

SM|ENERGY

First Quarter 2024 Financial and Operating Results

May 2, 2024

NYSE: SM

WEB: sm-energy.com



Disclaimers

Forward-looking Statements

This presentation contains forward-looking statements within the meaning of securities laws. The words “believes,” “demonstrate,” “estimate,” “expect,” “intends,” “plan,” “target,” and similar expressions are intended to identify forward-looking statements. Forward-looking statements in this release include, among other things: certain projections for the full year and second quarter 2024 regarding the Company’s 2024 strategic objectives including operational execution, delivering low break-even high return wells, returning capital to stockholders and reducing debt, and maintaining and expanding portfolio quality and depth; full year and second quarter 2024 guidance for capital expenditures, net production, percent of oil, operating costs, exploration, G&A, DD&A and cash taxes; the number of wells we plan to drill and complete and the associated activity and capital split in each of our operating areas during the full year; average number of drilling rigs and completion crews to be deployed through 2024; expected drill, complete and equip costs (“DC&E”); expected program returns; average lateral length and PDP decline rates for wells in each of our operating areas; expected wells to be drilled at greater than or equal to 15,000 feet in the Midland Basin; percentage of expected future net production that is hedged; and plan to process ethane for 2024. These statements involve known and unknown risks, which may cause SM Energy's actual results to differ materially from results expressed or implied by the forward-looking statements. Future results may be impacted by the risks discussed in the Risk Factors section of SM Energy's most recent Annual Report on Form 10-K, and such risk factors may be updated from time to time in the Company's other periodic reports filed with the Securities and Exchange Commission. The forward-looking statements contained herein speak as of the date of this release. Although SM Energy may from time to time voluntarily update its prior forward-looking statements, it disclaims any commitment to do so, except as required by securities laws.

Non-GAAP Financial Measures and Metrics

This presentation references non-GAAP financial measures and metrics. Please see the “Non-GAAP Reconciliations and Disclosures” section of the Appendix, which includes definitions of non-GAAP measures and metrics used in this presentation and reconciliations of non-GAAP measures to the most directly comparable GAAP measure.

SM Energy Is...

» A Premier Operator of Top-tier Assets



A Premier Operator

Capital Efficiency

Owner of Top-tier Assets

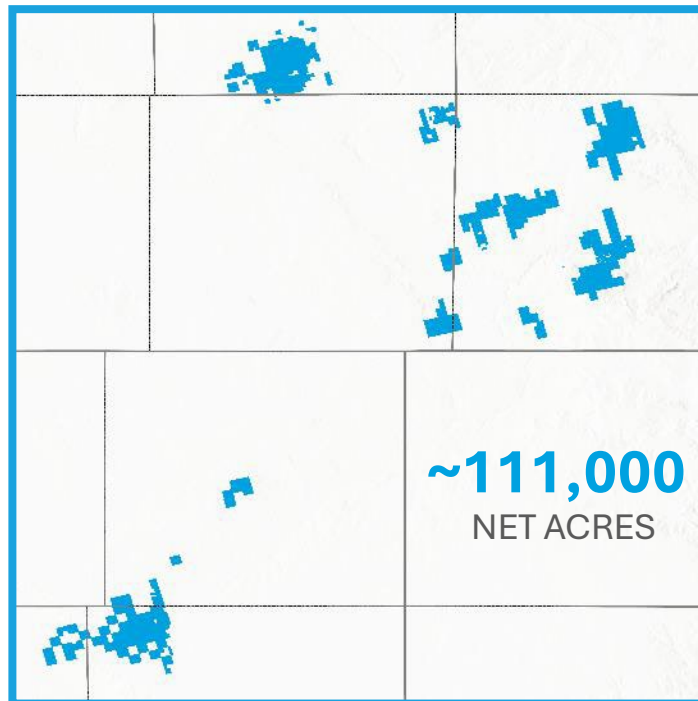
High-Quality Inventory with Long Runway

A Leader

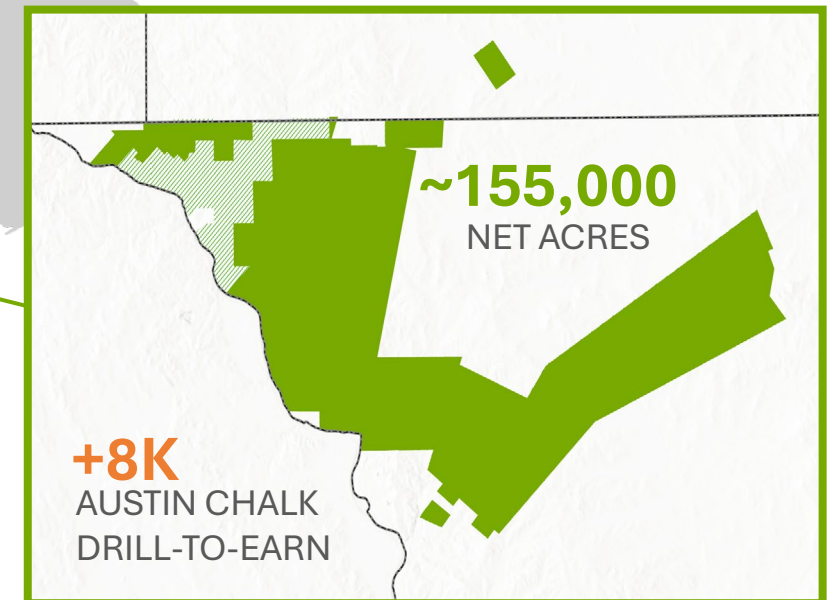
Sustainability and Stewardship

SM Energy Operates in Texas

» 1Q24 Added +8K Net Acres | Austin Chalk Drill-to-Earn



Midland Basin



South Texas

Excellent Operational Execution

» Supports 2024 Core Objectives

2024 Core Objectives

1

Focus on operational execution to deliver low-breakeven, high-return wells, while employing **new technologies** and maintaining **ESG leadership**.



2

Return capital to stockholders through share repurchases and fixed dividends and transfer value to stockholders through reduced debt.



