u>	<u>245,644</u>	<u>\$ 25</u>	<u>2,891,528</u>	<u>\$ 323,677</u>	<u>3,215,262</u>	<u>\$ 2,593,424</u>	<u>\$ 5,808,686</u>

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

	Common Stock				Retained Earnings			Total Shareholders' Equity		Non-controlling Interest	Total Equity				
	Class A		Class C		Additional Paid-In Capital	(Accumulated Deficit)	Shareholders' Equity								
	Shares	Amount	Shares	Amount											
Restricted stock issued	174	—	—	—	—	—	—	—	—	—	—				
Restricted stock forfeited	(65)	—	—	—	—	—	—	—	—	—	—				
Stock option exercises	30	—	—	—	284	—	284	—	—	—	284				
Performance stock vested and issued	1,676	—	—	—	—	—	—	—	—	—	—				
Stock-based compensation - equity awards	—	—	—	—	16,020	—	16,020	—	—	—	16,020				
Dividends	—	—	—	—	—	(33,381)	(33,381)	—	—	—	(33,381)				
Distributions to noncontrolling interest owners	—	—	—	—	—	—	—	—	(24,413)	(24,413)	—				
Share repurchase - Class C	—	—	(2,200)	—	—	—	—	—	(27,921)	(27,921)	—				
Conversion of common shares from Class C to Class A, net of tax	27,210	2	(27,210)	(2)	310,551	—	310,551	(296,445)	14,106	—	—				
Equity impact from transactions effecting Common Units, net of tax of \$2.1 million	—	—	—	—	7,206	—	7,206	(9,304)	(2,098)	—	—				
Net income (loss)	—	—	—	—	—	45,433	45,433	52,896	98,329	—	—				
Balance at September 30, 2023	<u>354,471</u>	<u>\$ 35</u>	<u>215,223</u>	<u>\$ 22</u>	<u>3,278,846</u>	<u>\$ 375,933</u>	<u>3,654,836</u>	<u>\$ 2,312,100</u>	<u>\$ 5,966,936</u>	—	—				

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

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

	Common Stock				Retained Earnings			Total Shareholders' Equity		Non-controlling Interest	Total Equity				
	Class A		Class C		Additional Paid-In Capital	(Accumulated Deficit)	Shareholders' Equity								
	Shares	Amount	Shares	Amount											
Balance at December 31, 2021	294,261	\$ 29	—	\$ —	\$ 3,013,017	\$ (262,326)	\$ 2,750,720	\$ —	\$ 2,750,720	—	—				
Restricted stock issued	20	—	—	—	—	—	—	—	—	—	—				

Restricted stock forfeited	(52)	—	—	—	—	—	—	—	—	—
Stock purchased from employees for taxes due upon share vesting	(150)	—	—	—	(1,259)	—	(1,259)	—	—	(1,259)
Stock option exercises	3	—	—	—	1	—	1	—	—	1
Issuance of Common Stock under Employee Stock Purchase Plan	53	—	—	—	268	—	268	—	—	268
Stock-based compensation - equity awards	—	—	—	—	5,545	—	5,545	—	—	5,545
Net income (loss)	—	—	—	—	—	15,802	15,802	—	—	15,802
Balance at March 31, 2022	294,135	\$ 29	—	\$ —	\$ 3,017,572	\$ (246,524)	\$ 2,771,077	\$ —	\$ —	\$ 2,771,077
Restricted stock issued	2,998	1	—	—	—	—	—	1	—	1
Restricted stock forfeited	(75)	—	—	—	—	—	—	—	—	—
Stock option exercises	2	—	—	—	7	—	7	—	—	7
Stock-based compensation - equity awards	—	—	—	—	6,657	—	6,657	—	—	6,657
Net income (loss)	—	—	—	—	—	191,826	191,826	—	—	191,826
Balance at June 30, 2022	297,060	\$ 30	—	\$ —	\$ 3,024,236	\$ (54,698)	\$ 2,969,568	\$ —	\$ —	\$ 2,969,568
Restricted stock issued	3,141	—	—	—	—	—	—	—	—	—
Issuance of Class C Common Stock	—	—	269,300	27	(400,972)	—	(400,945)	2,576,889	2,175,944	—
Performance stock issued less stock used for tax withholding	159	—	—	—	(908)	—	(908)	—	—	(908)
Restricted stock forfeited	(2)	—	—	—	—	—	—	—	—	—
Stock option exercises	5	—	—	—	38	—	38	—	—	38
Stock purchased from employees for taxes due upon share vesting	(2,234)	—	—	—	(16,725)	—	(16,725)	—	—	(16,725)
Issuance of Class A Common Stock under Employee Stock Purchase Plan	67	—	—	—	336	—	336	—	—	336
Stock-based compensation - equity awards	—	—	—	—	48,769	—	48,769	—	—	48,769
Net income (loss)	—	—	—	—	—	224,359	224,359	119,145	119,145	343,504
Balance at September 30, 2022	298,196	\$ 30	269,300	\$ 27	\$ 2,654,774	\$ 169,661	\$ 2,824,492	\$ 2,696,034	\$ 5,520,526	—

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

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

Description of Business

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

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial reporting. Accordingly, certain disclosures normally included in an Annual Report on Form 10-K have been omitted. The consolidated financial statements and related notes included in this Quarterly Report should be read in conjunction with the Company's consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the period ended **December 31, 2022** **December 31, 2023** (the **"2022" "2023 Annual Report"**). Except as disclosed herein, there have been no material changes to the information disclosed in the notes to the consolidated financial statements included in the Company's **2022** **2023 Annual Report**.

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

Use of Estimates

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

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

Leases

The Company has operating leases for drilling rig contracts, office rental agreements and other wellhead equipment. equipment and a financing lease for a ground lease for its office building in Midland, Texas. During the nine three months ended September 30, 2023 March 31, 2024, the Company entered into additional wellhead equipment two drilling rig contracts each with lease agreements for assets placed into service and recorded terms of three-years. A lease right-of-use assets asset and related liabilities liability were recorded for these drilling rig agreements based on the present value of the future lease payments of the drilling rigs over the equipment lease terms. As of September 30, 2023 March 31, 2024, the Company had recorded in aggregate a \$15.4 \$21.9 million current operating lease liability and a \$14.1 \$43.2 million noncurrent operating lease liability related to these wellhead equipment drilling rig agreements.

In April 2023, the Company purchased an office building in Midland, Texas for \$27.5 million, where it had previously been a lessee of the building at the time of purchase. As a result of this purchase, \$9.3 million of operating lease right-of-use assets and \$13.6 million of operating lease liabilities were removed from the consolidated balance sheet as of September 30, 2023. As part of the building purchase, the Company also assumed a ninety-nine year ground lease and accordingly, recorded a financing lease liability of \$15.5 million as of September 30, 2023, which represents the present value of the future payment obligations under its lease term. The lease payments start at \$0.8 million per year and escalate 2.5% annually until year 2076. The corresponding right-of-use asset recognized for this ground lease amounted to \$15.2 million as of September 30, 2023.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

(in thousands)	(in thousands)	Balance Sheet Classification	September 30, 2023	December 31, 2022	(in thousands)	Balance Sheet Classification	March 31, 2024	December 31, 2023
Assets	Assets							
Operating right-of-use assets	Operating right-of-use assets	Operating lease right-of-use assets	\$ 58,446	\$ 64,792				
Operating right-of-use assets								
Operating right-of-use assets								
Finance right-of-use asset	Finance right-of-use asset	Other noncurrent assets	15,228	—				
Liabilities	Liabilities							
Current	Current							
Current								
Operating lease liabilities								
Operating lease liabilities								
Operating lease liabilities	Operating lease liabilities	Operating lease liabilities	\$ 34,266	\$ 29,759				
Finance lease liability	Finance lease liability	Other current liabilities	748	—				
Noncurrent	Noncurrent							
Operating lease liabilities	Operating lease liabilities	Operating lease liabilities	\$ 26,156	\$ 41,341				
Operating lease liabilities								

Operating lease liabilities				
Finance lease liability	Finance lease liability	Other noncurrent liabilities	14,735	—

There have been no other significant changes in leases during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**. Refer to Note 16—Leases in the notes to the consolidated financial statements in Part II, Item 8 of the Company's **2022** **2023** Annual **Report**. Report for additional information on the Company's operating and financing leases.

Income Taxes

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

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

Note 2—Acquisitions and Divestitures

Earthstone Merger

On **August 21, 2023** **November 1, 2023**, the Company entered into an Agreement and Plan of Merger ("the Merger Agreement" completed its merger (the "Earthstone Merger") with Earthstone Energy, Inc. ("Earthstone") pursuant to which Permian Resources acquired Earthstone (the "Earthstone Merger"). Earthstone was an independent oil and gas company engaged in the operation and development of oil and natural gas properties in the Permian Basin in both Texas and New Mexico. Earthstone's assets consisted of approximately 167,000 net leasehold acres in the Midland Basin and 56,000 net leasehold acres in the Delaware Basin, and Earthstone's Delaware Basin acreage is offset to Permian Resources' existing acreage in Lea and Eddy Counties. The Merger was completed to drive long-term accretion across the Company's key financial and operating metrics, enhance shareholder returns, improve capital efficiency, and add significant core inventory locations to the Company's existing position in the Permian Basin.

In connection with the Merger, the Board of Directors of both companies unanimously determined (i) each share of Earthstone Class A Common Stock would be converted into the right to receive 1.446 shares (the "Exchange Ratio") of Permian Resources Class A Common Stock, (ii) each share of Earthstone Class B Common Stock would be converted into the right to receive 1.446 shares of Permian Resources Class C Common Stock, (iii) each common unit of Earthstone Energy Holdings, LLC, a subsidiary of Earthstone ("Earthstone OpCo") representing limited liability company membership interests in Earthstone OpCo would be converted into the right to receive a number of common units representing limited liability company interests in OpCo ("Common Units"), equal to the Exchange Ratio, and (iv) all existing shares of Permian Resources Common Stock would remain outstanding. The companies have filed their definitive proxy statements with the SEC, and the shareholder meetings were held October 30, 2023, where the Company's and Earthstone's shareholders approved the Earthstone Merger.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

On November 1, 2023 the Earthstone Merger was completed and the Company issued 161.0 million shares of its Class A Common Stock and 49.5 million shares of its Class C Common Stock to Earthstone stockholders under the terms of the Merger Agreement, and the Company also assumed Earthstone's debt upon closing of Merger, which consisted of \$1.05 billion of senior notes and all borrowings outstanding under its credit facility at closing. Based on the closing price of the Company's Class A Common Stock on November 1, 2023, the preliminary value of the share consideration was approximately \$3.0 billion.

The Earthstone Merger will be accounted for as a business combination using the acquisition method of accounting in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*, with the Company being identified as the acquirer for accounting purposes. Under the acquisition method of accounting, the assets and liabilities of Earthstone will be recorded at their respective fair values as of the November 1, 2023 acquisition date. The preliminary purchase price allocation and accounting is not complete as of the date of this report due to the timing of the close of the Earthstone Merger.

Although this Quarterly Report on Form 10-Q was filed after the completion of the Earthstone Merger, information set forth herein only relates to the results of operations for Permian Resources for the quarter and year-to-date periods ended September 30, 2023 and 2022 and does not include any financial information for Earthstone for such periods. The post-acquisition results of operations of Earthstone for the last two months of the fourth quarter of 2023 will be included in the Company's consolidated results for the period ending December 31, 2023.

2023 Bolt-On Acquisition

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

The acquisition was recorded as an asset acquisition in accordance with Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. Total consideration paid was \$107.3 million after settlement statement adjustments, of which \$61.8 million was allocated to unproved properties and \$60.5 million to proved properties on a relative fair value basis, \$9.8 million to net working capital (including \$11.3 million in cash acquired), less a deferred tax liability assumed of \$24.8 million. As of September 30, 2023, the Company incurred \$1.6 million in direct transaction costs related to this purchase that have been capitalized as acquisition costs.

2023 SWD Divestiture

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

Colgate Merger

On September 1, 2022, the Company completed its merger (the "Colgate Merger") with Colgate Energy Partners III, LLC ("Colgate"). Colgate was an independent oil and gas exploration and development company with properties located in the Delaware Basin. Refer to Note 2—*Business Combination Combinations* footnote in the notes to the consolidated financial statements in Part II, Item 8 of the Company's 2022 2023 Annual Report for additional details regarding the Colgate Earthstone Merger.

Purchase Price Allocation

The Colgate Merger was accounted for as a business combination using As of the acquisition method date of accounting in accordance with ASC Topic 805, *Business Combinations*, with this filing, the Company being identified as the accounting acquirer. Under the acquisition method fair value of accounting, the assets acquired and liabilities assumed are recorded at their respective fair values as of the Colgate Merger closing date, which requires judgment not complete and certain assumptions to adjustments may be made. Oil and natural gas properties were valued using an income based approach which incorporates a discounted cash flow method. The fair value of Colgate's outstanding senior notes was based on unadjusted quoted prices for these same notes in an active market. The value of derivative instruments was based on Level 2 inputs similar Company expects to complete the Company's other commodity price derivatives. Refer to Note 8—*Fair Value Measurements* for additional information on fair value measurements.

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The purchase price allocation was finalized during the third quarter of 2023. The following table represents 12-month period subsequent to the final merger consideration and Earthstone Merger closing date. There were no significant adjustments to the purchase price allocation of during the identifiable assets acquired and the liabilities assumed based on their respective fair values as of the closing date of the Colgate Merger, three months ended March 31, 2024.

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

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

Supplemental Unaudited Pro Forma Financial Information

The results of Colgate's Earthstone's operations have been included in the Company's consolidated financial statements since September 1, 2022 November 1, 2023, the effective date of the Colgate Earthstone Merger. The following supplemental unaudited pro forma financial information ("pro forma information") for the three and nine months ended September 30, 2022 March 31, 2023 has been prepared from the respective historical consolidated financial statements of the Company and Colgate Earthstone and has been adjusted to reflect the Colgate Earthstone Merger as if it had occurred on January 1, 2022 January 1, 2023.

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

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

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2024 Bolt-On Acquisitions

During the three months ended March 31, 2024, the Company completed multiple acquisitions of oil and natural gas properties for a cumulative adjusted purchase price of \$92 million. These transactions were recorded as asset acquisitions in accordance with Accounting Standards Codifications ("ASC") Topic 805.

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
Total Revenue	\$ 859,264	\$ 2,472,119
Net Income (loss)	207,717	325,523
Earnings (loss) per share:		
Basic	\$ 0.73	\$ 1.14
Diluted	0.65	1.03

Business Combinations ("ASC 805"). The acquired assets consist predominately of undeveloped acreage that is directly offsetting our existing assets.

2023 Bolt-On Acquisition

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

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

2023 SWD Divestiture

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

Note 3—Accounts Receivable, Accounts Payable and Accrued Expenses

Accounts receivable are comprised of the following:

(in thousands)	September 30, 2023	December 31, 2022
Accrued oil and gas sales receivable, net	\$ 214,286	\$ 206,266
Joint interest billings, net	106,201	58,375
Accrued derivative settlements receivable	2,331	16,999
Other	16,677	1,206
Accounts receivable, net	<u>\$ 339,495</u>	<u>\$ 282,846</u>

Accounts payable and accrued expenses are comprised of the following:

(in thousands)	September 30, 2023	December 31, 2022
Accounts payable	\$ 101,452	\$ 51,443
Accrued capital expenditures	164,586	133,854
Revenues payable	286,384	250,120
Accrued employee compensation and benefits	13,191	33,897
Accrued interest	38,447	45,627
Accrued derivative settlements payable	3,760	2,342
Accrued expenses and other	57,539	44,873
Accounts payable and accrued expenses	<u>\$ 665,359</u>	<u>\$ 562,156</u>

(in thousands)	March 31, 2024	December 31, 2023
Accrued oil and gas sales receivable, net	\$ 390,421	\$ 345,982
Joint interest billings, net	164,730	123,160
Accrued derivative settlements receivable	671	8,228
Other	1,421	3,690
Accounts receivable, net	<u>\$ 557,243</u>	<u>\$ 481,060</u>

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Accounts payable and accrued expenses are comprised of the following:

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

Note 4—Long-Term Debt

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

(in thousands)	(in thousands)	September 30, 2023	December 31, 2022	(in thousands)	March 31, 2024	December 31, 2023
Credit Facility due 2027	Credit Facility due 2027	\$ —	\$ 385,000			
Senior Notes	Senior Notes					
Senior Notes						
Senior Notes						

5.375% Senior Notes due 2026				
5.375% Senior Notes due 2026	5.375% Senior Notes due 2026	289,448	289,448	
7.75% Senior Notes due 2026	7.75% Senior Notes due 2026	300,000	300,000	
6.875% Senior Notes due 2027	6.875% Senior Notes due 2027	356,351	356,351	
8.00% Senior Notes due 2027				
3.25% Convertible Senior Notes due 2028	3.25% Convertible Senior Notes due 2028	170,000	170,000	
5.875% Senior Notes due 2029	5.875% Senior Notes due 2029	700,000	700,000	
9.875% Senior Notes due 2031				
7.00% Senior Notes due 2032	7.00% Senior Notes due 2032	500,000	—	
Unamortized debt issuance costs on Senior Notes	Unamortized debt issuance costs on Senior Notes	(17,279)	(10,994)	
Unamortized debt discount		(44,342)	(49,007)	
Unamortized debt (discount)/premium				
Senior Notes, net	Senior Notes, net	2,254,178	1,755,798	
Total long-term debt, net	Total long-term debt, net	\$2,254,178	\$2,140,798	
Total long-term debt, net				
Total long-term debt, net				

Credit Agreement

OpCo, the Company's consolidated subsidiary, has a credit agreement with a syndicate of banks that provides for a five-year secured revolving credit facility, maturing in February 2027 (the "Credit Agreement") that, as of **September 30, 2023** **March 31, 2024**, had a borrowing base of **\$2.5 billion** **\$4.0 billion** and elected commitments of **\$1.5 billion** **\$2.0 billion**. As of **September 30, 2023** **March 31, 2024**, the Company had **no \$60.0 million** in borrowings outstanding and **\$1.5 billion** **\$1.9 billion** in available borrowing capacity, net of **\$5.8 million** **\$5.6 million** in letters of credit outstanding.