3

Maintain and **expand portfolio** quality and depth, applying advanced analytics and technical innovation.



1Q24 Results

- 13.2 MMBoe, or 145.1 MBoe/d, at 44% oil or 63.7 MBbls/d
- **Better performance** from new wells
- Accelerated completions | **Faster drilling and completion times**
- ESG | CDP Leadership Level **A- for Supplier Engagement**
- **79% of 1Q FCF⁽¹⁾** returned to stockholders
- **9.0MM shares repurchased** program-to-date⁽²⁾
- Maintained **low leverage ratio of 0.6x⁽¹⁾**
- **+8K net acres** in Austin Chalk high oil/liquids rich area
- Drill-to-earn arrangement

Note | Unless noted below, amounts shown are for the three months ended March 31, 2024.

(1) Indicates a non-GAAP measure or metric. Please refer to the “Non-GAAP Reconciliations and Disclosures” section in the Appendix.

(2) As of March 31, 2024. The return of capital program was announced on September 7, 2022, and all repurchased shares of common stock were retired.

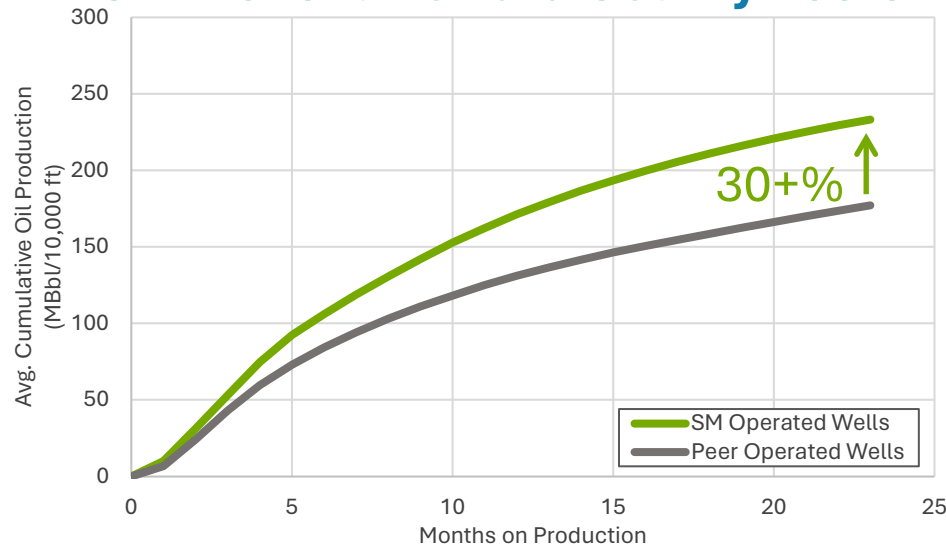
Operational Excellence

» Significant Oil Production Outperformance Compared to Regional Peers

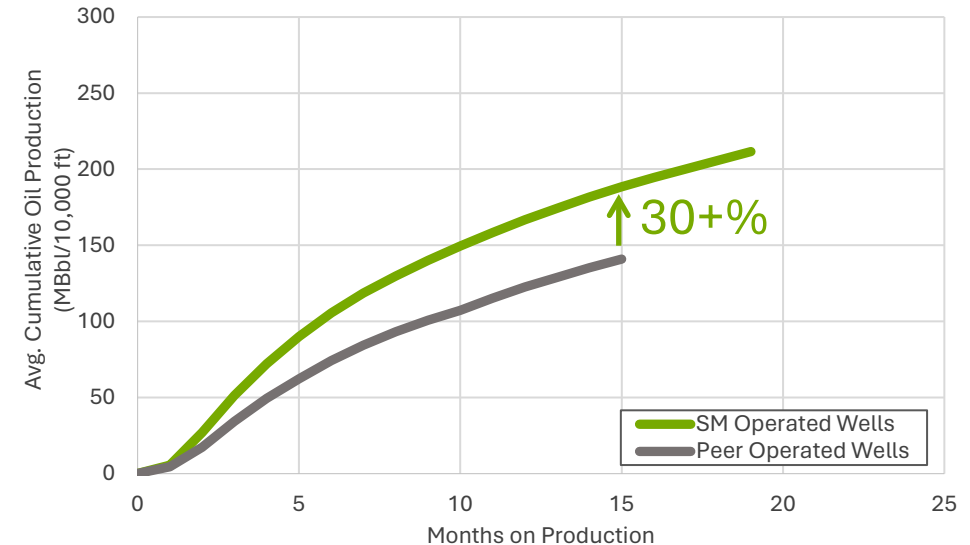
“... SM is ... focused on being the most technically proficient operator. SM utilizes larger fracs and wider spacing than most peers, with a focus on optimizing the value of each completion.”⁽¹⁾