On September 1, 2023, the Company entered into the fourth and fifth amendments to the Credit Agreement (the "Fourth Amendment" and the "Fifth Amendment"). The Fourth Amendment expanded the waiver of the automatic reduction of the borrowing base under the Credit Agreement to, among other things, allow for the assumption (or the issuance, in certain circumstances) of up to \$1.05 billion principal amount of Permitted Senior Unsecured Notes (as defined in the Credit Agreement) to refinance debt that may be assumed pursuant to the Earthstone Merger and otherwise allow for the issuance of Permitted Senior Unsecured Notes up to an aggregate principal amount of \$1.0 billion. The Fifth Amendment, among other things, waives compliance with certain restrictive covenants to enable the Earthstone Merger, subject to customary conditions. In addition, the Fifth Amendment increases the aggregate elected commitments from \$1.5 billion to \$2.0 billion. The Fifth Amendment is subject to and effective as of the closing date of the Earthstone Merger on November 1, 2023.

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

The amount available to be borrowed under the Credit Agreement is equal to the lesser of (i) the borrowing base, which is set at **\$2.5 billion** **\$4.0 billion**; (ii) aggregate elected commitments, which **is/was** set at **\$1.5 billion** **currently \$2.0 billion** as of **March 31, 2024**; or (iii) **\$3.0 billion** **\$6.0 billion**. The borrowing base is redetermined semi-annually in the spring and fall by the lenders in their sole discretion. It also allows for the Company to request two optional borrowing base redeterminations in between the scheduled redeterminations. The borrowing base depends on, among other things, the quantities of OpCo's proved oil and natural gas reserves, estimated cash flows from those reserves, and

the Company's commodity hedge positions. Upon a redetermination of the borrowing base, if actual borrowings outstanding exceed the revised borrowing capacity, OpCo could be required to immediately repay a portion of its debt outstanding. Borrowings under the Credit Agreement are guaranteed by certain of OpCo's subsidiaries. [Refer to Note 14—Subsequent Events](#) for additional information regarding the 2024 spring borrowing base redetermination.

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

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Term SOFR rate for a one-month interest period plus 100 basis points, plus an applicable margin, ranging from 75 to 175 basis

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

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

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

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

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

OpCo was in compliance with the covenants and the applicable financial ratios described above as of [September 30, 2023](#) [March 31, 2024](#).

Convertible Senior Notes

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

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

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

OpCo can settle conversions by paying or delivering, as applicable, cash, shares of Class A Common Stock, or a combination of cash and shares of Class A Common Stock, at OpCo's election. The initial conversion rate was 159.2610 shares of Class A Common Stock per \$1,000 principal amount of Convertible Senior Notes, which represents an initial conversion price of approximately \$6.28 per share of Class A Common Stock. The conversion rate and conversion price are subject to customary adjustments upon the occurrence of certain events (as defined in the indenture governing the Convertible Senior Notes) which, in certain circumstances, will increase the conversion rate for a specified period of time. As of [September 30, 2023](#) [March 31, 2024](#), the conversion rate was adjusted to [163.6986](#) [166.7965](#) shares of Class A Common Stock per \$1,000 principal amount of Convertible Senior Notes as a result of cash dividends and distributions paid. In the context of this [debt](#) issuance, we refer to the notes as convertible in accordance with ASC 470 - *Debt*. However, per the terms of the Convertible Senior Notes' indenture, the Convertible Senior Notes were issued by OpCo and are exchangeable into shares of the Company's Class A Common Stock.

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

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

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

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

At issuance, the Company recorded a liability equal to the face value of the Convertible Senior Notes, net of unamortized debt issuance costs, in *Long-term debt, net* in the consolidated balance sheets. As of **September 30, 2023** **March 31, 2024**, the net liability related to the Convertible Senior Notes was **\$165.7** **\$166.1** million.

Capped Called Transactions

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

Senior Unsecured Notes

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

On September 12, 2023, OpCo issued at par **\$500.0 million** \$500 million of 7.00% senior notes due 2032 (the "2032 Senior "Original 2032 Notes") in a 144A private placement. On December 13, 2023, OpCo issued additional notes under the indenture dated September 12, 2023 that totaled an additional \$500 million of 7.00% senior notes (together with the Original 2032 Notes, the "2032 Senior Notes"), which resulted in aggregate net proceeds to OpCo of **\$491.9 million** \$982.5 million, after deducting **\$8.1 million** the issuance discount of \$2.5 million and debt issuance costs costs of \$15.0 million. The 2032 Senior Notes are treated as a single series of securities and vote together as a single class, and have substantially identical terms, other than the issue date and issue price. Interest is payable on the 2032 Senior Notes semi-annually in arrears each January 15 and July 15. On or after January 15, 2027, OpCo may, on any one or more occasions, redeem all or a portion of the 2032 Senior Notes at a redemption price decreasing annually from 103.5% to 100% of the principal amount redeemed plus accrued and unpaid interest.

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

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

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

In May 2020, \$110.6 million aggregate principal amount of the 2026 5.375% Senior Notes and \$143.7 million aggregate principal amount of the 2027 **6.875%** Senior Notes were validly tendered and exchanged by certain eligible bondholders for consideration consisting of \$127.1 million aggregate principal amount of 8.00% second lien senior secured notes, which were fully redeemed at par in connection with the Convertible Senior Notes issuance during the second quarter of 2021. As of **September 30, 2023** **March 31, 2024**, the remaining aggregate principal amount of **2027 6.875%** Senior Notes and 2026 5.375% Senior Notes outstanding was \$356.4 million and \$289.4 million, respectively. Refer to Note **14—Subsequent Events** for additional information regarding the redemption of the remaining **2027 6.875%** Senior Notes that occurred subsequent to the period ended **March 31, 2024**.

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

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At any time prior to **January 15, 2021** (for the 2026 5.375% Senior Notes), **April 1, 2022** (for the 2027 Senior Notes), **February 15, 2024** (for the 2026 7.75% Senior Notes), **July 1, 2024** (for the 2029 Senior Notes), **July 15, 2026** (for the 2031 Senior Notes) and **January 15, 2027** (for the 2032 Senior Notes) (**the**, the "Optional Redemption Dates" **Dates**), OpCo may, on any one or more occasions, redeem up to 35% (for the 2026 5.375% Senior Notes, 2026 7.75% Senior Notes, 2027 Senior Notes and 2029 Senior Notes) or 40% (for (40% for the 2032 Senior Notes) of the aggregate principal amount of each series of Senior Unsecured Notes with an amount of cash not greater than the net cash proceeds of certain equity offerings at a redemption price equal to **105.375%** (for the 2026 5.375% Senior Notes), **106.875%** **108.000%** (for the 2027 Senior Notes), **107.750%** (for the 2026 7.75% 8.00% Senior Notes), **105.875%** (for the 2029 Senior Notes), **109.875%** (for the 2031 Senior Notes) and **107.000%** (for the 2032 Senior Notes) of the principal amount of the Senior Unsecured Notes of the applicable series redeemed, plus any accrued and unpaid interest to the date of redemption; provided that at least 65% (for the 2026 5.375% Senior Notes, 2026 7.75% Senior Notes, 2027 Senior Notes and 2029 Senior Notes) or 60% (for (60% for the 2032 Senior Notes) of the aggregate principal amount of each such series of Senior Unsecured Notes remains outstanding immediately after such redemption, and the redemption occurs within 180 days of the closing date of such equity offering.

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

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

The indentures governing the Senior Unsecured Notes contain covenants that, among other things and subject to certain exceptions and qualifications, limit OpCo's ability and the ability of OpCo's restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; (iii) transfer or sell assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from their subsidiaries to them; (vii) consolidate, merge or transfer all or substantially all of their assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. OpCo was in compliance with these covenants as of **September 30, 2023** **March 31, 2024**.

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

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

Note 5—Asset Retirement Obligations

The following table summarizes changes in the Company's asset retirement obligations ("ARO") associated with its working interests in oil and gas properties for the **nine** **three** months ended **September 30, 2023** **March 31, 2024**:

(in thousands)

Asset retirement obligations, beginning of period	\$ 40,947	121,417
Liabilities incurred	1,908	3,507
Liabilities acquired	5,260	3,640
Liabilities divested and settled	(5,873)	(2,549)
Accretion expense	2,151	2,145
Asset retirement obligations, end of period	\$ 44,393	128,160

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

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amount of the liability with an offsetting charge to accretion expense, which is included within depreciation, depletion and amortization.

Note 6—Stock-Based Compensation

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

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

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

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Equity Awards				
Restricted stock				
Restricted stock	\$ 6,311	\$ 7,599	\$ 30,324	\$ 15,519
Stock option awards	—	13	1	70
Performance stock units	9,709	41,079	39,260	45,161
Other stock-based compensation expense ⁽¹⁾	—	78	—	221
Total stock-based compensation - equity awards	16,020	48,769	69,585	60,971
Liability Awards				
Performance stock units				
Performance stock units	—	(19,916)	—	(14,789)
Total stock-based compensation expense	\$ 16,020	\$ 28,853	\$ 69,585	\$ 46,182

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

(in thousands)	Three Months Ended March 31,	
	2024	2023
Equity Awards		
Restricted stock		
Restricted stock	\$ 4,586	\$ 10,673
Stock option awards	—	1
Performance stock units	5,045	7,197
Total stock-based compensation expense	\$ 9,631	\$ 17,871

Equity Awards

The Company has restricted stock, stock options and performance stock units (“PSUs”) outstanding that were granted under the LTIP as discussed below. Each award has service-based and, in the case of the PSUs, market-based vesting requirements, and are expected to be settled in shares of Class A Common Stock upon vesting. As a result,

these awards are classified as equity-based awards in accordance with ASC Topic 718, *Compensation-Stock Compensation* ("ASC 718").

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In connection with the Colgate Merger, the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") approved a resolution to extend severance benefits under the Company's Second Amended and Restated Severance Plan (the "Severance Plan") to employees that experience a Qualifying Termination (as defined in the Severance Plan) following the Colgate Merger. As a result, affected employees of the Company will receive received an accelerated vesting of their unvested restricted stock awards and PSUs upon termination, which will change changed the terms of the vesting conditions and will be were treated as modifications in accordance with ASC 718. During the nine three months ended September 30, 2023 March 31, 2024, nineteen no employees had Qualifying Terminations and related to the Colgate Merger as compared to nine employees that received accelerated vesting of their unvested stock awards accordingly, during the three months ended March 31, 2023. These modifications resulted in an increase to total stock-based compensation expense of \$7.1 million and \$39.3 million \$6.3 million for the three and nine months ended September 30, 2023, respectively, and \$7.0 million for three and nine months ended September 30, 2022 March 31, 2023 as a result of the change in the fair value of the modified awards. The restricted stock shares and performance stock units that were accelerated are included within the vested line items in the below tables.

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Restricted Stock

The following table provides information about restricted stock activity during the nine months ended September 30, 2023 March 31, 2024:

	Weighted Average	
	Restricted Stock	Fair Value
	<hr/>	
Unvested balance as of		
December 31, 2022	8,182,705	\$ 6.03
Restricted Stock		
Restricted Stock		
Weighted Average Fair Value		
Unvested balance as of December 31, 2023		
Granted	Granted	905,960 10.06
Vested	Vested	(4,742,065) 7.27
Forfeited	Forfeited	(601,391) 7.72
Unvested balance as of		
September 30, 2023	<u>3,745,209</u>	8.14
Unvested balance as of March 31, 2024		

The Company grants service-based restricted stock to certain officers and employees, which either vests ratably over a three-year service period or cliff vests upon a three or five-year service period, and to directors, which vest over a one-year service period. Compensation cost for these service-based restricted stock grants is based on the closing market price of the Company's Class A Common Stock on the grant date, and such costs are recognized ratably over the applicable vesting period. The total fair value of restricted stock that vested during the ~~nine~~ three months ended ~~September 30, 2023~~ ~~March 31, 2024~~ and ~~2022~~ 2023 was ~~\$34.5 million~~ ~~\$1.0 million~~ and ~~\$18.3 million~~ ~~\$8.3 million~~, respectively. Unrecognized compensation cost related to restricted shares that were unvested as of ~~September 30, 2023~~ ~~March 31, 2024~~ was ~~\$26.2 million~~ ~~\$45.0 million~~, which the Company expects to recognize over a weighted average period of ~~2.22~~ 6 years.

Stock Options

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

The following table provides information about stock option awards outstanding during the nine three months ended September 30, 2023 March 31, 2024:

		Weighted Options	Average Price	Remaining (in years)	Aggregate Value (in thousands)
		Weighted Average	Average Price	Remaining (in years)	Aggregate Value (in thousands)
		Average	Remaining	Value	
		Exercise	Term	(in	
		Options	Price	(in years)	thousands)
Outstanding as of December 31, 2022		2,056,467	\$ 15.44		
Outstanding as of December 31, 2023					
Granted	Granted	—	—		
Granted					
Granted					
Exercised					
Exercised	Exercised	(76,834)	6.73	\$ 371	
Forfeited	Forfeited	—	—		
Expired	Expired	(1,144,334)	15.46		
Outstanding as of September 30, 2023		835,299	16.21	3.4 \$ 688	
Exercisable as of September 30, 2023		835,299	16.21	3.4 \$ 688	
Expired					
Expired					
Outstanding as of March 31, 2024					
Outstanding as of March 31, 2024					
Outstanding as of March 31, 2024					
Exercisable as of March 31, 2024					

The total fair value of stock options that vested was minimal during the nine months ended September 30, 2023 and \$0.3 million for the nine months ended September 30, 2022. The intrinsic value of the stock options exercised was \$0.4 million for the nine months ended September 30, 2023 and minimal for the nine months ended September 30, 2022. As of September 30, 2023, there was no unrecognized compensation cost related to unvested stock options.

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Performance Stock Units

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

The Company's PSUs currently outstanding can be settled in either Class A Common Stock or cash upon vesting at the Company's discretion. The Company intends to settle all PSUs in Class A Common Stock and has sufficient shares available under the LTIP to settle the units in Class A Common Stock at the potential future vesting dates. Accordingly, the PSUs have

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been treated as equity-based awards with their fair values determined as of the grant or modification date, as applicable. The fair values of the awards are estimated using a Monte Carlo valuation model. The Monte Carlo valuation model is based on random projections of stock price paths and must be repeated numerous times to achieve a probabilistic assessment. Expected volatility was calculated based on the historical volatility of the Company's Class A Common Stock, and the risk-free interest rate is based on U.S. Treasury yield curve rates with maturities consistent with the vesting periods.

The following table summarizes the key assumptions and related information used to determine the fair value of PSUs measured during the nine months ended September 30, 2023 March 31, 2024:

	2023	2024	Awards
Number of PSUs granted			288,355 662,455
Weighted average fair value per share			\$18.19
Number of simulations			10,000,000 24.81
Expected implied stock volatility			55.4% 43.9%
Risk-free interest rate			4.2% 4.3%

The following table provides information about PSUs outstanding during the nine months ended September 30, 2023 March 31, 2024:

	Awards	Weighted Average Fair Value
Unvested balance as of December 31, 2022	7,638,098	\$ 13.11
Granted	288,355	18.19
Vested ⁽¹⁾	(2,462,725)	10.10
Forfeited	(428,808)	13.58
Unvested balance as of September 30, 2023	<u>5,034,920</u>	<u>15.17</u>

	Awards	Weighted Average Fair Value
Unvested balance as of December 31, 2023	5,019,425	\$ 15.18
Granted	662,455	24.81
Vested	—	—
Forfeited	—	—
Unvested balance as of March 31, 2024	<u>5,681,880</u>	<u>16.30</u>

⁽¹⁾ This balance includes vested PSU awards as of September 30, 2023 based on the original number of PSUs granted. Actual PSUs vested is based upon the Company's absolute annualized TSR calculation at the time of vesting, which may be greater than or less than the original number granted.

The total fair value of PSUs that vested during the nine months ended September 30, 2023 and 2022 was \$41.1 million and \$2.7 million, respectively. As of September 30, 2023 March 31, 2024, there was \$49.7 million \$56.5 million of unrecognized compensation cost related to PSUs that were unvested, which the Company expects to recognize on a pro-rata basis over a weighted average period of 3.0 2.5 years.

Liability Awards

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

On August 18, 2022, the Compensation Committee amended the 2020 PSU agreement to allow a portion of the units to be settled in either cash or Class A Common Stock upon vesting at the Company's discretion. At that time, the Company had the ability and intended to settle the 4.7 million 2020 PSUs that were modified in shares. As a result, these units were reclassified to equity based awards in accordance with ASC 718 and \$10.0 million of incremental stock compensation expense was recognized during the third quarter of 2022 associated with the change in the fair value of the units. As of September 30, 2023, the 2020 PSUs were fully vested and settled in shares.

The remaining 0.8 million 2020 PSUs were accelerated vested and settled in a \$9.4 million cash payment during the third quarter of 2022. There are no liability classified performance stock units outstanding as of September 30, 2023.

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Note 7—Derivative Instruments

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

Commodity Derivative Contracts

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

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

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The following table summarizes the approximate volumes and average contract prices of derivative contracts the Company had in place as of **September 30, 2023** **March 31, 2024**:

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price (\$/Bbl) ⁽¹⁾	
Crude oil swaps	October 2023 - December 2023	1,748,000	19,000	\$82.93	
	January 2024 - March 2024	1,820,000	20,000	77.54	
	April 2024 - June 2024	1,820,000	20,000	76.34	
	July 2024 - September 2024	1,840,000	20,000	75.19	
	October 2024 - December 2024	1,840,000	20,000	74.19	
	January 2025 - March 2025	990,000	11,000	73.51	
	April 2025 - June 2025	1,001,000	11,000	72.27	
	July 2025 - September 2025	1,012,000	11,000	71.09	
	October 2025 - December 2025	1,012,000	11,000	70.03	
Wtd. Avg. Collar Price Ranges (\$/Bbl)⁽²⁾					
Crude oil collars	October 2023 - December 2023	644,000	7,000	\$76.43	-
				\$92.70	
Wtd. Avg. Differential (\$/Bbl)⁽³⁾					
Crude oil basis differential swaps	October 2023 - December 2023	1,025,002	11,141	\$0.63	
	January 2024 - March 2024	1,820,000	20,000	0.86	
	April 2024 - June 2024	1,820,000	20,000	0.86	
	July 2024 - September 2024	1,840,000	20,000	0.86	
	October 2024 - December 2024	1,840,000	20,000	0.86	
	January 2025 - March 2025	450,000	5,000	0.95	
	April 2025 - June 2025	455,000	5,000	0.95	
	July 2025 - September 2025	460,000	5,000	0.95	
	October 2025 - December 2025	460,000	5,000	0.95	
Wtd. Avg. Differential (\$/Bbl)⁽⁴⁾					
Crude oil roll differential swaps	October 2023 - December 2023	1,656,000	18,000	\$1.16	
	January 2024 - March 2024	1,820,000	20,000	0.58	
	April 2024 - June 2024	1,820,000	20,000	0.58	
	July 2024 - September 2024	1,840,000	20,000	0.57	
	October 2024 - December 2024	1,840,000	20,000	0.57	
	January 2025 - March 2025	450,000	5,000	0.35	
	April 2025 - June 2025	455,000	5,000	0.35	
	July 2025 - September 2025	460,000	5,000	0.35	
	October 2025 - December 2025	460,000	5,000	0.35	

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price		
				(\$/Bbl) ⁽¹⁾		
Crude oil swaps	April 2024 - June 2024	3,339,500	36,698	\$76.71		
	July 2024 - September 2024	3,358,000	36,500	75.64		
	October 2024 - December 2024	3,358,000	36,500	74.61		
	January 2025 - March 2025	1,845,000	20,500	73.62		
	April 2025 - June 2025	1,865,500	20,500	72.46		
	July 2025 - September 2025	1,886,000	20,500	71.35		
	October 2025 - December 2025	1,886,000	20,500	70.38		
	January 2026 - March 2026	135,000	1,500	70.57		
	April 2026 - June 2026	136,500	1,500	69.69		
	July 2026 - September 2026	138,000	1,500	68.86		
	October 2026 - December 2026	138,000	1,500	68.16		
Crude oil collars	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Collar Price Ranges		
				(\$/Bbl) ⁽²⁾		
				\$60.00	-	\$76.01
				60.00	-	76.01
Deferred premium puts	April 2024 - June 2024	182,000	2,000	\$60.00	-	\$76.01
	July 2024 - September 2024	184,000	2,000	60.00	-	76.01
	October 2024 - December 2024	184,000	2,000	60.00	-	76.01
Crude oil basis differential swaps	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Put Price		Deferred Premium
				(\$/Bbl) ⁽³⁾	(\$/Bbl) ⁽³⁾	
				\$65.00		\$4.96
				65.00		4.96
				65.00		4.96
				(\$/Bbl) ⁽⁴⁾		
	April 2024 - June 2024	3,689,018	40,539			\$0.97
	July 2024 - September 2024	3,772,000	41,000			0.97
	October 2024 - December 2024	3,772,000	41,000			0.97
	January 2025 - March 2025	1,845,000	20,500			1.09
	April 2025 - June 2025	1,865,500	20,500			1.09
	July 2025 - September 2025	1,886,000	20,500			1.09
	October 2025 - December 2025	1,886,000	20,500			1.09

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

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

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

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

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

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

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Gas Price
				(\$/MMBtu) ⁽¹⁾
Natural gas swaps	October 2023 - December 2023	1,413,628	15,366	\$4.90
	January 2024 - March 2024	4,104,919	45,109	3.77
	April 2024 - June 2024	446,321	4,905	3.93
	July 2024 - September 2024	429,388	4,667	4.01
	October 2024 - December 2024	413,899	4,499	4.32

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential
				(\$/MMBtu) ⁽²⁾
Natural gas basis differential swaps	October 2023 - December 2023	6,210,000	67,500	\$(1.30)
	January 2024 - March 2024	3,640,000	40,000	(0.52)
	April 2024 - June 2024	1,820,000	20,000	(0.67)
	July 2024 - September 2024	1,840,000	20,000	(0.66)
	October 2024 - December 2024	1,840,000	20,000	(0.64)

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential
				(\$/MMBtu) ⁽³⁾
Natural gas basis differential swaps	October 2023 - December 2023	1,840,000	20,000	\$(0.30)
	January 2024 - March 2024	3,640,000	40,000	0.00

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges		
				(\$/MMBtu) ⁽⁴⁾		
Natural gas collars	October 2023 - December 2023	6,636,372	72,134	\$3.66	-	\$8.22
	January 2024 - March 2024	3,175,081	34,891	3.36	-	9.44
	April 2024 - June 2024	1,373,679	15,095	3.00	-	6.45
	July 2024 - September 2024	1,410,612	15,333	3.00	-	6.52
	October 2024 - December 2024	1,426,101	15,501	3.25	-	7.30

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

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Differential
				(\$/MMBtu) ⁽²⁾

Natural gas basis differential swaps	April 2024 - June 2024	10,920,000	120,000	\$ (0.99)
	July 2024 - September 2024	11,040,000	120,000	(0.99)
	October 2024 - December 2024	11,040,000	120,000	(0.98)
	January 2025 - March 2025	3,600,000	40,000	(0.74)
	April 2025 - June 2025	3,640,000	40,000	(0.74)
	July 2025 - September 2025	3,680,000	40,000	(0.74)
	October 2025 - December 2025	3,680,000	40,000	(0.74)
Natural gas collars	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges (\$/MMBtu) ⁽³⁾
	April 2024 - June 2024	5,013,679	55,095	\$2.68 - \$5.04
	July 2024 - September 2024	5,090,612	55,333	2.68 - 5.06
	October 2024 - December 2024	5,106,101	55,501	2.75 - 5.29

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

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

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

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

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

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

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	Three Months Ended March 31,		Nine Months Ended September 30,	
	Three Months Ended March 31,		Nine Months Ended September 30,	
	Three Months Ended March 31,		Nine Months Ended September 30,	
(in thousands)	(in thousands)	2023	2022	2023
Net gain (loss) on derivative instruments	Net gain (loss) on derivative instruments	\$ (151,781)	\$ 181,308	\$ (76,668)
Net gain (loss) on derivative instruments	Net gain (loss) on derivative instruments			\$ 17,651

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

the consolidated balance sheets of the Company's derivative contracts outstanding at the respective balance dates, as well as the gross recognized derivative assets, liabilities and offset amounts:

		Gross Fair Value						
		Balance Sheet	Value	Gross Amounts	Net Recognized Fair Value			
		Classification	Amounts	Offset ⁽¹⁾	Assets/Liabilities			
		Balance Sheet Classification			Balance Sheet Classification			
(in thousands)		(in thousands)			(in thousands)			
Derivative Assets		Derivative Assets						
Commodity contracts	Commodity contracts	Derivative instruments	\$ 15,538	\$(12,876)	\$ 2,662			
		Other noncurrent assets	1,592	(1,592)	—			
Commodity contracts								
Commodity contracts								
		Other noncurrent assets						
Derivative Liabilities		Derivative Liabilities						
Commodity contracts	Commodity contracts	Derivative instruments	\$ 48,624	\$(12,876)	\$ 35,748			
		Commodity contracts						
Commodity contracts								
Commodity contracts								
		Other noncurrent liabilities						
		Other noncurrent liabilities	19,613	(1,592)	18,021			
		December 31, 2022						
		December 31, 2023						
		December 31, 2023						
Derivative Assets		Derivative Assets						
Commodity contracts	Commodity contracts	Derivative instruments	\$ 125,120	\$(24,323)	\$ 100,797			
		Other noncurrent assets	22,016	(3,691)	18,325			
Commodity contracts								
Commodity contracts								
		Other noncurrent assets						
Derivative Liabilities		Derivative Liabilities						
Commodity contracts	Commodity contracts	Derivative instruments	\$ 26,321	\$(24,323)	\$ 1,998			
		Other noncurrent liabilities	6,349	(3,691)	2,658			
Commodity contracts								
Commodity contracts								
		Other noncurrent liabilities						

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

Contingent Features in Financial Derivative Instruments. None of the Company's derivative instruments contain credit-risk-related contingent features. Counterparties to the Company's financial derivative contracts are high credit-quality financial institutions that are primarily lenders under OpCo's Credit Agreement. The Company enters into new hedge arrangements only with participants under its Credit Agreement, since these institutions are secured equally with the holders of any OpCo bank debt.

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which eliminates the potential need to post collateral when the Company is in a derivative liability position. As a result, the Company is not required to post letters of credit or corporate guarantees for its derivative counterparties in order to secure contract performance obligations.

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

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Note 8—Fair Value Measurements

Recurring Fair Value Measurements

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

- Level 1: Quoted Prices in Active Markets for Identical Assets – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Significant Other Observable Inputs – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3: Significant Unobservable Inputs – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

(in thousands)	Level 1	Level 2	Level 3
September 30, 2023 March 31, 2024			
Total assets	\$ —	\$ 2,662	\$ 5,788
Total liabilities	—	53,769	40,689
December 31, 2022 2023			
Total assets	\$ —	\$ 119,122	\$ 97,625
Total liabilities	—	4,656	4,052

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

Derivatives

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

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Nonrecurring Fair Value Measurements

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

Oil and Gas Property Acquisitions. The fair value measurements of assets acquired and liabilities assumed are measured on the acquisition date using an income valuation technique based on inputs that are not observable in the market and therefore represent Level 3 inputs. Significant inputs to the valuation of acquired oil and gas properties include estimates of: (i) reserves; (ii) production rates; (iii) future operating and development costs; (iv) future commodity prices, including price differentials; (v) future cash flows; and (vi) a market participant-based weighted average cost of capital rate. and (vii) risk adjustment factors applied to proved and unproved reserves. These inputs require significant judgements and estimates by the Company's management at the time of valuation. Refer to Note 2—Acquisitions and Divestitures for additional information on the fair value of assets acquired and liabilities assumed.

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

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

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

Other Financial Instruments

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

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

	September 30, 2023			December 31, 2022			
	Carrying Value	Principal Amount	Fair Value	Carrying Value	Principal Amount	Fair Value	
	March 31, 2024			March 31, 2024			December 31, 2023
	Carrying Value			Carrying Value	Principal Amount	Fair Value	Carrying Value Principal Amount Fair Value
Credit	Credit						
Facility due	Facility due						
2027 ⁽¹⁾	2027 ⁽¹⁾	\$ —	\$ —	\$ 385,000	\$ 385,000	\$ 385,000	
5.375%	5.375%						
Senior	Senior						
Notes due	Notes due						
2026 ⁽²⁾	2026 ⁽²⁾	287,179	289,448	278,902	286,512	289,448	264,366
7.75%	7.75%						
Senior	Senior						
Notes due	Notes due						
2026 ⁽²⁾	2026 ⁽²⁾	300,000	300,000	301,764	300,000	300,000	291,338

6.875%	6.875%						
Senior	Senior						
Notes due	Notes due						
2027 ⁽²⁾	2027 ⁽²⁾	352,365	356,351	351,380	351,632	356,351	337,126
8.00%							
Senior							
Notes due							
2027 ⁽²⁾							
3.25%	3.25%						
Convertible	Convertible						
Senior	Senior						
Notes due	Notes due						
2028 ⁽²⁾⁽³⁾	2028 ⁽²⁾⁽³⁾	165,676	170,000	403,675	165,025	170,000	285,858
5.875%	5.875%						
Senior	Senior						
Notes due	Notes due						
2029 ⁽²⁾	2029 ⁽²⁾	657,039	700,000	654,684	652,629	700,000	601,125
7.00% Senior Note due							
2032 ⁽²⁾	491,919	500,000	495,334	—	—	—	
9.875%							
Senior							
Notes due							
2031 ⁽²⁾							
7.00%							
Senior							
Notes due							
2032 ⁽²⁾							

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

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

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

(3) The Convertible Senior Notes are subject to certain conditions that allow them to be convertible prior to their maturity and as of **September 30, 2023** **March 31, 2024**, noteholders **had** **have** the right to convert during the **third** **second** quarter of **2023** **2024**. The Company has Capped Call Transactions that cover the aggregate number of shares of Class A Common Stock that underlie the Convertible Senior Notes and would offset any cash payment OpCo is required to make in excess of the principal amount of these notes. Refer to Note 4—Long-Term Debt for additional information on the Convertible Senior Notes and associated Capped Call Transactions.

Note 9—Shareholders' Equity and Noncontrolling Interest

Stock Conversion

During the **nine** **three** months ended **September 30, 2023**, **March 31, 2024** and **2023**, certain legacy owners of Colgate and Earthstone exchanged **49.1** **41.4** million and **20.9** million, respectively, of their Common Units common units of OpCo ("Common Unit") and corresponding shares of Class C Common Stock for Class A Common Stock. **A** **deferred** **Deferred tax asset** **assets** of **\$16.6** **\$26.3** million **was** and **\$2.4** million were recorded in equity as a result of the **conversion** **conversions** of shares from the noncontrolling interest owner. **owners** for the **three** months ended **March 31, 2024** and **2023**, respectively. No cash proceeds were received by the Company in connection with the **these** conversions.

Dividends

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During the nine months ended September 30, 2023, the Company declared a quarterly cash dividend of \$0.05 per share of Class A Common Stock and a quarterly cash distribution of \$0.05 per Common Unit (each of which has an underlying share of Class C Common Stock) declared and paid during each of the first three quarters of 2023. Additionally, during the second and third quarters of 2023, the Company's Board of Directors declared a variable cash dividend of \$0.05 per share of Class A Common Stock and a quarterly variable cash distribution of \$0.05 per Common Unit of OpCo. The cash dividends and distributions paid totaled \$143.1 million for the nine months ended September 30, 2023, period:

	Dividend/Distribution per Share					Total Dividends/Distributions Declared and Paid (in thousands)
	Base	Variable	Total			
Three Months Ended, March 31, 2024	\$ 0.05	\$ 0.10	\$ 0.15			115,521
March 31, 2023	\$ 0.05	\$ —	\$ 0.05			28,516

Stock Repurchase Program

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

During the nine months ended September 30, 2023, March 31, 2024 and 2023, the Company paid \$57.3 million \$31.4 million and \$29.4 million, respectively, to repurchase 5.0 2.0 million and 2.8 million, respectively, Common Units of OpCo resulting in an equal number of the underlying shares of Class C Common Stock simultaneously being canceled under its Repurchase Program.

Noncontrolling Interest

The noncontrolling interest relates to Common Units that were issued in connection with the Colgate Merger. At the date of the Colgate Merger, the noncontrolling interest represented approximately 48% of the ownership in OpCo. The noncontrolling interest percentage is affected by various equity transactions such as Common Unit and Class C Common Stock exchanges and transactions involving Class A Common Stock.

As of September 30, 2023 March 31, 2024, the noncontrolling interest ownership of OpCo had decreased to 38% 24% from 48% 30% as of December 31, 2022 December 31, 2023. This decrease was mainly the result of (i) exchanges of Common Units (and corresponding shares of Class C Common Stock) for Class A Common Stock and (ii) Class C Common Stock repurchases completed by the Company as discussed above.

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

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Note 10—Earnings Per Share

Basic earnings per share ("EPS") is calculated by dividing net income attributable to Class A Common Stock by the weighted average shares of Class A Common Stock outstanding during each period. Diluted EPS is calculated by dividing adjusted net income by the weighted average shares of diluted Class A Common Stock outstanding, which includes the effect of potentially dilutive securities. Potentially dilutive securities for the diluted EPS calculation consists of (i) unvested equity-based restricted stock and performance stock units and outstanding stock options, withholding amounts from the employee stock purchase plan (prior to its discontinuation in January 2023), all using the treasury stock method; (ii) equity-based restricted stock and performance stock units that were vested but not outstanding, using the treasury stock method; and (iii) the Company's Class C Common Stock and potential shares issuable under our Convertible Senior Notes, both using the "if-converted" method, which is net of tax.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended March 31,	
(in thousands, except per share data)	(in thousands, except per share data)			
Net income (loss) attributable to Class A Common Stock	\$ 45,433	\$ 224,359	\$ 220,952	\$ 431,987
(in thousands, except per share data)				

(in thousands, except per share data)

Net income attributable to Class A
Common Stock

Net income attributable to Class A
Common Stock

Net income attributable to Class A
Common Stock

Add: Interest on
Convertible Senior
Notes, net of tax

Add: Interest on
Convertible Senior
Notes, net of tax

1,374

1,395

4,116

5,391

Adjusted net income (loss) attributable to

Class A Common Stock

\$ 46,807

\$ 225,754

\$ 225,068

\$ 437,378

Add: Interest on Convertible Senior Notes,
net of tax

Add: Interest on Convertible Senior Notes,
net of tax

Adjusted net income (attributable to Class
A Common Stock)

Adjusted net income (attributable to Class
A Common Stock)

Basic weighted average shares of Class A
Common Stock outstanding

Basic weighted average shares of Class A
Common Stock outstanding

Basic weighted
average shares of
Class A Common
Stock outstanding

Basic weighted
average shares of
Class A Common
Stock outstanding

324,650

286,245

312,015

285,368

Add: Dilutive effects
of Convertible
Senior Notes

Add: Dilutive effects
of Convertible
Senior Notes

27,829

27,074

27,583

27,074

Add: Dilutive effects of equity awards and
ESPP shares

13,695

8,667

11,819

8,153

Add: Dilutive effects of Convertible Senior
Notes

Add: Dilutive effects of Convertible Senior
Notes

Add: Dilutive effects of equity awards

Add: Dilutive effects of equity awards

Add: Dilutive effects of equity awards

Diluted weighted average shares of Class
A Common Stock outstanding

Diluted weighted average shares of Class
A Common Stock outstanding

Diluted weighted
average shares of
Class A Common
Stock outstanding

Diluted weighted
average shares of
Class A Common
Stock outstanding

366,174

321,986

351,417

320,595

Basic net earnings (loss) per share of

Class A Common Stock

\$ 0.14

\$ 0.78

\$ 0.71

\$ 1.51

Diluted net earnings (loss) per share of

Class A Common Stock

\$ 0.13

\$ 0.70

\$ 0.64

\$ 1.36

Basic net earnings per share of Class A
Common Stock

Basic net earnings per share of Class A
Common Stock

Basic net earnings per share of Class A Common Stock
Diluted net earnings per share of Class A Common Stock
Diluted net earnings per share of Class A Common Stock
Diluted net earnings per share of Class A Common Stock

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

(in thousands)	Three Months Ended March 31,			
	2024	2023	2024	2023
Out-of-the-money stock options	540	1,914		
Weighted average shares of Class C Common Stock	218,811	263,369		
(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Out-of-the-money stock options	1,022	2,034	1,451	2,060
Weighted average shares of Class C Common Stock	241,340	87,815	250,018	29,593
Restricted stock	—	3,095	69	1,032
Performance stock units	—	1,452	39	634

Note 11—Transactions with Related Parties

Pearl Energy Investments ("Pearl"), EnCap Partners GP, LLC ("EnCap"), Riverstone Investment Group LLC ("Riverstone"), NGP Energy Capital ("NGP") and related affiliates of each entity each beneficially owned more than 5% of any class of common stock in the Company as of March 31, 2024. Due to Pearl, EnCap, Riverstone and NGP's beneficial ownership and NGP, Pearl and OpCo's management's previously held interest in CEP III Holdings, LLC, these entities are considered related parties to the Company.