J.P.Morgan

SM Wells v. Howard County Peers⁽²⁾



SM Wells v. Austin Chalk Peers⁽³⁾



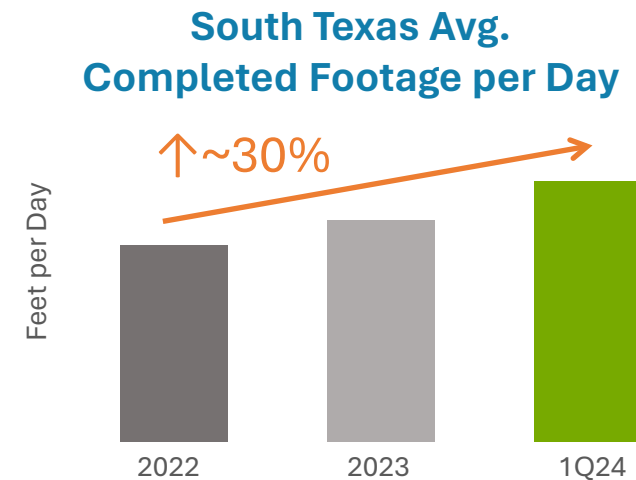
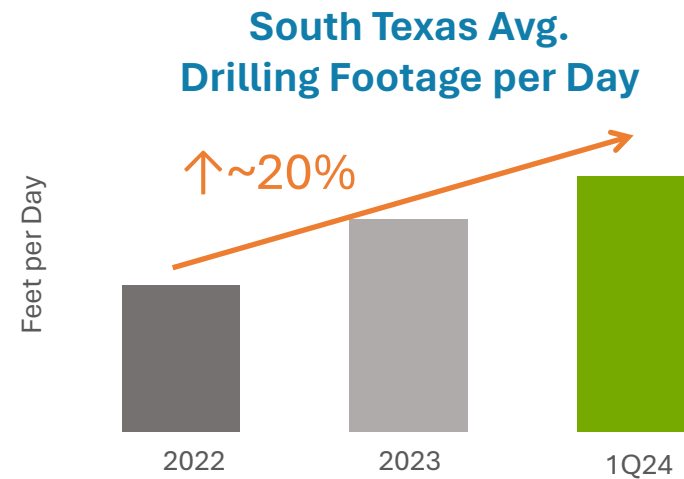
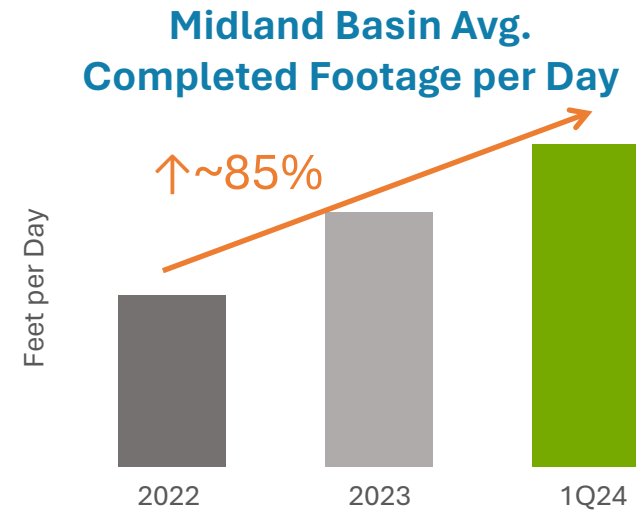
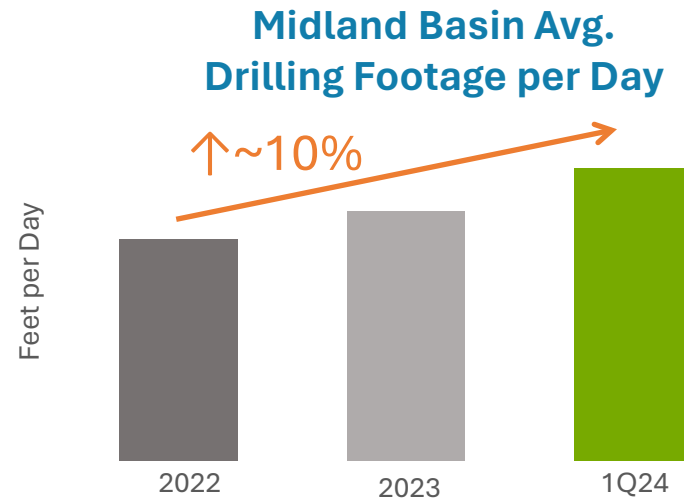
(1) J.P.Morgan | Zach Parham | Inside the Corner Suite: Key Takeaways from Roadshow with CEO Herb Vogel | 3/26/24.

(2) Enverus data as of April 11, 2024 | Horizontal wells completed in Howard County, January 2021 through December 2023 | Peers include Bayswater, Birch Operations, CPE, CrownQuest Operating, CVX, Endeavor Energy Resources, FANG, HighPeak Energy, HOG Resources, Murchison Oil & Gas, OVV, OXY, Paladin Petroleum, PXD, SGY, Spirit O&G Operating, SOGC and VTLE.

(3) Enverus data as of April 15, 2024 | Oil production in the West Condensate area of the Austin Chalk | Horizontal wells completed January 2019 through December 2023 | Peers include CRGY, Endeavor Natural Gas, Grit Oil & Gas and SBOW/CHK.

Operational Excellence, *continued*

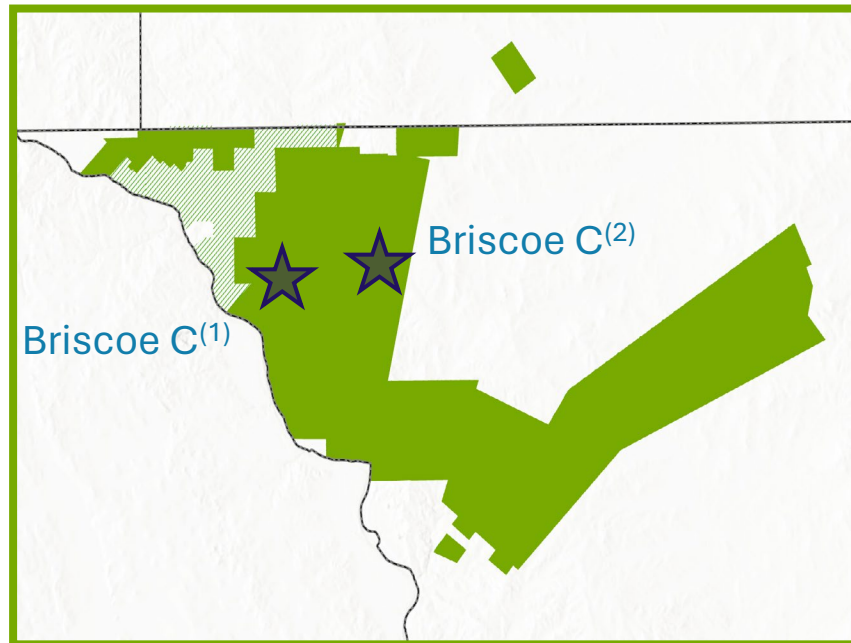
» New Technologies: Efficiencies ↑; Costs ↓