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

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Note 11—Transactions with Related Parties

Riverstone Investment Group LLC ("Riverstone"), NGP Energy Capital ("NGP"), Pearl Energy Investments ("Pearl") and related affiliates of each entity each beneficially owned more than 10% equity interest in the Company as of September 30, 2023. Certain members of OpCo's management owned profit interests at CEP III Holdings, LLC and its affiliates ("Colgate Holdings") until December 2022. Due to Riverstone, NGP, and Pearl's beneficial ownership and NGP, Pearl and OpCo's management's previously held interest in Colgate Holdings, these entities are considered related parties to the Company.

The Company has the following agreements in place that represent related party transactions. The Company believes that the terms of these arrangements are no less favorable to either party than those held with unaffiliated parties.

- (i) A marketing agreement with Lucid Energy Delaware, LLC ("Lucid"), who was an affiliate of Riverstone until the sale of Riverstone's investment in Lucid in July 2022. As a result of such sale, there no longer remains a related party relationship with Lucid as of the third quarter of 2022.
- (ii) A vendor arrangement with Streamline Innovations Inc, ("Streamline") who was an affiliate of Riverstone beginning in the second quarter of 2022 and an affiliate of Pearl.
- (iii) A joint operating agreement with Maple Energy Holdings, LLC ("Maple") who is an affiliate of Riverstone. On December 23, 2022, the Company sold all of its working interest ownership in producing properties operated by Maple for an unadjusted sales price of \$60 million. As a result of such sale, there no longer remains a related party relationship with Maple as of December 31, 2022.
- (iv) A vendor arrangement with LM Energy Partners who was an affiliate of Colgate Holdings until the sale of Colgate Holdings' investment in LM Energy Partners in December 2022. As a result of such sale, there no longer remains a related party relationship with LM Energy Partners as of December 31, 2022.

The following table summarizes the costs incurred and revenues recognized from such arrangements the arrangement during the periods they were it was considered a related parties, party, as discussed above, as included in the consolidated statements of operations for the periods indicated, as well as the related net receivables and payables outstanding as of the balance sheet dates: indicated:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Lucid				
Oil and gas sales	\$ 6,527	\$ —	\$ —	\$ 25,117

Gathering, processing and transportation expenses	—	729	—	5,398
Streamline				
Lease operating expenses	1,782	358	3,616	669
(in thousands)				
Accounts receivable, net			September 30, 2023	December 31, 2022
Maple			—	128
Accounts payable and accrued expenses			—	2,790
Maple			—	2,283
LM Energy Partners			—	—
Streamline			649	—
Three Months Ended March 31,				
(in thousands)				
Streamline			2024	2023
Lease operating expenses	\$	2,059	\$	596

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

During the three months ended **March 31, 2024** and **2023**, the Company repurchased **5.020** million and **2.8** million, respectively, Common Units of OpCo from NGP for **\$57.3** million **\$31.4** million and **\$29.4** million, respectively, under the Repurchase Program. The equal number of underlying shares of Class C Common Stock were simultaneously canceled by the Company.

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Note 12—Commitments and Contingencies

Commitments

The Company routinely enters into, extends or amends operating agreements in the ordinary course of business. **Other than the ground lease agreement the Company entered into during the nine months ended September 30, 2023, discussed in Note 1—Basis of Presentation and Summary of Significant Accounting Policies, there have been no other** material, non-routine changes in commitments during the **nine** **three** months ended **September 30, 2023** **March 31, 2024**. Please refer to Note 14—Commitments and Contingencies included in Part II, Item 8 in the Company's **2022** **2023** Annual Report.

Contingencies

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

In February 2021, the Permian Basin was impacted by record-low temperatures and a severe winter storm ("Winter Storm Uri") that resulted in multi-day electrical outages and shortages, pipeline and infrastructure freezes, transportation disruptions, and regulatory actions in Texas, which led to significant increases in gas prices, gathering, processing and transportation fees and electrical rates during this time. As a result, many oil and gas operators, including upstream producers like the Company, gas processors and purchasers, and transportation providers experienced operational disruptions. During this time, the Company was unable to utilize the entire volume of its reserved capacity on pipelines and as a result has made certain force majeure declarations. One third-party transportation provider **has filed a lawsuit against the Company claiming compensation for the full amount of the reserved capacity, both utilized and unutilized**. The Company **has made a payment paid for the utilized capacity and filed a separate lawsuit against the transportation provider requesting declaratory relief for the purpose of construing the provisions of the transportation agreement relating to the unutilized capacity**. At this time, the Company believes that a **loss is reasonably possible in relation to these matters is probable and in accordance with ASC Topic 450-20, Loss Contingencies has recorded a net estimated liability of \$6.5 million, inclusive of estimated interest penalties, as of March 31, 2024**. Future changes in facts and circumstances not currently known or foreseeable could result in the actual liability exceeding the estimated loss accrued, however, the Company believes that any such loss above the amount could range from zero accrued would not be material to **\$7.6 million, which may be subject to additional interest charges, and no amount in that range is a better estimate than any other** the consolidated financial statements.

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

Note 13—Revenues

Revenue from Contracts with Customers

Crude oil, natural gas and NGL sales are recognized at the point that control of the product is transferred to the customer and collectability is reasonably assured. Virtually all of the Company's contract pricing provisions are tied to a market index, with certain adjustments based on, among other factors, transportation costs to an active spot market and

quality differentials. As a result, the Company's realized prices of oil, natural gas, and NGLs fluctuate to remain competitive with other available oil, natural gas, and NGLs supplies both globally (in the case of crude oil) and locally.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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

		Three Months Ended September 30,				Nine Months Ended September 30,	
		2023	2022			2023	2022
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		Three Months Ended March 31,					
		2024					
		2024					
		2024					
Operating revenues (in thousands):							
Operating revenues (in thousands):	Operating revenues (in thousands):						
Operating revenues (in thousands):	Operating revenues (in thousands):						
Oil sales	Oil sales	\$ 660,445	\$ 397,187	\$ 1,734,057	\$ 1,009,545		
Oil sales							
Oil sales							
Natural gas sales ⁽¹⁾	Natural gas sales ⁽¹⁾						
Natural gas sales ⁽¹⁾	Natural gas sales ⁽¹⁾						
Natural gas sales ⁽¹⁾	Natural gas sales ⁽¹⁾	93,455					200,503
Natural gas sales ⁽¹⁾	Natural gas sales ⁽¹⁾	38,354		94,123			
NGL sales ⁽²⁾	NGL sales ⁽²⁾	59,742	59,136	170,027			159,661
NGL sales ⁽²⁾	NGL sales ⁽²⁾						
NGL sales ⁽²⁾	NGL sales ⁽²⁾						
Oil and gas sales	Oil and gas sales	\$ 758,541	\$ 549,778	\$ 1,998,207	\$ 1,369,709		
Oil and gas sales							
Oil and gas sales							

(1) Natural gas sales include a portion of gathering, processing and transportation costs ("GP&T") that are reflected as a reduction to natural gas sales of \$12.0 million and \$30.7 million \$25.3 million for the three and nine months ended September 30, 2023 March 31, 2024 and none \$11.3 million for the three and nine months ended September 30, 2022 March 31, 2023.

(2) NGL sales include a portion of GP&T that are reflected as a reduction to NGL sales of \$16.3 million and \$48.9 million \$22.9 million for the three and nine months ended September 30, 2023 March 31, 2024 and none \$16.1 million for the three and nine months ended September 30, 2022 March 31, 2023.

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Oil sales

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

Natural gas and NGL sales

Under the Company's natural gas processing contracts, liquids rich natural gas is delivered to a midstream gathering and processing entity at the agreed upon delivery point at which the purchaser takes title of the product. The midstream processing entity gathers and processes the raw gas and then remits proceeds to the Company. For these contracts, the Company evaluates when control is transferred and revenue should be recognized. Where the Company elects to take its residue gas or NGL product "in-kind" at the plant tailgate, fees incurred prior to transfer of control at the outlet of the plant are presented as GP&T within the consolidated statements of operations. Where the Company does not take its residue gas or NGL products "in-kind", transfer of control occurs at the inlet of the gas gathering systems, or prior, and fees incurred subsequent to this point are reflected as a net reduction to natural gas and NGL sales revenues presented in the table above. During the nine months ended September 30, 2023, the majority of the Company's contracts with customers have elections to not take its products "in-kind" resulting in more fees being shown as a net reduction to revenues as discussed above.

Performance obligations

For all commodity products, the Company records revenue in the month production is delivered to the purchaser. Settlement statements for crude oil are generally received within 30 days following the date that production volumes are delivered, but for natural gas and NGL sales, statements may not be received for 30 to 60 days after delivery has occurred. However, payment is unconditional once the performance obligations have been satisfied. At such time, the volumes delivered and sales prices can be reasonably estimated and amounts due from customers are accrued in *Accounts receivable, net* in the consolidated balance sheets. As of **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, such receivable balances were **\$214.3 million** **\$390.4 million** and **\$206.3 million** **\$346.0 million**, respectively.

The Company records any differences between its estimates and the actual amounts received for product sales in the month that payment is received from the purchaser. Historically, any identified differences between revenue estimates and actual revenue received have not been significant. For the **nine** **three** months ended **September 30, 2023** **March 31, 2024** and **2022** **2023**, revenue recognized in the reporting period related to performance obligations satisfied in prior reporting periods were not material.

Transaction price allocated to remaining performance obligations

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

PERMIAN RESOURCES CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 14—Subsequent Events

Senior Note Redemption

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

Amended Credit Agreement

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

Dividends Declared

On **November 7, 2023** **May 7, 2024**, the Company announced that its Board of Directors declared a quarterly cash dividend of **\$0.05** **\$0.06** per share of Class A Common Stock and a quarterly cash distribution of **\$0.05** **\$0.06** per Common Unit of OpCo. Additionally, the Company's Board of Directors declared a variable cash dividend of **\$0.07** **\$0.14** per share of Class A Common Stock and a quarterly variable cash distribution of **\$0.07** **\$0.14** per Common Unit of OpCo. The base and variable dividend represent a total return of **\$0.12** **\$0.20** per share. The dividends are payable on **November 28, 2023** **May 29, 2024** to shareholders of record as of **November 20, 2023** **May 21, 2024**.

Earthstone Merger

On November 1, 2023 the Earthstone Merger was completed. Refer to Note 2—Acquisitions and Divestitures for additional information regarding the Earthstone Merger.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and related notes. The following discussion and analysis contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, future market prices for oil, natural gas and NGLs, future production volumes, estimates of proved reserves, capital expenditures, economic and competitive conditions, inflation, regulatory changes, the implementation and actual result of the Earthstone Merger (defined below), and other uncertainties, as well as those factors discussed in "Cautionary Statement Concerning Forward-Looking Statements" and under the heading "Item 1A. Risk Factors" in this Quarterly Report and our **2022 Annual Report**; Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report"); all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may or may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Overview

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

On September 1, 2022 November 1, 2023, we completed the Colgate Earthstone merger (the "Colgate Earthstone Merger") with Colgate Earthstone Energy, Partners III, LLC Inc. ("Colgate" Earthstone). Colgate's Earthstone's results of operations were included in our financial statements and results of operations beginning on September 1, 2022 November 1, 2023.

Market Conditions

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

Immediately following the COVID-19 pandemic, global oil supply was limited by production curtailment agreements among the The Organization of Petroleum Exporting Countries and other oil producing countries ("OPEC+"), undertook a series of actions in addition an effort to overall reduced drilling and completion activity from U.S. producers. As global economies have reopened, demand for oil and gas has risen steadily post-pandemic and has been positively impacted by a global-wide transition away from coal to natural gas. The aforementioned factors, among others, led to heightened support commodity prices during certain time periods of 2022, particularly during the beginning of Russia's invasion of Ukraine. Specifically, NYMEX WTI spot prices for crude oil reached a high of \$123.70 per barrel on March 8, 2022 and the NYMEX Henry Hub index price for natural gas reached a high of \$9.85 per MMBtu on August 23, 2022. Subsequently, governments from several countries coordinated a simultaneous release of a portion of their strategic petroleum reserves, which increased global oil inventories to near normalized levels. In throughout 2023 in response OPEC+ announced an agreement to curtail production by approximately two million barrels per day. Despite OPEC+'s largest production cut since the pandemic, crude oil prices continued to fall from their peak in mid-2022 due in part to government-coordinated petroleum releases, in addition to global recession concerns, a high interest rate environment, lower than expected demand from China, and a regional banking crisis in the U.S. Year-to-date, OPEC+ has undertaken a series of actions, in an effort to support commodity prices. In April 2023, OPEC+ announced and further production cuts, which were later extended. geopolitical disruptions. In addition, both Saudi Arabia and Russia announced unilateral production curtailments at separate times during 2023. These actions, coupled with relatively strong global demand and recent rising tensions in the Middle East, caused crude oil prices to increase during the third quarter, 2023, with NYMEX WTI spot prices reaching a high of \$91.71 \$93.68 per barrel on September 28, 2023 September 27, 2023. Furthermore, However, further concerns of global economic growth and geopolitical events such as those discussed above, may cause increases in oil and natural gas supply levels resulted in additional price deterioration at the end of 2023 with oil finishing the year at \$71.65 per barrel. Similar market conditions continued in the start of the first quarter of 2024, until a reescalation of Middle East tensions caused oil prices to fluctuate significantly in rise with NYMEX WTI finishing the future. first quarter at \$83.17 per barrel.

The oil and natural gas industry is cyclical, and it is likely that commodity prices, as well as commodity price differentials, will continue to be volatile due to fluctuations in global supply and demand, inventory levels, geopolitical events, federal and state government regulations, weather conditions, the global transition to alternative energy sources, supply chain constraints and other factors. The following table highlights the quarterly average NYMEX price trends for NYMEX WTI spot prices for crude oil and NYMEX Henry Hub index price for natural gas since the first quarter of 2021: 2022:

	2021				2022				2023					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
	2022				2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
Crude oil (per Bbl)	Crude oil (per Bbl)	\$57.84	\$66.06	\$70.56	\$77.09	\$94.40	\$108.34	\$91.56	\$82.64	\$76.13	\$73.78	\$82.26		
Natural gas (per MMBtu)	Natural gas (per MMBtu)	\$ 3.44	\$ 2.88	\$ 4.28	\$ 4.74	\$ 4.60	\$ 7.39	\$ 7.96	\$ 5.55	\$ 2.67	\$ 2.12	\$ 2.58		

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

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

Due to the cyclical nature of the oil and gas industry, fluctuating demand for oilfield goods and services can put pressure on the pricing structure within our industry. As commodity prices rise, costs of oilfield goods and services generally also increase; however, during periods of commodity price declines, oilfield costs typically lag and do not adjust downward as fast as oil prices do. In addition, the U.S. inflation rate has been steadily increasing during 2022 2023 and 2023. These inflationary 2024. Inflationary pressures such as these may also result in increases to the costs of our oilfield goods, services and personnel, which can in turn cause our capital expenditures and operating costs to rise.

2023 2024 Highlights and Future Considerations

Earthstone Merger

On August 21, 2023, we entered into an Agreement and Plan of Merger ("the Merger Agreement") with Earthstone Energy, Inc. ("Earthstone") pursuant to which Permian Resources acquired Earthstone (the "Earthstone Merger"). On November 1, 2023 the Earthstone Merger was completed and we issued 161.0 million shares of our Class A Common Stock and 49.5 million shares of our Class C Common Stock to Earthstone stockholders under the terms of the Merger Agreement, and we also assumed Earthstone's debt upon closing of the Merger, which consisted of \$1.05 billion of senior notes and all borrowings outstanding under its credit facility at closing. Based on the closing price of our Class A Common Stock on the closing date of the Merger, November 1, 2023, the preliminary value of the share consideration was approximately \$3.0 billion.

Under the terms of the Merger Agreement (i) each share of Earthstone Class A Common Stock was converted into 1.446 shares (the "Exchange Ratio") of Permian Resources Class A Common Stock, (ii) each share of Earthstone Class B Common Stock was converted into 1.446 shares of Permian Resources Class C Common Stock, (iii) each common unit of Earthstone Energy Holdings, LLC, a subsidiary of Earthstone ("Earthstone OpCo") representing limited liability company membership interests in Earthstone OpCo were converted into common units of OpCo ("Common Unit"), equal to the Exchange Ratio, and (iv) all existing shares of Permian Resources Common Stock remained outstanding.

Upon the successful closing of the Earthstone Merger, we acquired approximately 223,000 net leasehold acres in the Permian Basin, we increased our acreage position to over 400,000 net acres, and our production will aggregate approximately 300,000 Boe per day. We believe that the Earthstone Merger will drive accretion across our key financial and operating metrics over the long term, enhance our shareholder returns, improve capital efficiency, add significant core inventory and provide increased acreage to our position in the Permian Basin.

Although this Quarterly Report on Form 10-Q was filed after the completion of the Earthstone Merger, information set forth herein only relates to the results of operations for Permian Resources for the quarter and year-to-date periods ended September 30, 2023 and 2022 and does not include any operational or financial information for Earthstone for such periods.

2023 Bolt-On Acquisition

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

2023 SWD Divestiture

On March 13, 2023, we completed the sale of our operated saltwater disposal wells and the associated produced water infrastructure in Reeves County, Texas. The total cash consideration received at closing was \$125 million, of which \$65 million was directly related to the sale and transfer of control of our water assets, while the remaining \$60 million consisted of contingent consideration that is tied to our future drilling, completion and water connection activity in Reeves County, Texas. The proceeds from the divestiture were used to fund the bolt-on acquisition discussed above and pay down additional borrowings under our credit facility.

Return of Capital Program

During each of the first three quarters of 2023, months ended March 31, 2024, we declared and paid a quarterly cash dividend of \$0.05 per share of Class A Common Stock and a quarterly cash distribution of \$0.05 per Class C Common Unit of OpCo Stock (each of which has an underlying share common unit of Class C OpCo ("Common Stock Units")). Additionally, during the second and third quarters of 2023, our Board of Directors declared and paid a variable cash dividend and distribution of \$0.05-\$0.10 per share of Class A Common Stock and a variable cash distribution of \$0.05 per Class C Common Unit of OpCo Stock. The cash dividends and distributions paid to common unitholders totaled \$143.1 million \$115.5 million for the nine three months ended September 30, 2023 March 31, 2024.

During the first and third quarters of 2023, three months ended March 31, 2024, we paid in aggregate \$57.3 million \$31.4 million to repurchase a total of 5.0 million 2.0 million Common Units of OpCo resulting in an equal number of the underlying shares of Class C Common Stock simultaneously being canceled under our stock repurchase program.

Financing

On September 12, 2023 April 5, 2024, we issued \$500.0 million redeemed all of 7.00% senior notes due 2032 (the "2032 Senior Notes") in a 144A private placement that resulted in net proceeds of \$491.9 million, after deducting \$8.1 million of debt issuance costs. The 2032 OpCo's outstanding 2027 6.875% Senior Notes were issued at par with a redemption price equal to 100% of the net proceeds being used aggregate principal amount outstanding of \$356.4 million plus accrued and unpaid interest up to, repay debt outstanding under our credit facility, including amounts assumed in but excluding, the redemption date.

In connection with the closing of the Earthstone Merger.

On September 1, 2023 spring borrowing base redetermination on April 25, 2024, we entered into the fourth and fifth amendments seventh amendment to the Credit Agreement (the "Fourth Amendment" and the "Fifth" "Seventh Amendment"). The Fourth Seventh Amendment, expanded among other things, increased the waiver of the automatic reduction of the borrowing base elected commitments under the Credit Agreement to among other things, allow \$2.5 billion from \$2.0 billion and reaffirmed the borrowing base at \$4.0 billion.

2024 Bolt-on Acquisitions

During the three months ended March 31, 2024, we completed multiple acquisitions of oil and natural gas properties for the assumption (or the issuance, in certain circumstances) a cumulative adjusted purchase price of up to \$1.05 billion principal amount \$92 million. The acquired assets consist predominately of Permitted Senior Unsecured Notes (as defined in the Credit Agreement) to refinance debt undeveloped acreage that may be assumed pursuant to the Earthstone Merger is directly offsetting our existing assets. These acquisitions are part of our ongoing bolt-on and otherwise allow for the issuance of Permitted Senior Unsecured Notes up to an aggregate principal amount of \$1.0 billion. The Fifth Amendment, among other things, waives compliance with certain restrictive covenants to enable the Earthstone Merger, subject to customary conditions. In addition, the Fifth Amendment increases the aggregate elected commitments from \$1.5 billion to \$2.0 billion. The Fifth Amendment is effective as of the closing date of the Earthstone Merger on November 1, 2023.

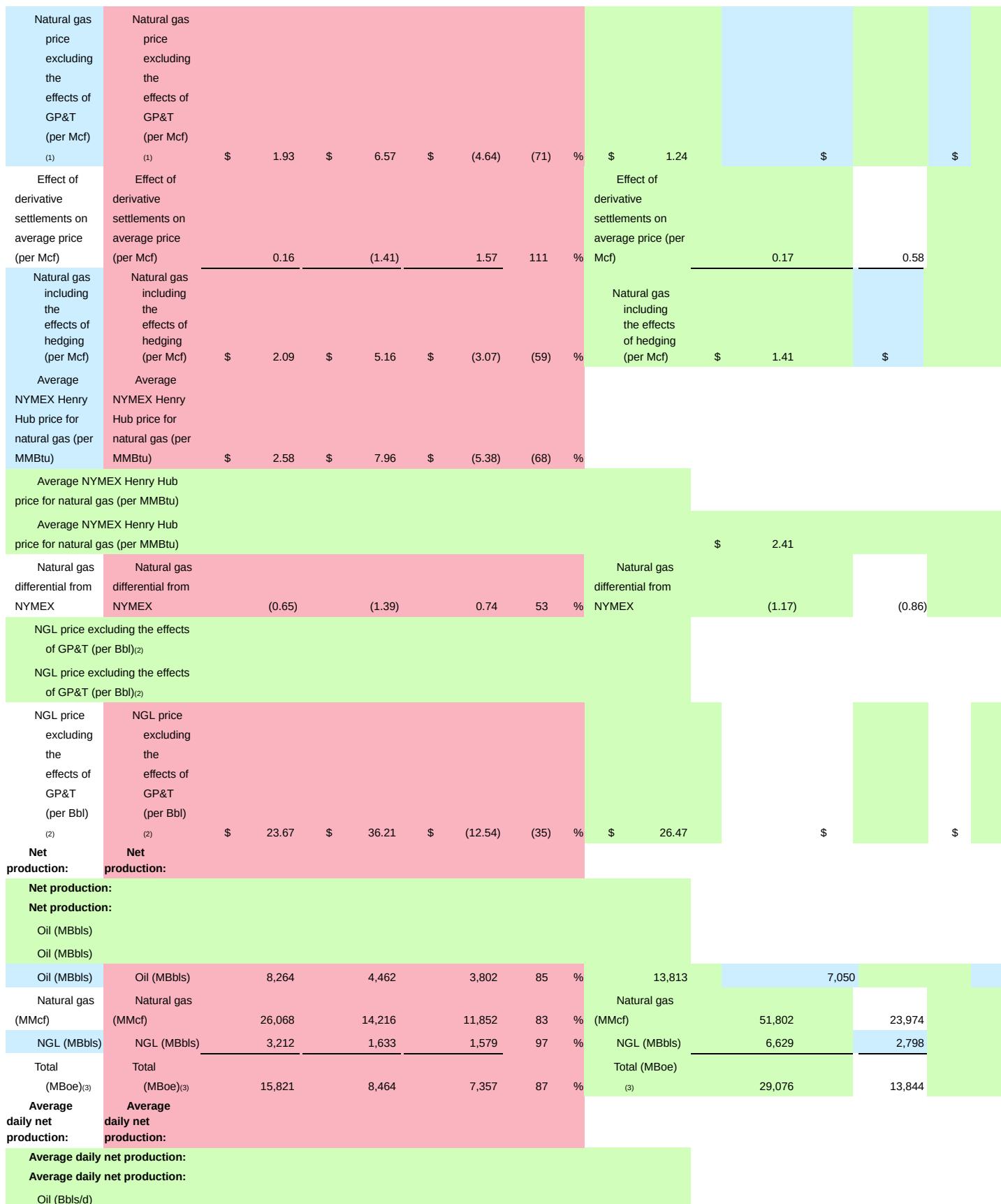
grassroots acquisition programs.

Results of Operations

Three Months Ended **September 30, 2023** **March 31, 2024** Compared to Three Months Ended **September 30, 2022** **March 31, 2023**

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

		Three Months Ended September 30,		Increase/(Decrease)					
		2023	2022	\$	%				
		Three Months Ended March 31,							
		2024							
Net revenues (in thousands):	Net revenues (in thousands):						2024		
Oil sales									
Oil sales									
Oil sales	Oil sales	\$ 660,445	\$ 397,187	\$ 263,258	66 %	\$ 1,051,642	\$ 52		
Natural gas sales ⁽¹⁾	Natural gas sales ⁽¹⁾	38,354	93,455	(55,101)	(59) %	38,767	32,122		
NGL sales ⁽²⁾	NGL sales ⁽²⁾	59,742	59,136	606	1 %	152,590	59,760		
Oil and gas sales	Oil and gas sales	\$ 758,541	\$ 549,778	\$ 208,763	38 %	\$ 1,242,999	\$		
Average sales prices:	Average sales prices:								
Average sales prices:									
Average sales prices:									
Oil (per Bbl)	Oil (per Bbl)	\$ 79.92	\$ 89.02	\$ (9.10)	(10) %	\$ 76.13	\$		
Effect of derivative settlements on average price (per Bbl)	Effect of derivative settlements on average price (per Bbl)	0.69	(2.71)	3.40	125 %	(0.12)	3.65		
Oil including the effects of hedging (per Bbl)	Oil including the effects of hedging (per Bbl)	\$ 80.61	\$ 86.31	\$ (5.70)	(7) %	\$ 76.01	\$		
Average NYMEX WTI price for oil (per Bbl)	NYMEX WTI price for oil (per Bbl)	\$ 82.26	\$ 91.56	\$ (9.30)	(10) %				
Average NYMEX WTI price for oil (per Bbl)						\$ 76.96			
Oil differential from NYMEX	Oil differential from NYMEX	(2.34)	(2.54)	0.20	8 %	Oil differential from NYMEX	(0.83) (1.75)		
Natural gas price excluding the effects of GP&T (per Mcf) ⁽¹⁾									
Natural gas price excluding the effects of GP&T (per Mcf) ⁽¹⁾									



Oil (Bbls/d)								
Oil (Bbls/d)	Oil (Bbls/d)	89,824	48,499	41,325	85	%	151,794	78,332
Natural gas (Mcf/d)	Natural gas (Mcf/d)	283,351	154,520	128,831	83	%	569,249	266,374
NGL (Bbls/d)	NGL (Bbls/d)	34,917	17,751	17,166	97	%	72,846	31,094
Total (Boe/d)(3)	Total (Boe/d)(3)	171,966	92,003	79,963	87	%	(3)	319,514
								153,822

(1) Natural gas sales for the three months ended September 30, 2023 March 31, 2024 include \$12.0 million \$25.3 million of gathering, processing and transportation costs ("GP&T") that are reflected as a reduction to natural gas sales and zero \$11.3 million for the three months ended September 30, 2022 March 31, 2023. Natural gas average sales price, however, excludes \$0.46 \$0.49 per Mcf of such GP&T charges for the three months ended September 30, 2023 March 31, 2024 and \$0.47 per Mcf for the three months ended March 31, 2023.

(2) NGL sales for the three months ended September 30, 2023 March 31, 2024 include \$16.3 million \$22.9 million of GP&T that are reflected as a reduction to NGL sales and zero \$16.1 million for the three months ended September 30, 2022 March 31, 2023. NGL average sales price, however, excludes \$5.07 \$3.45 per Bbl of such GP&T charges for the three months ended September 30, 2023 March 31, 2024 and \$5.77 per Bbl for the three months ended March 31, 2023.

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

Oil, Natural Gas and NGL Sales Revenues. Total net revenues for the three months ended September 30, 2023 March 31, 2024 were \$208.8 million \$626.7 million (or 38% 102%) higher than total net revenues for the three months ended September 30, 2022 March 31, 2023. Revenues are a function of oil, natural gas and NGL volumes sold and average commodity prices realized.

Net production volumes for oil, natural gas and NGLs increased 85% 96%, 83% 116% and 97% 137%, respectively, between periods. The increase in oil production resulted from placing 160 212 wells online since the third first quarter of 2022 as compared to 67 wells brought online since the third quarter of 2021, 2023. Oil production also benefited from wells acquired in the Colgate Merger, which added 1,436 MBbls of net oil production for the three months ended September 30, 2023 compared to 942 MBbls of net oil production to the three months ended September 30, 2022. Earthstone Merger. These oil volume increases were partially offset by normal production decline across our existing wells. Natural gas and NGLs are produced concurrently with our crude oil volumes, which typically results in a high correlation between fluctuations in oil quantities sold and natural gas and NGL quantities sold driving the 83% 116% and 97% 137% respective increases in gas and NGL volumes between periods. Additionally, certain primary processors of our raw The higher increase in gas operated in full ethane-recovery mode during the third quarter of 2023, and NGL volumes between periods as compared to operating the 96% increase in partial ethane-recovery mode during oil volumes was due to the 2022 period, producing wells acquired in the Earthstone Merger, which have a higher gas-to-oil ratio than our existing production base, and this has resulted in a lower percentage more volumes of natural gas volumes and NGLs being added to our total production stream since the closing of the Earthstone Merger on November 1, 2023.

Total net revenues increases were also driven by a higher percentage average realized sales price of NGLs being recovered from our wet gas stream during oil, which increased 2% in the first quarter of 2024 compared to the same 2023 period. The 2% increase in the average realized oil price was mainly the result of higher NYMEX crude prices between periods.

These increases were partially offset by decreases in the average realized sales prices for oil, natural gas and NGLs, which decreased 10%, 71% 31% and 35% 2%, respectively, in the third first quarter of 2023 2024 compared to the same 2022 2023 period. The 10% decrease in the average realized oil price was mainly the result of 10% lower NYMEX crude prices between periods. The average realized sales price of natural gas decreased 71% 31% mainly due to 68% larger gas differentials in the first quarter of 2024 compared to the same 2023 period as well as 10% lower average NYMEX gas prices between periods as well as a larger proportional gas differential in the third quarter of 2023 compared to the same 2022 period. The 35% 2% decrease in average realized NGL prices between periods was primarily attributable to slightly lower Mont Belvieu spot prices for plant products in the third first quarter of 2023 2024 as compared to the third first quarter of 2022. The market prices for oil and natural gas have been impacted by global supply and demand constraints for oil and gas throughout 2022 and 2023 as discussed in the market conditions section above. 2023.

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

	Three Months Ended					
	September 30,		Increase/(Decrease)			
	2023	2022	Change	%		
Three Months Ended March						
	31,					
	2024					
Operating costs (in thousands):	Operating costs (in thousands):					
Lease operating expenses						
Lease operating expenses						



Lease Operating Expenses. Lease operating expenses ("LOE") for the three months ended **September 30, 2023** **March 31, 2024** increased **\$44.9 million** **\$94.1 million** compared to the three months ended **September 30, 2022** **March 31, 2023**. Higher LOE for the **third first quarter of 2023 2024** was primarily related to our significantly higher well count between periods due to (i) additional costs associated with the 309,119 gross operated horizontal wells acquired in the **Colgate Earthstone Merger** on **September 1, 2022** **November 1, 2023**, that operated for three months during the third quarter of 2023 compared to one month during the third quarter of 2022; and (ii) higher fixed and semi-variable well costs, such as water disposal, monthly equipment rentals, repair work, electricity, wellhead chemical costs and labor, which all stemmed from the new 212 wells drilled and their associated placed on production increase between periods, since **March 31, 2023**.

LOE per Boe was **\$5.42** **\$5.80** for the **third first quarter of 2023 2024**, which represents an increase of **\$0.58** **\$0.42** per Boe (or **12%** **8%**) from the **third first quarter of 2022 2023**. This increase was primarily driven by (i) higher costs associated with wellhead equipment rental rates and (ii) higher water disposal rates between periods, resulting from the sale of our operated saltwater disposal wells and associated produced water infrastructure in March 2023 (see Note 2—Acquisitions and Divestitures for additional information on this divestiture). This increase was partially offset by lower semi-variable well costs, such as wellhead chemicals, and electricity that resulted from operational efficiencies.

Severance and Ad Valorem Taxes. Severance and ad valorem taxes for the three months ended **September 30, 2023** **March 31, 2024** increased **\$17.2 million** **\$47.7 million** compared to the three months ended **September 30, 2022** **March 31, 2023**. Severance taxes are based on the market value of our oil and gas production at the wellhead, while ad valorem taxes are generally based on the assessed taxable value of proved developed oil and gas properties and vary across the different counties in which we operate. Severance taxes for the **third first quarter of 2023 2024** increased **\$12.6 million** **\$39.9 million** compared to the same **2022 2023** period primarily due to higher oil, natural gas and NGL revenues between periods. Ad valorem taxes likewise increased between periods but also increased by **\$4.6 million** **\$7.7 million**, mainly due to higher tax assessment rates on our oil and gas reserve values. Additionally, for the three months ended **September 30, 2023** we values and additional expense incurred three months of ad valorem taxes on the proved developed properties acquired in the **Colgate Earthstone Merger** on **September 1, 2022**, as compared to one month of Colgate's ad valorem taxes during the three months ended **September 30, 2022** **November 1, 2023**.

Severance Gathering, Processing and ad valorem taxes as a percentage of total net revenues increased to 7.8% **Transportation Expenses.** Gathering, processing and transportation costs ("GP&T") for the three months ended **September 30, 2023** as compared to 7.6% for the same prior year quarter. This slight increase in rate was the result of higher ad valorem taxes as discussed above, as well as net revenues being driven lower by a large portion of our GP&T costs being deducted from gas and NGL revenues during

the three months ended September 30, 2023 March 31, 2024 increased \$23.6 million as compared to the three months ended September 30, 2022 March 31, 2023. This decrease increase in net revenues expense was mainly attributable to higher natural gas and NGL volumes sold between periods, which in turn resulted in severance a higher amount of plant processing fees and ad valorem taxes as a percentage of total net revenues to increase period over period. Refer to Note 13—Revenues for additional information on our natural gas gathering and processing contracts.

Gathering, Processing and Transportation Expenses. GP&T for the three months ended September 30, 2023 decreased \$9.3 million as compared to the three months ended September 30, 2022, costs being incurred. Additionally, GP&T decreased increased on a per Boe basis from \$3.55 \$1.12 for the third quarter of 2022 to \$1.31 for the third quarter of 2023. This decrease is due to the majority of our GP&T costs being recognized as a reduction to our gas and NGL revenues in the third first quarter of 2023 while 100% to \$1.34 for the first quarter of our GP&T costs were recognized as GP&T expense 2024. The increase in the prior year period. This change rate was mainly attributable to an increase in GP&T costs classification is required under ASC Topic 606, *Revenue from contracts with Customers*, due to the majority of gas processing contracts acquired in the Colgate Merger, as well as two of our existing gas processing contracts that were amended and went into effect in November 2022, transferring control of our raw gas at delivery points prior to, or at, the inlet of gas processing plants. Refer to Note 13—Revenues for additional information on our natural low pressure gas gathering and expense between periods to transport gas to a third party processing contracts facility in New Mexico.

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

		Three Months Ended			
		September 30,			
		Three Months Ended March		Three Months Ended March 31,	
(in thousands, except per Boe data)	(in thousands, except per Boe data)	2023	2022	(in thousands, except per Boe data)	2024
Depreciation, depletion and amortization per Boe	Depreciation, depletion and amortization per Boe	\$236,204	\$109,500		
		\$ 14.93	\$ 12.94		

For the three months ended September 30, 2023 March 31, 2024, DD&A expense amounted to \$236.2 million \$410.2 million, an increase of \$126.7 million \$222.0 million over the same 2022 2023 period. The primary factor contributing to higher DD&A expense in 2023 2024 was the increase in our overall production volumes between periods, which increased DD&A expense by \$95.2 million \$207.1 million, while our higher DD&A rate of \$14.93 \$14.11 per BOE increased DD&A expense by \$31.5 million \$14.9 million between periods.

Our DD&A rate can fluctuate as a result of finding and development costs incurred, acquisitions, impairments, as well as changes in proved developed and proved undeveloped reserves. Our DD&A rate increased \$1.99 per Boe between periods due BOE was \$14.11 for the first quarter of 2024 as compared to (i) \$13.60 for the finding and development rate associated with our successful drilling and completion program over the trailing twelve months and (ii) downward revisions to proved oil and gas reserves since Q3 2022, same period 2023.