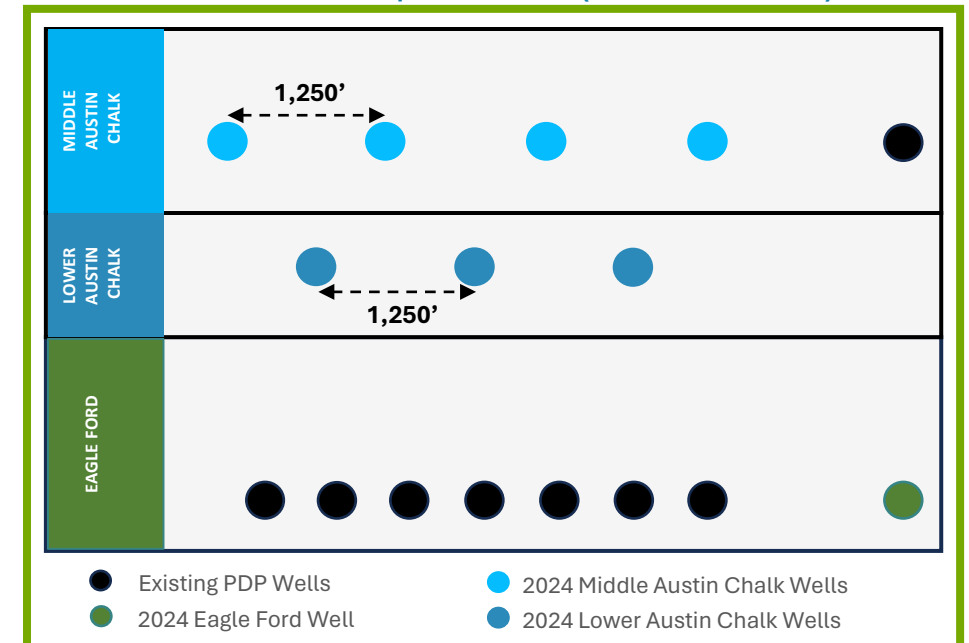
Operational Excellence, *continued*

» Strong Performance from New Wells

New Briscoe C Pads



Briscoe C⁽²⁾ | 8 Wells (7 AC & 1 EF)



New Wells that Reached IP30

Briscoe C⁽¹⁾

- 3 Austin Chalk Wells
- 1,973 Avg. Boe/d per well
- 46% Oil | 70% Liquids

Briscoe C⁽²⁾

- 8 wells (7 Austin Chalk & 1 Eagle Ford)
- 2,020 Avg. Boe/d per well
- 49% Oil | 77% Liquids

(1) Includes 3 Austin Chalk wells that reached IP30 in April 2024.

(2) 3 pads include 7 Austin Chalk wells and 1 Eagle Ford well that reached IP30 in April 2024.

Operational Excellence, *continued*

» Extending Our High-Quality Inventory Through Targeted Acreage Acquisitions

Klondike Acquisition

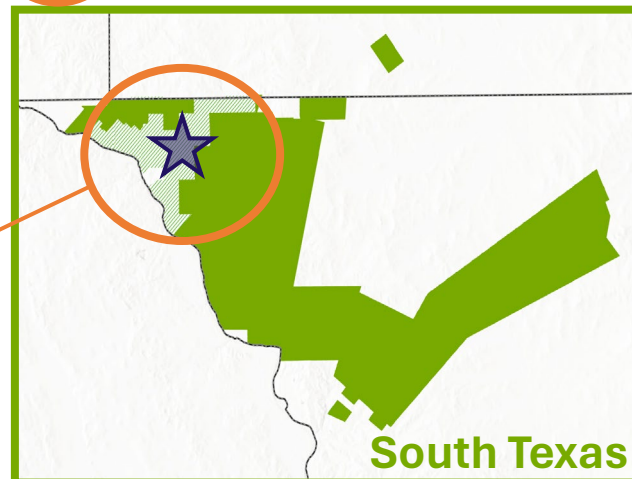
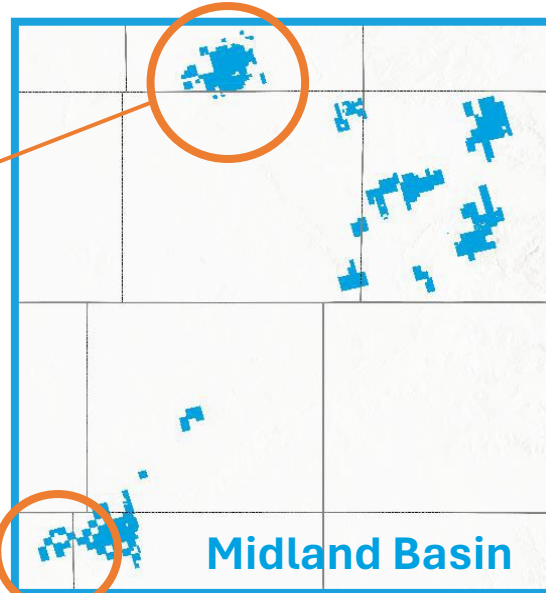
- ~20,700 Net Acres
- 1st pad drilled in new Klondike area (4 wells including 1 science well)⁽¹⁾

Sweetie Peck Acquisition

- ~9,100 Net Acres
- 2024 inventory upside
- Results expected 4Q 2024

Austin Chalk Drill-to-Earn

- ~8,000 Net Acres
- 1st well drilled⁽²⁾



“We wanted to dive into drilling results in and around SM's recent Klondike acquisition in Dawson County. We come away impressed by industry results and by SM's seemingly prudent acquisition here. **SM's ability to replace core inventory without diluting shareholders or stretching the balance sheet is noteworthy.** We believe the prolific and oily Dean wells in and around Klondike are a bullish harbinger”⁽³⁾ **KeyBanc**

(1) 3 wells drilled in 1Q24. 1 well drilled in April 2024.

(2) Drilled in April 2024.