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

		Three Months Ended			
		September 30,			
		Three Months Ended		Three Months Ended March 31,	
(in thousands)	(in thousands)	2023	2022	(in thousands)	2024
Cash general and administrative expenses	Cash general and administrative expenses	\$ 18,886	\$ 15,106		
Stock-based compensation - equity awards	15,633	48,197			
Stock-based compensation - liability awards	—	(29,301)			
Stock-based compensation - cash settled awards	—	9,385			
Stock-based compensation					

General and administrative expenses	General and administrative expenses	\$34,519	\$43,387
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G&A expenses for the three months ended **September 30, 2023** **March 31, 2024** were **\$34.5 million** **\$37.4 million** compared to **\$43.4 million** **\$35.5 million** for the three months ended **September 30, 2022** **March 31, 2023**. Lower G&A in the **third** **first** quarter of **2023** **2024** was mainly the result of an increase of **\$9.5 million** in cash G&A between periods primarily due to (i) higher payroll and employee-related costs associated with our G&A headcount, which increased from 168 as of March 31, 2023 to 254 as of March 31, 2024 stemming from the Earthstone Merger; and (ii) higher professional and legal fees between periods. These increases were partially offset by a **\$12.6 million** **\$7.6 million** decrease in total stock-based compensation between periods. This decrease in stock-based compensation was primarily the result of (i) a decrease of **\$9.4 million** **\$6.3 million** in stock-based compensation additional expense during the three months ended March 31, 2023 related to awards that were fully vested and settled in cash during the third quarter accelerated vestings of 2022 with no such settlements occurring in the 2023 period; (ii) a **\$2.1 million** reduction in stock-based compensation for performance stock units ("PSUs"), mainly related to certain awards that were modified and reclassified from liability to equity during the third quarter of 2022; and (iii) a decrease of **\$1.1 million** in stock-based compensation for the accelerated vesting of certain awards for officer and employee terminations stemming from employees terminated in connection with the merger with Colgate Merger between quarters. Energy Partners III, LLC (the "Colgate Merger") on September 1, 2022. Refer to Note 6—Stock-Based Compensation for additional information regarding these awards. These decreases were partially offset by an increase of **\$3.8 million** in cash G&A between periods mainly related to (i) higher payroll and employee-related costs associated with our elevated G&A headcount, which increased from a monthly average of 129 for the three months ended September 30, 2022 to 179 for the three months ended September 30, 2023 following the Colgate Merger; and (ii) higher professional and legal fees between periods.

Merger and integration expense. Merger and integration expense incurred for the three months ended **September 30, 2023** **March 31, 2024** was **\$10.4 million** compared to **\$59.3 million** for **\$11.1 million**. These charges incurred during the three months ended September 30, 2022. This **2024** period over period decrease relates to (i) **\$48.4 million** of bankers' advisory, legal and consultancy fees relating to the closing Earthstone Merger that closed on November 1, 2023 and consisted of the Colgate Merger (i) **\$8.1 million** in the third quarter of 2022; and (ii) **\$10.1 million** in lower severance and related benefits associated with employee terminations employees that occurred were terminated in connection with the Earthstone Merger; and (ii) **\$3.0 million** from software integration, consultancy and other professional fees.

Merger and integration expense incurred during the three months ended March 31, 2023 was **\$13.3 million**. These charges were related to the Colgate Merger that closed on September 1, 2022 and consisted of (i) **\$11.1 million** in severance and related benefits associated with employees that were terminated in connection with the Colgate Merger. These decreases were slightly offset by an increase of **\$9.7 million** in Merger; and (ii) **\$2.2 million** from associated consultancy, legal consultancy and accounting fees incurred during the third quarter of 2023 associated with the Earthstone Merger. fees.

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

Three Months Ended				Three Months Ended March 31,	
Three Months Ended		March 31,		Three Months Ended March 31,	
	(in thousands)	2023	2022	2024	2023
	thousands	(in thousands)	(in thousands)		
Geological and geophysical costs	Geological and geophysical costs	\$2,132	\$1,768		
Stock-based compensation - equity awards		387	572		
Stock-based compensation					
Other expenses	Other expenses	2,512	12		
Exploration and other expenses	Exploration and other expenses	\$5,031	\$2,352		

Exploration and other expenses were **\$5.0 million** **\$11.5 million** for the three months ended **September 30, 2023** **March 31, 2024** compared to **\$2.4 million** **\$4.4 million** for the three months ended **September 30, 2022** **March 31, 2023**. Exploration and other expenses mainly consist of topographical studies, geographical and geophysical ("G&G") projects, salaries and expenses of G&G personnel and includes include other operating costs. The period over period increase was primarily related to higher G&G costs (i) an estimated net contingency loss of **\$6.5 million** recorded during the first quarter of 2024 associated with disputed charges that have been in legal dispute and stemmed from a severe winter storm impacting the Permian Basin in February 2021 (refer to Note 12—Commitments and Contingencies for seismic studies additional information regarding the contingency loss); and (ii) higher G&G personnel costs and **\$0.6 million** in costs incurred in 2023 associated with a nonrecurring legal settlement, increased headcount.

Other Income and Expenses.

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

(in thousands)	Three Months Ended September 30,	
	2023	2022
Credit facility	\$ 7,067	\$ 4,068
5.375% Senior Notes due 2026	3,889	3,889
7.75% Senior Notes due 2026	5,813	1,938
6.875% Senior Notes due 2027	6,125	6,125
3.25% Convertible Senior Notes due 2028	1,381	1,381
5.875% Senior Notes due 2029	10,281	3,427
7.00% Senior Notes due 2032	1,847	—
Amortization of debt issuance costs and debt discount	5,580	8,620
Interest capitalized	(1,657)	(641)
Financing lease interest obligation	256	—
Total	\$ 40,582	\$ 28,807

(in thousands)	Three Months Ended March 31,	
	2024	2023
Credit facility	\$ 2,167	\$ 8,492
5.375% Senior Notes due 2026	3,889	3,889
7.75% Senior Notes due 2026	5,813	5,813
6.875% Senior Notes due 2027	6,125	6,125
8.00% Senior Notes due 2027	11,000	—
3.25% Convertible Senior Notes due 2028	1,381	1,381
5.875% Senior Notes due 2029	10,281	10,281
9.875% Senior Notes due 2031	12,344	—
7.00% Senior Notes due 2032	17,500	—
Amortization of debt issuance costs, discount and premium	1,531	2,796
Interest capitalized	—	(2,000)
Other interest expense	556	—
Total	\$ 72,587	\$ 36,777

Interest expense increased **\$11.8 million** \$35.8 million for the three months ended **September 30, 2023** March 31, 2024 as compared to the three months ended **September 30, 2022** March 31, 2023 primarily due to (i) **\$10.7** \$23.3 million in additional interest costs on the senior notes we assumed in the **Colgate Earthstone Merger**; and (ii) **\$3.0 million** \$17.5 million in **higher** interest incurred on our **Credit Agreement Senior Notes due 2032** that were issued in September 2023 and December 2023. These increases were partially offset by less interest expense incurred on our credit facility due to **additional lower weighted average borrowings outstanding and higher interest rates** during the **2023** period; and (iii) **\$1.8 million** in additional interest incurred for the senior notes issued in the third quarter of 2023, 2024 period.

Our weighted average borrowings outstanding under our Credit Agreement were **\$317.3 million** \$14.5 million and **\$263.6 million** \$455.6 million for the three months ended **September 30, 2023** March 31, 2024 and **2022, 2023**, respectively. Our Credit Agreement's weighted average effective interest rate increased to **7.4%** 7.5% from **4.9%** 6.7% for the three months ended **September 30, 2023** March 31, 2024 and **2022, 2023**, respectively, due to higher rates on our variable-rate borrowings between periods.

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

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

(in thousands)	Three Months Ended	
	September 30,	March 31,
	Three Months Ended March	Three Months Ended March
	31,	31,
(in thousands)	(in thousands)	(in thousands)
2023	2022	2024

Realized cash settlement gains (losses)	Realized cash settlement gains (losses)	\$ 9,891	\$ (32,195)
Non-cash mark-to-market derivative gain (loss)	Non-cash mark-to-market derivative gain (loss)	(161,672)	213,503
Total	Total	<u>\$ (151,781)</u>	<u>\$ 181,308</u>

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

(in thousands)	Three Months Ended September 30,	
	2023	2022
Income (loss) before income taxes	\$ 114,583	\$ 374,673
Income tax (expense) benefit	(16,254)	(31,169)

(in thousands)	Three Months Ended March 31,	
	2024	2023
Income before income taxes	\$ 278,552	\$ 254,055
Income tax expense	(48,957)	(34,254)

Our provisions for income taxes for the three months ended **September 30, 2023** **March 31, 2024** and **2022** **2023** differs from the amounts that would be provided by applying the U.S. federal statutory rate of 21% to pre-tax book income (loss) primarily due to (i) the portion of pre-tax net income that is attributable to our non-controlling interest and which is therefore not taxable to the Company; (ii) other permanent differences; (iii) state income taxes; and (iv) changes during the period in our deferred tax asset valuation allowance, if any.

For the three months ended **September 30, 2023** **March 31, 2024**, we generated pre-tax net income of **\$114.6 million** **\$278.6 million** and recorded income tax expense of **\$16.3 million** **\$49.0 million**. During the three months ended **March 31, 2023**, we generated pre-tax net income of **\$254.1 million** and recorded income tax expense of **\$34.3 million**. The primary factor decreasing our income tax expense below the U.S. statutory rate for both periods was the portion of pre-tax income that was attributable to our non-controlling interest partners and not taxable to the Company.

For the three months ended **September 30, 2022**, we generated pre-tax net income of **\$374.7 million** and recorded income tax expense of **\$31.2 million**. The primary factors decreasing our income tax expense below the U.S. statutory rate was (i) the portion of pre-tax income that was attributable to our non-controlling interest partners and (ii) the partial release of our deferred tax valuation allowance due to the generation of net income.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

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

	Nine Months Ended September 30,		Increase/(Decrease)	
	2023	2022	\$	%
Net revenues (in thousands):				
Oil sales	\$ 1,734,057	\$ 1,009,545	\$ 724,512	72 %
Natural gas sales ⁽¹⁾	94,123	200,503	(106,380)	(53)%
NGL sales ⁽²⁾	170,027	159,661	10,366	6 %
Oil and gas sales	\$ 1,998,207	\$ 1,369,709	\$ 628,498	46 %
Average sales prices:				
Oil (per Bbl)	\$ 75.42	\$ 93.93	\$ (18.51)	(20)%
Effect of derivative settlements on average price (per Bbl)	2.51	(9.91)	12.42	125 %
Oil including the effect of hedging (per Bbl)	\$ 77.93	\$ 84.02	\$ (6.09)	(7)%
Average NYMEX WTI price for oil (per Bbl)	\$ 77.39	\$ 98.10	\$ (20.71)	(21)%
Oil differential from NYMEX	(1.97)	(4.17)	2.20	53 %

Natural gas price excluding the effects of GP&T (per Mcf) ⁽¹⁾	\$ 1.66	\$ 5.72	\$ (4.06)	(71)%
Effect of derivative settlements on average price (per Mcf)	\$ 0.41	\$ (1.20)	\$ 1.61	134 %
Natural gas including the effects of hedging (per Mcf)	\$ 2.07	\$ 4.52	\$ (2.45)	(54)%
Average NYMEX Henry Hub price for natural gas (per MMBtu)	\$ 2.46	\$ 6.65	\$ (4.19)	(63)%
Natural gas differential from NYMEX	(0.80)	(0.93)	0.13	14 %
NGL price excluding the effects of GP&T (per Bbl) ⁽²⁾	\$ 23.69	\$ 42.20	\$ (18.51)	(44)%
Net production:				
Oil (MBbls)	22,994	10,748	12,246	114 %
Natural gas (MMcf)	75,134	35,082	40,052	114 %
NGL (MBbls)	9,241	3,784	5,457	144 %
Total (MBoe) ⁽³⁾	44,758	20,378	24,380	120 %
Average daily net production:				
Oil (Bbls/d)	84,225	39,369	44,856	114 %
Natural gas (Mcf/d)	275,215	128,504	146,711	114 %
NGLs (Bbls/d)	33,852	13,859	19,993	144 %
Total (Boe/d) ⁽³⁾	163,946	74,646	89,300	120 %

⁽¹⁾ Natural gas sales for the nine months ended September 30, 2023 include \$30.7 million of GP&T that are reflected as a reduction to natural gas sales and zero for the nine months ended September 30, 2022. Natural gas average sales price, however, excludes \$0.41 per Mcf of such GP&T charges for the nine months ended September 30, 2023.

⁽²⁾ NGL sales for the nine months ended June 30, 2023 include \$48.9 million of GP&T that are reflected as a reduction to NGL sales and zero for the nine months ended September 30, 2022. NGL average sales price, however, excludes \$5.29 per Bbl of such GP&T charges for the nine months ended September 30, 2023.

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

Oil, Natural Gas and NGL Sales Revenues. Total net revenues for the nine months ended September 30, 2023 were \$628.5 million, or 46%, higher than total net revenues for the nine months ended September 30, 2022. Revenues are a function of oil, natural gas and NGL volumes sold and average commodity prices realized.

Net production volumes for oil, natural gas, and NGLs increased 114%, 114%, and 144%, respectively, between periods. The oil production volume increase resulted from placing 160 wells online production since the third quarter of 2022 as compared to 67 wells brought online since the third quarter of 2021. Oil production in the current period also benefited from wells acquired in the Merger with Colgate, which added 4,911 MBbls of net oil production for the nine months ended September 30, 2023 compared to the 942 MBbls of net oil production for the nine months ended September 30, 2022. These oil volume increases were partially offset by normal production declines across our existing wells. Natural gas and NGLs are produced concurrently with our crude oil volumes, typically resulting in a high correlation between fluctuations in oil quantities sold and natural gas and NGL quantities sold driving the 114% and 144%, respective, increase in gas and NGL volumes between periods. Additionally, certain primary processors of our raw gas operated in higher ethane-recovery mode during the first nine months of 2023 as compared to the 2022 period, which resulted in a lower percentage of natural gas volumes and a higher percentage of NGLs being recovered from our wet gas stream during the 2023 period.

These increases were partially offset by decreases in the average realized sales prices for oil, natural gas and NGLs, which decreased 20%, 71%, and 44%, respectively, in the first nine months of 2023 compared to the same 2022 period. The 20% decrease in the average realized oil price was mainly the result of 21% lower NYMEX crude prices between periods, slightly offset by improved oil differentials. The average realized sales price of natural gas decreased 71% due to 63% lower average NYMEX gas prices between periods as well as a larger proportional gas differential in the first nine months of 2023 compared to the same 2022 period. The 44% decrease in average realized NGL prices between periods was primarily attributable to lower Mont Belvieu spot prices for plant products for the first nine months of 2023 as compared to the first nine months of 2022. The market prices for oil and natural gas have been impacted by global supply and demand constraints for oil and gas throughout 2022 and 2023 as discussed in the market conditions section above.

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

	Nine Months Ended September 30,		Increase/(Decrease)	
	2023	2022	Change	%
Operating costs (in thousands):				
Lease operating expenses	\$ 243,333	\$ 98,578	\$ 144,755	147 %
Severance and ad valorem taxes	156,378	101,491	54,887	54 %
Gathering, processing and transportation expenses	57,966	77,669	(19,703)	(25)%

Operating cost metrics:						
Lease operating expenses (per Boe)	\$	5.44	\$	4.84	\$	0.60
Severance and ad valorem taxes (% of revenue)		7.8 %		7.4 %		0.4 %
Gathering, processing and transportation expenses (per Boe)	\$	1.30	\$	3.81	\$	(2.51)

Lease Operating Expenses. LOE for the nine months ended September 30, 2023 increased \$144.8 million compared to the nine months ended September 30, 2022. Higher LOE for the first nine months of 2023 was primarily related to (i) additional costs associated with the 309 gross operated horizontal wells acquired in the Colgate Merger on September 1, 2022 that operated for the entire period during the first nine months of 2023 compared to one month for the first nine months of 2022; and (ii) higher fixed and semi-variable well costs, such as water disposal, monthly equipment rentals, repair work, wellhead chemical costs, labor, and electricity that all stemmed from new wells drilled and the associated production increase between periods.

LOE per Boe was \$5.44 for the nine months ended September 30, 2023, which represents an increase of \$0.60 per Boe (or 12%) from the nine months ended September 30, 2022. This increase was primarily driven by per Boe increases associated with higher water disposal rates between periods, resulting from the sale of our operated saltwater disposal wells and associated produced water infrastructure in March 2023 (see Note 2—Acquisitions and Divestitures for additional information on the divestiture).

Severance and Ad Valorem Taxes. Severance and ad valorem taxes for the nine months ended September 30, 2023 increased \$54.9 million compared to the nine months ended September 30, 2022. Severance taxes are based on the market value of our production at the wellhead, while ad valorem taxes are generally based on the assessed taxable value of our proved developed oil and gas properties and vary across the different counties in which we operate. Severance taxes for the first nine months of 2023 increased \$38.3 million compared to the same 2022 period primarily due to higher oil, natural gas and NGL revenues between periods. Ad valorem taxes likewise increased between periods but by \$16.6 million due to higher tax assessments on our oil and gas reserve values. Additionally, for the nine months ended September 30, 2023 we incurred nine months of ad valorem

taxes on the proved developed properties acquired in the Colgate Merger on September 1, 2022 as compared to one month of Colgate's ad valorem taxes during the nine months ended September 30, 2022.

Severance and ad valorem taxes as a percentage of total net revenues increased to 7.8% for the first nine months of 2023 as compared to 7.4% for the same 2022 period. This increase in rate was the result of higher ad valorem taxes as discussed above, as well as net revenues being driven lower by a large portion of our GP&T costs being deducted from gas and NGL revenues during the first nine months of 2023 compared to the first nine months of 2022. This decrease in net revenues resulted in severance and ad valorem taxes as a percentage of total net revenues to increase period over period. Refer to Note 13—Revenues for additional information on our natural gas gathering and processing contracts.

Gathering, Processing and Transportation Expenses. GP&T for the nine months ended September 30, 2023 decreased \$19.7 million compared to the nine months ended September 30, 2022. Additionally, GP&T decreased on a per Boe basis from \$3.81 for the first nine months of 2022 to \$1.30 for the same 2023 period. This decrease is due to the majority of our GP&T costs being recognized as a reduction to our gas and NGL revenues in the first nine months of 2023, while 100% of our GP&T costs were recognized as GP&T expense in the prior year period. This change in GP&T costs classification is required under ASC Topic 606, *Revenue from contracts with Customers*, due to the majority of gas processing contracts acquired in the Colgate Merger, as well as one of our existing processing contracts that were amended and went into effect in November 2022, transferring control of our raw gas at delivery points prior to, or at, the inlet of gas processing plants. Refer to Note 13—Revenues for additional information on our natural gas gathering and processing contracts.

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

(in thousands, except per Boe data)	Nine Months Ended September 30,	
	2023	2022
Depreciation, depletion and amortization	\$ 640,149	\$ 262,626
Depreciation, depletion and amortization per Boe	\$ 14.30	\$ 12.89

For the nine months ended September 30, 2023, DD&A expense amounted to \$640.1 million, an increase of \$377.5 million over the same 2022 period. The primary factor contributing to higher DD&A expense in 2023 was the increase in our overall production volumes between periods, which increased DD&A expense by \$314.2 million during the first nine months of 2023, while higher DD&A rates between periods increased DD&A expense by \$63.3 million for the nine months ended September 30, 2023.

Our DD&A rate can fluctuate as a result of finding and development costs incurred, acquisitions, impairments, as well as changes in proved developed and proved undeveloped reserves. Our DD&A rate increased \$1.41 per Boe between periods due to (i) the finding and development rate associated with our successful drilling and completion program over the trailing twelve months and (ii) downward revisions to proved oil and gas reserves since Q3 2022.

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

(in thousands)	Nine Months Ended September 30,	
	2023	2022
Cash general and administrative expenses	\$ 55,347	\$ 39,309
Stock-based compensation expense - equity awards	67,382	59,417
Stock-based compensation expense - liability awards	—	(24,174)
Stock-based compensation expense - cash settled awards	—	9,385
General and administrative expenses	\$ 122,729	\$ 83,937

G&A expenses for the nine months ended September 30, 2023 were \$122.7 million compared to \$83.9 million for the nine months ended September 30, 2022. Higher G&A for the first nine months of 2023 was the result of a \$22.8 million increase in total stock-based compensation expense between periods. This increase was largely due to (i) a \$24.2 million increase in stock-based compensation related to liability classified awards that were settled or reclassified as equity in 2022 (we no longer have any liability based equity awards outstanding); and (ii) an increase of \$8.0 million in equity awards compensation costs associated with the acceleration of certain awards during the first nine months of 2023 for officer and employee exits stemming from the Colgate Merger. This was partially offset by a decrease of \$9.4 million related to stock-based compensation awards that were fully vested and settled in cash during nine months ended September 30, 2022 with no such settlements occurring in the 2023 period. Refer to Note 6—Stock-Based Compensation for additional information regarding these awards. Additionally, cash G&A increased \$16.0 million between periods. This increase was mainly related to (i) higher payroll and employee-related costs associated with our G&A headcount, which increased from a year to date monthly average of 115 as of September 30, 2022 to

171 as of September 30, 2023 stemming from the 2022 Colgate Merger; (ii) higher professional and legal fees between periods; and (iii) higher rent and office expenses between periods associated with the higher headcount.

Merger and integration expense. Merger and integration expense for the nine months ended September 30, 2023 was \$28.1 million compared to \$65.0 million during the nine months ended September 30, 2022. This period over period decrease relates to \$50.2 million in bankers' advisory, legal and consultancy fees relating to the closing of the Colgate Merger during the nine months ended September 30, 2022. This decrease was slightly offset by (i) an increase of \$9.7 million in legal, consultancy and accounting fees incurred during the nine months ended September 30, 2023 associated with the Earthstone Merger; and (ii) \$3.7 million in higher severance and related benefits associated with employee terminations that occurred in connection with the Colgate Merger.

Impairment and Abandonment Expense. During the nine months ended September 30, 2023, impairment and abandonment expense was \$0.7 million as compared to \$3.6 million during the nine months ended September 30, 2022. Both periods consist solely of amortization of leasehold expiration costs associated with individually insignificant unproved properties.

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

(in thousands)	Nine Months Ended September 30,	
	2023	2022
Geological and geophysical costs	\$ 8,204	\$ 5,005
Stock-based compensation - equity awards	2,203	1,554
Other expenses	4,261	54
Exploration and other expenses	\$ 14,668	\$ 6,613

Exploration and other expenses were \$14.7 million for the nine months ended September 30, 2023 compared to \$6.6 million for the same prior year period. Exploration and other expenses mainly consist of topographical studies, G&G projects, salaries and expenses of G&G personnel and includes other operating costs. The period over period increase was primarily related to (i) \$1.8 million in increased costs incurred on G&G projects and seismic studies; (ii) \$1.5 million in costs incurred in 2023 associated with nonrecurring legal settlements; (iii) \$1.5 million in higher G&G personnel costs associated with increased headcount; and (iv) \$0.6 million in higher stock-based compensation related to accelerated vesting of employees terminated in connection with the Colgate Merger.

Other Income and Expenses.

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

(in thousands)	Nine Months Ended September 30,	
	2023	2022
Credit facility	\$ 23,226	\$ 5,717
5.375% Senior Notes due 2026	11,667	11,667
7.75% Senior Notes due 2026	17,439	1,938
6.875% Senior Notes due 2027	18,375	18,375
3.25% Convertible Senior Notes due 2028	4,143	4,143
5.875% Senior Notes due 2029	30,843	3,427
7.00% Senior Notes due 2032	1,847	—
Amortization of debt issuance costs and debt discount	11,858	12,846
Interest capitalized	(5,774)	(1,826)
Financing lease interest obligation	561	—
Total	\$ 114,185	\$ 56,287

Interest expense was \$57.9 million higher for the nine months ended September 30, 2023 compared to the same 2022 period mainly due to (i) \$42.9 million in additional interest costs on the senior notes we assumed in the Colgate Merger; and (ii) \$17.5 million higher interest incurred on our Credit Agreement due to additional borrowings outstanding and higher interest rates during the 2023 period.

Our weighted average borrowings outstanding under our Credit Agreement were \$380.5 million versus \$99.8 million for the first nine months of 2023 and 2022, respectively. Our Credit Agreement's weighted average effective interest rate was 7.0% and 3.4% for the nine months ended September 30, 2023 and 2022, respectively, due to higher rates on our variable-rate borrowings between periods.

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

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

(in thousands)	Nine Months Ended September 30,	
	2023	2022
Realized cash settlement gains (losses)	\$ 88,905	\$ (148,721)
Non-cash mark-to-market derivative gain (loss)	(165,573)	166,372
Total	\$ (76,668)	\$ 17,651

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

(in thousands)	Nine Months Ended September 30,	
	2023	2022
Income (loss) before income taxes	\$ 544,140	\$ 630,564
Income tax (expense) benefit	(77,056)	(79,432)

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

For the nine months ended September 30, 2023 we generated pre-tax net income of \$544.1 million and recorded income tax expense of \$77.1 million. The primary factors decreasing our income tax expense below the U.S. statutory rate was the portion of pre-tax income that was attributable to our non-controlling interest partners and not taxable to the Company.

For the nine months ended September 30, 2022, we generated pre-tax net income of \$630.6 million and recorded income tax expense of \$79.4 million. The primary factors decreasing our income tax expense below the U.S. statutory rate was (i) the portion of pre-tax income that was attributable to our non-controlling interest partners and (ii) the partial release of our deferred tax valuation allowance due to the generation of net income.

Liquidity and Capital Resources

Overview

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

We continually evaluate our capital needs and compare them to our capital resources. Our total cash capital expenditures incurred for the nine three months ended September 30, 2023 March 31, 2024 were \$1.1 billion \$519.6 million. We expect our total drilling, completion and facilities cash capital expenditures budget for 2023 2024 to be between \$1.25 billion \$1.9 billion to \$1.45 billion \$2.1 billion. We funded our capital expenditures for the nine three months ended September 30, 2023 March 31, 2024 entirely from cash flows from operations, and we expect to fund the remainder of our 2023 2024 capital expenditures budget entirely from cash flows from operations given our anticipated level of oil and gas production, current commodity prices and our commodity hedge positions in place.

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

In August 2023, we announced our merger with Earthstone, and it was completed on November 1, 2023. As a result of the Earthstone Merger, our future operational plans, cash flows and leverage profile, among others things, as a combined entity will change, and such changes will initially include (i) assuming \$1.05 billion of Earthstone's senior notes, (ii) refinancing Earthstone's credit facility borrowings outstanding at closing with borrowings under our facility, and (iii) funding of transaction costs incurred related to the Earthstone Merger. Additionally, during the third quarter of 2023, we issued \$500.0 million of 7.00% 2032 Senior Notes, with the net proceeds being used to repay indebtedness outstanding under our credit facility, including a portion of the debt we assumed upon closing of the Earthstone Merger.

We plan to return capital to shareholders through a combination of base dividends plus a variable return program, including variable dividends, share repurchases or a combination of both. During the first three quarters of 2023, months ended March 31, 2024, we declared and paid a quarterly cash dividend of \$0.05 per share of Class A Common Stock and a quarterly cash distribution of \$0.05 per Common Unit of OpCo. In addition, during the second and third quarters of 2023, quarter, our Board of Directors also declared and paid variable cash dividends of \$0.05 \$0.10 per share of Class A Common Stock and variable cash distributions of \$0.05 \$0.10 per Common Unit of OpCo. The cash dividends and distributions paid to common unitholders totaled \$143.1 million \$115.5 million for the nine three months ended September 30, 2023 March 31, 2024. Additionally, we

repurchased **5.02.0** million shares of Class C Common Stock for **\$57.3 million** **\$31.4 million** under our stock repurchase program during the **nine three** months ended **September 30, 2023** **March 31, 2024**.

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

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

control, we believe that based on our current expectations and projections, we will have sufficient capital available to fund our capital expenditure requirements through the 12-month period following the filing of this Quarterly Report and the long-term.

Analysis of Cash Flow Changes

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

		Nine Months Ended September 30,			
		Three Months Ended March 31,		Three Months Ended March 31,	
	(in thousands)	(in thousands)	2023	2024	2023
Net cash provided by operating activities			\$1,367,505	\$843,376	
Net cash used in investing activities			(1,095,187)	(896,438)	
Net cash provided by (used in) financing activities			(129,973)	89,194	

For the **nine three** months ended **September 30, 2023** **March 31, 2024**, we generated **\$1.4 billion** **\$647.6 million** of cash from operating activities, an increase of **\$524.1 million** **\$209.4 million** from the same period in **2022** **2023**. Cash provided by operating activities increased primarily due to higher production volumes lower GP&T expenses, and higher cash settlements on derivatives and lower merger and integration expense realized price of oil for the **nine three** months ended **September 30, 2023** **March 31, 2024** as compared to the same **2022** **2023** period. These increasing factors were partially offset by lower realized prices for all commodities, higher lease operating expenses, severance and ad valorem taxes, and GP&T, cash G&A, expenses interest expense and lower realized prices for gas and NGLs as well as the timing of both our supplier payments and collections on our receivables during the **nine three** months ended **September 30, 2023** **March 31, 2024** as compared to the same **2022** **2023** period. Refer to "Results of Operations" for more information on the impact of volumes and prices on revenues and on fluctuations in our operating costs between periods.

During the **nine three** months ended **September 30, 2023** **March 31, 2024**, cash flows from operating activities, cash on hand **proceeds from the issuance of and net borrowings under our 2032 Senior Notes and sales proceeds from divestitures together with contingent consideration of \$119.2 million from the sale of oil and natural gas properties revolving credit facility were used to: fund \$1.1 billion** **\$519.6 million** of drilling and development cash capital expenditures; repay net borrowings of **\$385 million** under our Credit Agreement; pay **\$143.1 million** **\$115.5 million** in dividends and cash distributions to our shareholders and holders of our Common Units; fund acquisitions of oil and gas properties of **\$116.9 million** **\$97.0 million**; and repurchase **\$57.3 million** **\$31.5 million** of shares of our common stock; and purchase an office building in Midland, Texas for **\$27.5 million** stock.

During the **nine three** months ended **September 30, 2022** **March 31, 2023**, cash flows from operating activities, cash on hand and net borrowings under our revolving credit facility **proceeds of \$65.1 million from sales of oil and natural gas properties were used to finance \$496.7 million of net cash consideration paid for the Colgate Merger, to: fund \$397.9 million** **\$315.3 million** of drilling and development cash expenditures capital expenditures; repay net borrowings of **\$100 million** under our Credit Agreement; fund acquisitions of oil and repay **\$400.0 million** gas properties of borrowings outstanding from Colgate's credit facility that were assumed at closing. **\$100.8 million**; repurchase **\$29.4 million** of shares of our common stock; and pay **\$28.5 million** in dividends and cash distributions to our shareholders and holders of our Common Units.

Credit Agreement

OpCo, our consolidated subsidiary, has a **five-year secured revolving** Credit Agreement with a syndicate of banks **that provides for a five-year secured revolving credit facility, maturing in February 2027 that, as of September 30, 2023** **March 31, 2024**, had a borrowing base of **\$2.5 billion** **\$4.0 billion** and elected commitments of **\$1.5 billion** **\$2.0 billion**. The borrowing base will be redetermined by the lenders in their sole discretion during the fourth quarter of 2023 following the close of the Earthstone Merger and will include the increase

in quantities of OpCo's proved oil and natural gas reserves at that time. As of **September 30, 2023** **March 31, 2024**, we had **no** **\$60.0 million** in borrowings outstanding and **\$1.5 billion** **\$1.9 billion** in available borrowing capacity, which was net of **\$5.8 million** **\$5.6 million** in letters of credit outstanding.

On September 1, 2023, in connection with the 2024 spring borrowing base redetermination, we entered into the fourth and fifth amendments Seventh Amendment to the Credit Agreement. The Fourth Amendment expanded Agreement, which, among other things, increased the waiver of the automatic reduction of the borrowing base elected commitments under the Credit Agreement to among other things, allow for \$2.5 billion from \$2.0 billion and reaffirmed the assumption (or the issuance, in certain circumstances) of up to **\$1.05 billion** principal amount of Permitted Senior Unsecured Notes (as defined in the Credit Agreement) to refinance debt that may be assumed pursuant to the Earthstone Merger and otherwise allow for the issuance of Permitted Senior Unsecured Notes up to an aggregate principal amount of **\$1.0 billion**. The Fifth Amendment, among other things, waives compliance with certain restrictive covenants to enable the Earthstone Merger, subject to customary conditions. In addition, the Fifth Amendment increases the aggregate elected commitments from **\$1.5 billion** to **\$2.0 billion**. The Fifth Amendment is subject to and effective as of the closing date of the Earthstone Merger on November 1, 2023 borrowing base at **\$4.0 billion**.

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

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

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

The Credit Agreement includes fall away covenants, lower interest rates and reduced collateral requirements that OpCo may elect if OpCo is assigned an Investment Grade Rating (as defined within the Credit Agreement). OpCo was in compliance with the covenants and the applicable financial ratios described above as of **September 30, 2023** **March 31, 2024** and through the filing of this Quarterly Report. For further information on the Credit Agreement, refer to *Note 4—Long-Term Debt* under Part I, Item I of this Quarterly Report.

Convertible Senior Notes

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

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

The Convertible Senior Notes bear interest at an annual rate of 3.25% and are due on April 1, 2028 unless earlier repurchased, redeemed or converted. The Convertible Senior Notes may become convertible prior to April 1, 2028, upon the occurrence of certain events or conditions being met as disclosed in *Note 4—Long-Term Debt* under Part I, Item I of this Quarterly Report. As of **March 31, 2024**, certain conditions have been met, and as a result, noteholders have the right to convert their Convertible Senior Notes. OpCo can settle the Convertible Senior Notes by paying or delivering cash, shares of the Class A

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

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

Senior Notes

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

On September 12, 2023, OpCo issued **\$500.0 million** **\$500 million** of 7.00% Senior Notes senior notes due 2032 (the "Existing Notes") in a 144A private placement at par placement. On December 13, 2023, OpCo issued additional notes under the indenture dated September 12, 2023 that totaled an additional \$500 million of 7.00% senior notes (together with the Existing Notes, the "2032 Senior Notes"), which resulted in aggregate net proceeds to OpCo of **\$491.9 million** **\$982.5 million**, after deducting **\$8.1 million** the issuance discount of **\$2.5 million** and debt issuance costs. Interest is payable on the costs of **\$15.0 million**. The 2032 Senior Notes semi-annually in arrears each January 15 are treated as a single series of securities and July 15. vote together as a single class, and have substantially identical terms, other than the issue date and issue price.

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

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

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

The indentures governing the Senior Unsecured Notes contain covenants that, among other things and subject to certain exceptions and qualifications, limit OpCo's ability and the ability of OpCo's restricted subsidiaries to: (i) incur or guarantee additional indebtedness or issue certain types of preferred stock; (ii) pay dividends on capital stock or redeem, repurchase or retire capital stock or subordinated indebtedness; (iii) transfer or sell assets; (iv) make investments; (v) create certain liens; (vi) enter into agreements that restrict dividends or other payments from their subsidiaries to them; (vii) consolidate, merge or transfer all or substantially all of their assets; (viii) engage in transactions with affiliates; and (ix) create unrestricted subsidiaries. OpCo was in compliance with these covenants as of **September 30, 2023** **March 31, 2024** and through the filing of this Quarterly Report.

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

Contractual Obligations

Our contractual obligations include operating and transportation agreements, drilling rig contracts, office and equipment leases, asset retirement obligations, long-term debt obligations and cash interest expense on long-term debt obligations, which we routinely enter into, modify or extend. Since **December 31, 2022** through **September 30, 2023**, **December 31, 2023**, there have not been any significant, non-routine changes in our contractual obligations other than the ground lease agreement drilling rig contracts entered into as discussed in *Note 1—Basis of Presentation and Summary of Significant Accounting Policies* and the issuance under Part I, Item I of the 2032 Senior Notes and their related interest obligations discussed in *Note 4—Long-Term Debt* this Quarterly Report.

Critical Accounting Policies and Estimates

There have been no material changes to the critical accounting policies as disclosed in Part II, Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates* in our **2022** **2023** Annual Report.

New Accounting Pronouncements

There were no significant new accounting standards adopted or new accounting pronouncements that would have potential effects on us or our financial statements as of **September 30, 2023** **March 31, 2024**.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Commodity Price Risk

Our primary market risk exposure is in the pricing that we receive for our oil, natural gas and NGL production. Pricing for oil, natural gas and NGLs has been volatile and unpredictable for several years, and we expect this volatility to continue for the foreseeable future. Based on our production for the first **nine** **three** months of **2023**, **2024**, our oil and gas sales for the **nine** **three** months ended **September 30, 2023** **March 31, 2024** would have moved up or down **\$173.4 million** **\$105.2 million** for each 10% change in oil prices per Bbl, **\$9.4 million** **\$3.9 million** for each 10% change in natural gas prices per Mcf, and **\$17.0 million** **\$15.3 million** for each 10% change in NGL prices per Bbl.