(3) KeyBanc Capital Markets | Tim Rezvan | SM: Catch-Up Trade Overdue; Klondike Well Analysis Bullish for Northern Midland Resource Potential; Increase PT to \$62 | 4/12/24.

Operational Excellence, *continued*

» Safety and Stewardship | Always at the Forefront

1Q24 Executive Field Tour

15 Board Members & Executives
in Attendance

3 Locations Visited

Key Areas of Focus

- Safety protocols & procedures
- ESG initiatives
- Operational performance metrics
- Technological advancements



CDP Supplier Engagement



Leadership Level



1Q 2024 Performance

Key Metrics

1Q24

Net Production and Pricing	
Total Net Production (MMBoe)	13.2
Total Net Production (MBoe/d)	145.1
Oil percentage / Liquids	44% / 61%
Pre-Hedge Realized Price (\$/Boe)	\$42.39
Post-Hedge Realized Price ⁽¹⁾ (\$/Boe)	\$43.40
Costs (per Boe)	
LOE	\$5.54
Transportation	\$2.07
Production & Ad Valorem taxes	\$2.79
Total Production Expenses	\$10.41
Cash Production Margin (pre-hedge)⁽¹⁾	\$31.98
G&A (Cash)	\$2.00
G&A (Non-Cash)	\$0.29
DD&A	\$12.59
Earnings	
GAAP Earnings (per diluted share)	\$1.13
Adjusted net income ⁽¹⁾ (per diluted share)	\$1.41
Adjusted EBITDAX ⁽¹⁾ (\$MM)	\$409.0
Adjusted free cash flow (\$MM)	
Net cash provided by operating activities (GAAP)	\$276.0
Net change in working capital	\$97.7
Net cash provided by operating activities before net change in working capital ⁽¹⁾	\$373.7
Capital Expenditures (GAAP)	\$332.4
Changes in capital expenditure accruals	\$(26.6)
Capital expenditures before change in capital expenditure accruals ⁽¹⁾	\$305.8
Adjusted free cash flow⁽¹⁾	\$67.9
Return of Capital (\$MM)	
Share repurchase	\$32.8
Dividends paid	\$20.8
Return of Capital (\$MM)	\$53.6

145.1 MBoe/d
1Q24 NET PRODUCTION

\$409.0 million
1Q24 ADJUSTED EBITDAX⁽¹⁾

\$67.9 million
1Q24 ADJUSTED FREE CASH FLOW⁽¹⁾

\$1.41
1Q24 ADJUSTED EPS⁽¹⁾

Note: Amounts may not calculate due to rounding.

(1) Indicates a non-GAAP measure or metric. Please refer to the “Non-GAAP Reconciliations and Disclosures” section in the Appendix.

Delivering Return of Capital to Stockholders

» 79% of 1Q24 FCF⁽¹⁾ Returned to Stockholders

~\$21 million

1Q24 Dividends Paid

+

~\$33 million

1Q24 \$ Shares Repurchased

~\$54 million

1Q24 Return of Capital to Stockholders

~9 million shares

Repurchased Since Program Inception⁽²⁾

~\$429 million

Total Capital Returned to Stockholders
Since Program Inception⁽²⁾

~\$182 million

Share Repurchase Authorization Remaining⁽²⁾

“We like SM for its combination of moderate oil growth, low financial leverage and dynamic capital allocation framework.”⁽³⁾ Mizuho

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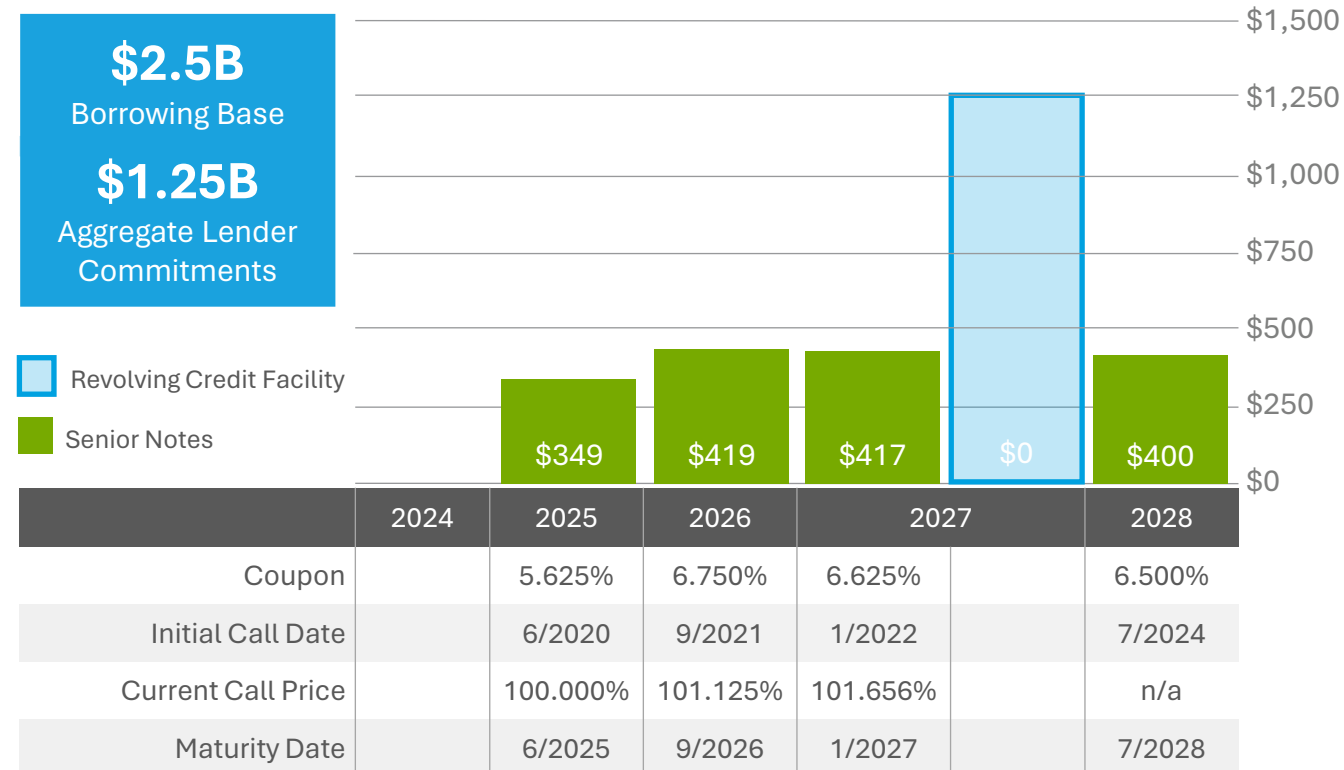
(2) As of March 31, 2024. The return of capital program was announced on September 7, 2022, and all repurchased shares of common stock were retired. Total capital returned to stockholders includes ~\$318 million of shares repurchased and ~\$111 million in dividends paid.

(3) Mizuho Securities USA LLC | William Janela | 1Q24 Preview: CIVI, SBOW, SM | 4/4/24.

Empowered by a Strong Balance Sheet

» Low Leverage and Balance Sheet Flexibility

Debt Maturities (IN MILLIONS)



0.6x NET DEBT-TO-ADJUSTED EBITDAX⁽¹⁾

LIQUIDITY » **\$1.75 billion**

CASH BALANCE » **\$506 million**

NET DEBT⁽¹⁾⁽²⁾ » **\$1.08 billion⁽¹⁾⁽²⁾**

Credit rating agency senior unsecured debt ratings

S&P: **BB-** Outlook: Stable

Fitch: **BB-** Outlook: Stable

Moody's: **B1** Outlook: Stable

Note: Amounts are as of 3/31/2024.

(1) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

(2) Net debt is after return of capital paid to stockholders and cash paid for acquisitions.

2024 Plan Guidance | More for Less!

» May 2024 Guidance Update: Increased Production | Decreased Capital

Key Metrics

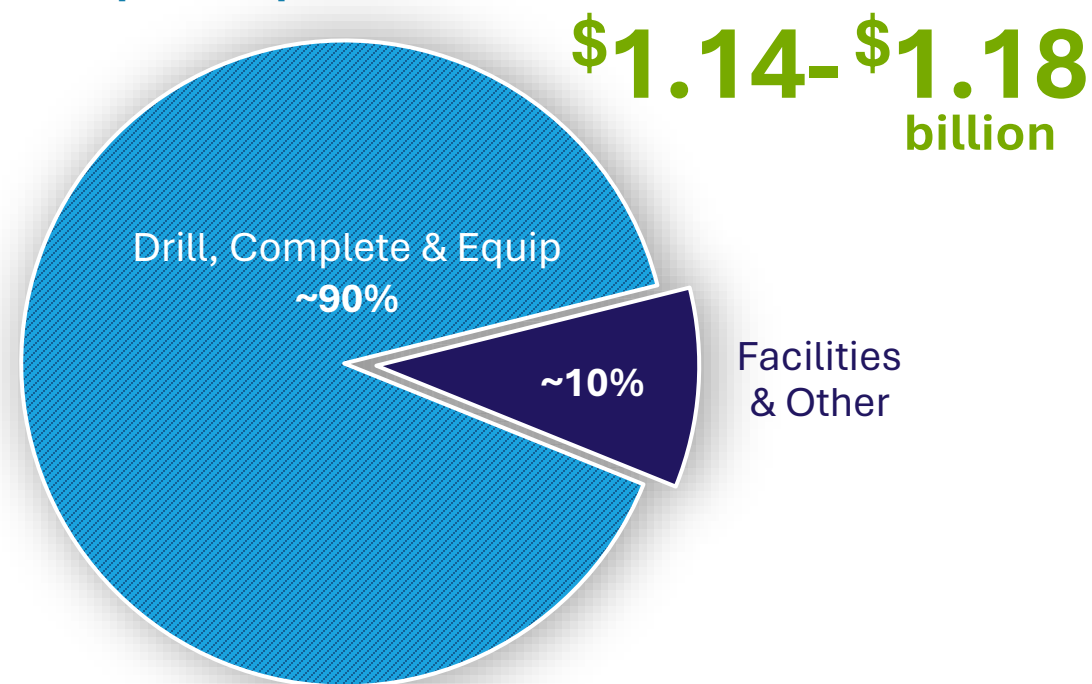
	Guidance FY '24
Capital Expenditures ⁽¹⁾ (\$B)	\$1.14–\$1.18 ↓ 2%
Total Net Production (MMBoe)	57–60 ↑ 2%
Total Net Production (MBoe/d)	156–164 ↑ 2%
Oil percentage	~44%
LOE (per Boe)	\$5.30–\$5.60
Transportation (per Boe)	\$2.10–\$2.20 ↓ 9%
Production & Ad Valorem taxes ⁽²⁾ (per Boe)	\$2.80–\$2.90
Exploration Expense (\$MM)	~\$60
G&A ⁽³⁾ (\$MM)	~\$125
DD&A (per Boe)	\$12–\$13
Cash Taxes (\$MM)	~\$10

Guidance 2Q '24

- Capital Expenditures: \$315–\$325 million
- Net Production: 14.1–14.3 MMBoe (155–157 MBoe/d)
- Oil | Liquids Percentage: ~44% | ~60%

Key Assumptions \$75 oil | \$2.75 gas | \$27 NGLs

Capital Expenditures⁽¹⁾



Activity & Associated Capital Split

~60% Midland Basin | 40% South Texas

Drill: 115–120 net wells

Complete: 115–120 net wells

(1) Capital expenditures before change in capital expenditure accruals; excludes acquisitions.

(2) Production & Ad Valorem taxes estimated at ~4.8% of pre-hedge revenue and ~\$0.82/Boe, respectively.

(3) Includes ~\$20 million non-cash compensation.