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

The table below summarizes the terms of the derivative contracts we had in place as of **September 30, 2023** **March 31, 2024** and additional contracts entered into through **October 31, 2023** **April 30, 2024**. Refer to *Note 7—Derivative Instruments* in Part I, Item 1 of this Quarterly Report for open derivative positions as of **September 30, 2023** **March 31, 2024**.

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Crude Price	
				(\$/Bbl) ⁽¹⁾	
Crude oil swaps	October 2023 - December 2023	1,748,000	19,000	\$82.93	
	January 2024 - March 2024	1,820,000	20,000	77.54	
	April 2024 - June 2024	1,820,000	20,000	76.34	
	July 2024 - September 2024	1,840,000	20,000	75.19	
	October 2024 - December 2024	1,840,000	20,000	74.19	
	January 2025 - March 2025	990,000	11,000	73.51	
	April 2025 - June 2025	1,001,000	11,000	72.27	
	July 2025 - September 2025	1,012,000	11,000	71.09	
	October 2025 - December 2025	1,012,000	11,000	70.03	

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Collar Price Ranges	
				(\$/Bbl) ⁽²⁾	
Crude oil collars	October 2023 - December 2023	644,000	7,000	\$76.43	-
					\$92.70

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

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

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

	Period	Volume (Bbls)	Volume (Bbls/d)	Wtd. Avg. Differential	
				(\$/Bbl) ⁽³⁾	
Crude oil basis differential swaps	October 2023 - December 2023	1,025,002	11,141	\$0.63	
	January 2024 - March 2024	1,820,000	20,000	0.86	
	April 2024 - June 2024	1,820,000	20,000	0.86	
	July 2024 - September 2024	1,840,000	20,000	0.86	
	October 2024 - December 2024	1,840,000	20,000	0.86	
	January 2025 - March 2025	450,000	5,000	0.95	

April 2025 - June 2025	455,000	5,000	0.95
July 2025 - September 2025	460,000	5,000	0.95
October 2025 - December 2025	460,000	5,000	0.95

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

	Period	Volume (Bbls)	Volume	Wtd. Avg. Differential
			(Bbls/d)	(\$/Bbl) ⁽⁴⁾
Crude oil roll differential swaps	October 2023 - December 2023	1,656,000	18,000	\$1.16
	January 2024 - March 2024	1,820,000	20,000	0.58
	April 2024 - June 2024	1,820,000	20,000	0.58
	July 2024 - September 2024	1,840,000	20,000	0.57
	October 2024 - December 2024	1,840,000	20,000	0.57
	January 2025 - March 2025	450,000	5,000	0.35
	April 2025 - June 2025	455,000	5,000	0.35
	July 2025 - September 2025	460,000	5,000	0.35
	October 2025 - December 2025	460,000	5,000	0.35

	Period	Volume (Bbls)	Volume	Wtd. Avg. Differential
			(Bbls/d)	(\$/Bbl) ⁽⁵⁾
Crude oil roll differential swaps	April 2024 - June 2024	3,842,018	42,220	\$0.51
	July 2024 - September 2024	4,048,000	44,000	0.53
	October 2024 - December 2024	4,048,000	44,000	0.53
	January 2025 - March 2025	2,250,000	25,000	0.43
	April 2025 - June 2025	2,275,000	25,000	0.43
	July 2025 - September 2025	2,300,000	25,000	0.43
	October 2025 - December 2025	2,300,000	25,000	0.43
	January 2026 - March 2026	405,000	4,500	0.37
	April 2026 - June 2026	409,500	4,500	0.37
	July 2026 - September 2026	414,000	4,500	0.37
	October 2026 - December 2026	414,000	4,500	0.37

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

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

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

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

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

	Period	Wtd. Avg. Gas Price		
		Volume (MMBtu)	Volume (MMBtu/d)	(\$/MMBtu) ⁽¹⁾
Natural gas swaps	October 2023 - December 2023	1,413,628	15,366	\$4.90
	January 2024 - March 2024	4,104,919	45,109	3.77
	April 2024 - June 2024	5,906,321	64,905	3.29
	July 2024 - September 2024	5,949,388	64,667	3.43
	October 2024 - December 2024	5,933,899	64,499	3.86
	January 2025 - March 2025	3,600,000	40,000	4.32
	April 2025 - June 2025	3,640,000	40,000	3.65
	July 2025 - September 2025	3,680,000	40,000	3.83
	October 2025 - December 2025	3,680,000	40,000	4.20

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

	Period	Wtd. Avg. Differential		
		Volume (MMBtu)	Volume (MMBtu/d)	(\$/MMBtu) ⁽²⁾
Natural gas basis differential swaps	October 2023 - December 2023	6,210,000	67,500	\$(1.30)
	January 2024 - March 2024	3,640,000	40,000	(0.52)
	April 2024 - June 2024	1,820,000	20,000	(0.67)
	July 2024 - September 2024	1,840,000	20,000	(0.66)
	October 2024 - December 2024	1,840,000	20,000	(0.64)

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

	Period	Wtd. Avg. Differential		
		Volume (MMBtu)	Volume (MMBtu/d)	(\$/MMBtu) ⁽³⁾
Natural gas basis differential swaps	October 2023 - December 2023	1,840,000	20,000	\$(0.30)
	January 2024 - March 2024	3,640,000	40,000	0.00

	Period	Volume (MMBtu)	Volume (MMBtu/d)	Wtd. Avg. Collar Price Ranges		
				(\$/MMBtu) ⁽⁴⁾	-	\$/MMBtu
Natural gas collars	October 2023 - December 2023	6,636,372	72,134	\$3.66	-	\$8.22
	January 2024 - March 2024	3,175,081	34,891	3.36	-	9.44
	April 2024 - June 2024	1,373,679	15,095	3.00	-	6.45
	July 2024 - September 2024	1,410,612	15,333	3.00	-	6.52
	October 2024 - December 2024	1,426,101	15,501	3.25	-	7.30

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

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

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

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

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

Changes in the fair value of derivative contracts from **December 31, 2022** **December 31, 2023** to **September 30, 2023** **March 31, 2024**, are presented below:

(in thousands)	Commodity derivative asset (liability)	Derivative Asset (Liability)
Net fair value of oil and gas derivative contracts outstanding as of December 31, 2022 December 31, 2023	\$ 114,466	93,573
Commodity hedge contract settlement payments, net of any receipts	(88,905)	(7,345)
Cash and non-cash mark-to-market gains (losses) on commodity hedge contracts ⁽¹⁾	(76,668)	(121,129)
Net fair value of oil and gas derivative contracts outstanding as of September 30, 2023 March 31, 2024	\$ (51,107)	(34,901)

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

A hypothetical upward or downward shift of 10% per Bbl in the NYMEX forward curve for crude oil as of **September 30, 2023** **March 31, 2024** would cause a **\$109.6 million** **\$146.8 million** increase or **\$109.0 million** **\$146.5 million** decrease, respectively, in this fair value position, and a hypothetical upward or downward shift of 10% per MMBtu in the NYMEX forward curve for natural gas as of **September 30, 2023** **March 31, 2024** would cause a **\$3.0 million** **\$6.5 million** increase or **\$3.3 million** **\$6.8 million** decrease, respectively, in this same fair value position.

Interest Rate Risk

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

As of March 31, 2024, we had \$60.0 million of borrowings outstanding under our revolving credit facility. As facility, with a weighted average interest rate of **September 30, 2023**, **we had 9.3%**. Assuming no borrowings change in the amount outstanding, under the Credit Agreement, impact on interest expense of a 1.0% increase or decrease in the weighted average interest rate would be approximately \$0.6 million per year. We do not currently have or intend to enter into any derivative hedge contracts to protect against fluctuations in interest rates applicable to our outstanding indebtedness.

The remaining long-term debt balance of **\$2.3 billion** **\$3.8 billion** consists of our senior notes, which have fixed interest rates; therefore, this balance is not affected by interest rate movements. For additional information regarding our debt instruments, see Note 4—Long-Term Debt, in Part I, Item 1 of this Quarterly Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Control and Procedures

In accordance with Rules 13a-15 and 15d-15 under the Exchange Act, we have evaluated, under the supervision and with the participation of management, including our principal executive officers and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of **September 30, 2023** **March 31, 2024**. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officers and principal financial officer concluded that our disclosure controls and procedures were effective as of **September 30, 2023** **March 31, 2024** at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in the system of internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) during the **nine** **three** months ended **September 30, 2023** **March 31, 2024** that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Environmental. Due to the nature of the oil and gas industry, we are exposed to environmental risks. We have various policies and procedures to minimize and mitigate the risks from environmental contamination and we conduct periodic reviews to identify changes in our environmental risk profile. Liabilities are recorded when environmental damages resulting from events are probable and the costs can be reasonably estimated. **Except as discussed herein, we** **We** are not aware of any material environmental claims existing as of **September 30, 2023** **March 31, 2024** which have not been provided for or would otherwise have a material impact on our financial statements; however, there can be no assurance that current regulatory requirements will not change or that unknown potential past non-compliance with environmental laws or other environmental liabilities will not be discovered on our properties.

In the third quarter of 2023, we entered into a Stipulated Final Order (the "Order") to resolve a flaring violation detected by the Oil Conservation Division ("OCD") in the State of New Mexico. To resolve the alleged violations, the OCD and Permian Resources jointly agreed to the Order, which assessed penalties in the amount of \$600,000. We have paid this penalty and implemented programs to meet the requirements of the OCD and are in the process of correcting any identified deficiencies.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors and other cautionary statements described under the heading "Item 1A. Risk Factors" included in our **2022** **2023** Annual Report and the risk factors and other cautionary statements contained in our other SEC filings as well as additional risk factors set forth below. **filings.** Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results. **Other than with respect to the additional risk factors below, there** **There** have been no material changes in our risk factors from those described in our **2022** **2023** Annual Report or our SEC filings.

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

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

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

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

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

The financial estimates disclosed in connection with the announcement of the Earthstone Merger were based on assumptions of, and information available to, our management when prepared, and these estimates and assumptions are subject to uncertainties, many of which are beyond our control and may not be realized. Many factors will be important in determining the Company's future results following the Earthstone Merger. As a result of these contingencies, actual future results may vary materially from our estimates. In view of these uncertainties, these financial estimates should not be viewed as a representation that the forecasted results will necessarily reflect actual future results.

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

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

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

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

Issuer Purchases of Equity Securities

Share repurchase activity during the three months ended **September 30, 2023** **March 31, 2024** was as follows:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽¹⁾	Approximate Dollar Amount of Shares that May Yet Be Purchased under Plans or Programs (in thousands) ⁽¹⁾
July 1 - 31, 2023	—	\$ —	—	\$ 470,582
August 1 - 31, 2023	—	\$ —	—	\$ 470,582
September 1 - 30, 2023	2,200,000	\$ 12.69	2,200,000	\$ 442,661

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

⁽¹⁾ The Company's Board of Directors authorized a stock repurchase program to acquire up to \$500 million of the Company's outstanding Common Stock (the "Repurchase Program"), which was approved to run through December 31, 2024. The Repurchase Program can be used to reduce shares of our Common Stock outstanding. During the **third** **first** quarter of **2023**, **2024**, the Company repurchased **2,200,000** **2,000,000** shares of Class C Common Stock at a weighted average price of **\$12.69** **\$15.71** per common share for a total cost of **\$27.9 million** **\$31.4 million**. The shares that were repurchased were subsequently canceled by the Company.

⁽²⁾ The share repurchase was completed during a secondary offering from a selling shareholder. The average price paid was \$13.05 per share less a 2.75% underwriting discount.

Item 5. Other Information

Trading Plans

On September 20, 2023 During the quarter ended March 31, 2024, Brent Jensen, the Company's Chief Accounting Officer, entered into no directors or officers, as defined in Rule 16a-1(f), adopted or terminated a "Rule 10b5-1 trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1. The plan provides for the potential sale of up to 383,707 shares of the Company's Class A Common Stock between December 20, 2023 and July 31, 2024, subject to early termination for certain specified events set forth arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in the plan. Regulation S-K Item 408.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
2.13.1	Agreement Fourth Amended and Restated Certificate of Merger , dated as of August 21, 2023, among Permian Resources Corporation, Smits Merger Sub I Inc., Smits Merger Sub II LLC, Permian Resources Operating, LLC, Earthstone Energy, Inc. and Earthstone Energy Holdings, LLC, Incorporation (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
4.1	Fourth Amendment to Third Amended and Restated Credit Agreement , dated as of September 1, 2023 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).
4.2	Fifth Amendment to Third Amended and Restated Credit Agreement , dated as of September 1, 2023 (incorporated by reference to Exhibit 4.23.1 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023 September 8, 2022).
4.33.2	Indenture , dated as of September 12, 2023, among Permian Resources Operating, LLC, the guarantors named therein Second Amended and Restated Bylaws (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on September 12, 2023).
4.4	Second Supplemental Indenture , dated as of September 5, 2023, by and among Read & Stevens, Inc. , Permian Resources Operating, LLC (Colgate Energy Partners III, LLC's successor), the guarantors party thereto and Computershare Trust Company, N.A. , as Trustee (7.75% Senior Notes due 2026) (incorporated by reference to Exhibit 4.33.2 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).
4.5	Second Supplemental Indenture , dated as of September 5, 2023, by and among Read & Stevens, Inc. , Permian Resources Operating, LLC (Colgate Energy Partners III, LLC's successor), the guarantors party thereto and Computershare Trust Company, N.A. , as Trustee (5.875% Senior Notes due 2029) (incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).
4.6	Third Supplemental Indenture , dated as of September 5, 2023, by and among Read & Stevens, Inc. , Permian Resources Operating, LLC (formerly known as Centennial Resource Production, LLC), the guarantors party thereto and UMB Bank, N.A., as Trustee (5.375% Senior Notes due 2026) (incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).
4.7	Third Supplemental Indenture , dated as of September 5, 2023, by and among Read & Stevens, Inc. , Permian Resources Operating, LLC (formerly known as Centennial Resource Production, LLC), the guarantors party thereto and UMB Bank, N.A., as Trustee (6.875% Senior Notes due 2027) (incorporated by reference to Exhibit 4.6 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).
4.8	Third Supplemental Indenture , dated as of September 5, 2023, by and among Read & Stevens, Inc. , Permian Resources Operating, LLC (formerly known as Centennial Resource Production, LLC), the guarantors party thereto and UMB Bank, N.A., as Trustee (3.25% Exchangeable Senior Notes due 2028) (incorporated by reference to Exhibit 4.7 to the Company's Current Report on Form 8-K filed with the SEC on September 5, 2023).
10.1	Third Amendment to Third Amended and Restated Credit Agreement , dated as of April 24, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 28, 2023).
10.2	Voting and Support Agreement , dated August 21, 2023, by and among Permian Resources Corporation, Earthstone Energy, Inc., William M. Hickey, III and James Walter (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
10.3	Voting and Support Agreement , dated August 21, 2023, by and among Permian Resources Corporation, Earthstone Energy, Inc., NGP XI US Holdings, L.P., NGP Pearl Holdings II, LLC and Luxe Energy, LLC (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
10.4	Voting and Support Agreement , dated August 21, 2023, by and among Permian Resources Corporation, Earthstone Energy, Inc. and Pearl Energy Investments, L.P., Pearl Energy Investments II, L.P. and Pearl CIII Holdings, L.P. (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
10.5	Voting and Support Agreement , dated August 21, 2023, by and among Permian Resources Corporation, Earthstone Energy, Inc. and Riverstone VI Centennial OB Holdings, L.P., REL US Centennial Holdings, LLC, Riverstone Non-ECI USRPI AIV, L.P. and Silver Run Sponsor, LLC (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
10.6	Voting and Support Agreement , dated August 21, 2023, by and among Earthstone Energy, Inc., Permian Resources Corporation, EnCap Energy Capital Fund VII, L.P., Bold Energy Holdings, LLC and EnCap Energy Capital Fund XI, L.P. (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
10.7	Voting and Support Agreement , dated August 21, 2023, by and among Earthstone Energy, Inc., Permian Resources Corporation, Cypress Investments, LLC and Broken Oak Investments, LLC. (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
10.8	Registration Rights Agreement , dated August 21, 2023, by and among Permian Resources Corporation and the parties from time to time listed on the signature pages thereto (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on August 21, 2023).
10.9#	Permian Resources Corporation 2023 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 24, 2023 May 1, 2019).
31.1*	Certification of Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Co-Chief Executive Officers pursuant to 18 U.S.C. Section 1350.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.

101.INS*	Inline XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.

Management contract or compensatory plan or agreement.

* Filed herewith.

SIGNATURES

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

PERMIAN RESOURCES CORPORATION

By: /s/ GUY M. OLIPHINT

Guy M. Oliphint

Executive Vice President and Chief Financial Officer

Date: November May 8, 2023 2024

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EXHIBIT 31.1

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

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

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of Permian Resources Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

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

Date: **November 8, 2023** **May 8, 2024**

PERMIAN RESOURCES CORPORATION

By: /s/ WILLIAM M. HICKEY, III

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

EXHIBIT 31.2

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

I, James H. Walter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of Permian Resources Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2023** **May 8, 2024**

PERMIAN RESOURCES CORPORATION

By: /s/ JAMES H. WALTER

James H. Walter

Co-Chief Executive Officer (Principal Executive Officer)

EXHIBIT 31.3

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

I, Guy M. Oliphint, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (this "report") of Permian Resources Corporation (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **November 8, 2023** May 8, 2024

PERMIAN RESOURCES CORPORATION

By: /s/ GUY M. OLIPHINT

Guy M. Oliphint

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

EXHIBIT 32.1

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** of Permian Resources Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William M. Hickey, III, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: **November 8, 2023** **May 8, 2024**

PERMIAN RESOURCES CORPORATION

By: /s/ WILLIAM M. HICKEY, III
William M. Hickey, III
Co-Chief Executive Officer (Principal Executive Officer)

In connection with the Quarterly Report on Form 10-Q for the quarter ended **September 30, 2023** **March 31, 2024** of Permian Resources Corporation (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James H. Walter, Co-Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: **November 8, 2023** **May 8, 2024**

PERMIAN RESOURCES CORPORATION

By: /s/ JAMES H. WALTER
James H. Walter
Co-Chief Executive Officer (Principal Executive Officer)

EXHIBIT 32.2

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

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

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

Date: **November 8, 2023** **May 8, 2024**

PERMIAN RESOURCES CORPORATION

By: /s/ GUY M. OLIPHINT
Guy M. Oliphint
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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