2024 Plan Guidance, *continued*

» Focused on: Midland Basin | Delineation of New Assets | Optimized Well Costs

Midland Basin Plan Details

- 2024 Net wells planned: drill and complete ~70
- ~11,850 ft expected average lateral length per well, including 25-30 wells at ~15,000 ft lateral length⁽²⁾
- ~34% Boe PDP decline expected (YE23-YE24)

South Texas Plan Details

- 2024 Net wells planned: drill and complete ~47
- ~11,400' expected average lateral length per well⁽²⁾
- ~33% Boe PDP decline expected (YE23-YE24)

Drill, Complete & Equip



- 2024 DC&E costs:⁽⁴⁾ ~\$800/ft
 - Normalized to peer design/metrics ≤ \$700/ft⁽⁴⁾
- Bigger completions = Better well performance



MB OPERATING DETAILS⁽³⁾

4 RIGS RUNNING 
2 COMPLETION CREWS 

STX OPERATING DETAILS⁽³⁾

2 RIGS RUNNING 
1 COMPLETION CREW 

(1) Includes drill, complete, equip and facilities.

(2) Based on operated wells expected to be completed in 2024.

(3) Based on average expected activity levels for 2024.

(4) SM Energy average expected well cost includes equipment costs and higher intensity completions that add approximately \$130/ft compared with certain peer wells.

Hedging Summary

» Hedging Volumes Aligned with Lower Leverage

2024 Hedge Program

SWAPS:

- Oil: ~5,870 MBbls,⁽¹⁾ or ~30%, of expected 2Q-4Q net oil production⁽²⁾ is hedged to benchmark prices at an average price of \$69.31/Bbl (weighted-average of collar floors and swaps) to \$81.91/Bbl (weighted-average of collar ceilings and swaps), excluding basis swaps.
- Natural Gas: ~25,050 BBtu⁽³⁾, or ~25%, of expected 2Q-4Q net natural gas production⁽²⁾ is hedged to benchmark prices at an average price of \$3.41/MMBtu (weighted-average of collar floors and swaps, excluding basis swaps).

BASIS SWAPS:

- Oil: ~3,660 MBbls of expected 2Q-4Q net Midland Basin oil production⁽²⁾ are hedged to the local price point at a positive weighted-average price of \$1.21/Bbl.
- Gas: ~15,870 BBtu, or ~50%, of expected 2Q-4Q net Midland Basin natural gas production⁽²⁾ are hedged to WAHA at a weighted-average price of \$(0.93)/MMBtu.
- Gas: ~12,490 BBtu of expected 2Q-4Q net natural gas production⁽²⁾ are hedged to HSC at a weighted-average price of \$(0.35)/MMBtu.

Note: Includes derivative contracts for settlement at any time during the second quarter of 2024, entered into through April 25, 2024.

(1) Hedges include oil swaps and collars to WTI; excludes basis swaps and roll differential hedges.

(2) Percent of 2024 net production hedged assumes mid-point of net production and oil percentage guidance.

(3) Hedges include natural gas swaps and collars to Henry Hub; excludes basis swaps. Percent hedged based on dry gas volumes.

(4) Includes net NGL production volumes and derivative contracts for components of the barrel hedged. See detail tables in the appendix for additional information.





SM Energy Is A Premier Operator

» And Third Parties Agree...

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(1) KeyBanc Capital Markets | Tim Rezvan | SM: Catch-Up Trade Overdue; Klondike Well Analysis Bullish for Northern Midland Resource Potential; Increase PT to \$62 | 4/12/24.

(2) J.P.Morgan | Zach Parham | Inside the Corner Suite: Key Takeaways from Roadshow with CEO Herb Vogel | 3/26/24.

(3) Mizuho Securities USA LLC | William Janela | 1Q24 Preview: CIVI, SBOW, SM | 4/4/24.

Appendix



1Q 2024 Realizations by Region

» Two Top-Tier Areas of Operation

Net Production Volumes

	Midland Basin	South Texas	Total
Oil (MBbls)	4,363	1,431	5,795
Gas (MMcf)	14,475	16,670	31,145
NGL (MBbls)	3	2,214	2,217
Total (MBoe)	6,779	6,423	13,203
% Oil	64%	22%	44%

Revenue (in thousands)

Oil	\$332,191	\$108,703	\$440,894
Gas	\$40,538	\$27,306	\$67,844
NGL	\$84	\$50,774	\$50,858
Total	\$372,813	\$186,783	\$559,596

Expenses (in thousands)

LOE	\$53,873	\$19,232	\$73,105
Ad Valorem	\$7,243	\$4,565	\$11,808
Transportation	\$72	\$27,245	\$27,317
Production Taxes	\$18,521	\$6,624	\$25,145

Per Unit Metrics

Realized Price Oil Per Bbl	\$76.13	\$75.94	\$76.09
% of Benchmark – WTI	99%	99%	99%
Realized Price Gas per Mcf	\$2.80	\$1.64	\$2.18
% of Benchmark - NYMEX Henry Hub	125%	73%	97%
Realized Price NGL per Bbl	nm	\$22.94	\$22.94
% of Benchmark – OPIS	nm	78%	78%
Realized Price per Boe	\$54.99	\$29.08	\$42.39

LOE per Boe	\$7.95	\$2.99	\$5.54
Ad Valorem per Boe	\$1.07	\$0.71	\$0.89
Transportation per Boe	\$0.01	\$4.24	\$2.07
Production Tax per Boe	\$2.73	\$1.03	\$1.90
Production Tax as % of Pre-hedge Revenue	5.0%	3.5%	4.5%
Cash Production Margin per Boe ⁽¹⁾	\$43.23	\$20.11	\$31.99

Benchmark Pricing

NYMEX WTI Oil (\$/Bbl)	\$ 76.96
NYMEX Henry Hub Gas (\$/MMBtu)	\$ 2.24
OPIS Composite NGL (\$/Bbl)	\$ 29.28



Activity by Region

» Wells Drilled, Flowing Completions & DUC Count

	Wells Drilled		Flowing Completions		DUC Count	
	1Q24		1Q24		As of March 31, 2024	
	Gross	Net	Gross	Net	Gross	Net
Midland Basin						
RockStar	12	10	3	2	34	27
Sweetie Peck	7	7	13	9	8	8
Midland Basin total	19	17	16	11	42	35
South Texas⁽¹⁾						
Austin Chalk	11	11	14	14	24	24
Eagle Ford & Other	1	1	2	2	9	9
South Texas total	12	12	16	16	33	33
Total	31	29	32	27	75	68

(1) The drilled but not completed well count includes 9 gross (9 net) wells that were not included in the Company's five-year development plan as of December 31, 2023, 8 of which were in the Eagle Ford shale.

Leasehold Summary

» Growing Midland Basin Position

Net Acres⁽¹⁾

Midland Basin

RockStar	84,200
Sweetie Peck ⁽²⁾	27,100
Midland Basin total	111,300

South Texas 154,800

Rocky Mountain Other 10,600

Other Areas / Exploration 25,500

Total 302,200



(1) Includes developed and undeveloped oil and natural gas leasehold, fee properties, and mineral servitudes held as of March 31, 2024.

(2) Sweetie Peck acreage includes ~1,050 net drill-to-earn acreage.

NGL Realizations

» 2024 Plan Assumes Ethane Processing All Year

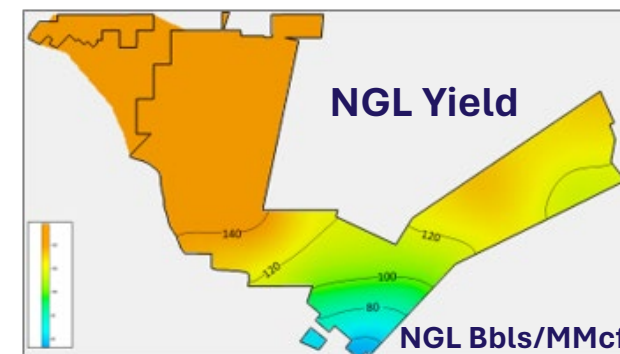
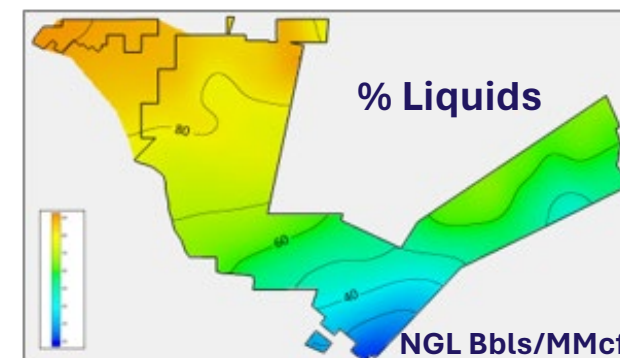
Realizations by Quarter

	1Q 2024	4Q 2023	3Q 2023	2Q 2023	1Q 2023
OPIS Benchmark ⁽¹⁾ Price (\$/Bbl)	\$29.28	\$26.89	\$27.81	\$25.21	\$30.95
SM Energy NGL Realization (\$/Bbl)	\$22.94	\$21.92	\$23.61	\$20.83	\$26.24
% Differential to OPIS Benchmark ⁽¹⁾	78%	82%	85%	83%	85%

NGL price realizations tied to OPIS, fixed fee-based contracts

- Differential reflects NGL composite barrel product mix as well as transportation and fractionation fees
- 2023 and 2024 realizations reflect the processing of ethane for the year

Austin Chalk – High Liquids Content



(1) The benchmark is the OPIS NGL composite (both Mont Belvieu Purity Ethane and Non-TET).

Helpful Hints for Modeling NGLs:

Note 1: SM Energy recovered NGL Composition: 49% Ethane, 24% Propane, 12% Natural Gasoline, 8% Normal Butane, and 7% Isobutane.

Note 2: SM Energy has completed 111 Austin Chalk wells that have reached IP30 as of April 30, 2024. Based on wells to date, average gas shrink by area is: Northern oily area ~21%, South/Eastern liquids-rich gas: ~19%.

Oil Derivative Positions⁽¹⁾

» By Quarter

Oil	NYMEX WTI Oil Swaps		NYMEX WTI Oil Collars			Midland - Cushing Oil Basis Swaps		MEH – WTI Oil Basis Swaps		NYMEX WTI Roll Basis Swaps		Weighted Average Price	
Period	Volume (MBbls)	\$/Bbl ⁽²⁾	Volume (MBbls)	Ceiling \$/Bbl ⁽²⁾	Floor \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Volume (MBbls)	Price Differential \$/Bbl ⁽²⁾	Ceiling \$/Bbl ⁽³⁾	Floor \$/Bbl ⁽³⁾
Q2 2024	-	-	1,846	\$85.53	\$67.46	1,193	\$1.21	293	\$1.82	2,229	\$0.66	\$85.53	\$67.46
Q3 2024	-	-	2,003	\$83.10	\$68.27	1,235	\$1.21	332	\$1.82	2,633	\$0.69	\$83.10	\$68.27
Q4 2024	780	\$73.24	1,239	\$80.03	\$71.26	1,230	\$1.21	309	\$1.82	2,555	\$0.69	\$77.40	\$72.02
Q1 2025	323	\$75.00	645	\$81.74	\$69.00	682	\$1.15	341	\$1.90	-	-	\$79.49	\$71.00
Q2 2025	-	-	295	\$80.40	\$70.00	694	\$1.15	371	\$1.90	-	-	\$80.40	\$70.00
Q3 2025	-	-	-	-	-	672	\$1.15	359	\$1.90	-	-	-	-
Q4 2025	-	-	-	-	-	700	\$1.15	342	\$1.90	-	-	-	-
Q1 2026	-	-	-	-	-	-	-	211	\$2.10	-	-	-	-
Q2 2026	-	-	-	-	-	-	-	218	\$2.10	-	-	-	-
Q3 2026	-	-	-	-	-	-	-	193	\$2.10	-	-	-	-
Q4 2026	-	-	-	-	-	-	-	194	\$2.10	-	-	-	-

(1) Includes derivative contracts for settlement at any time during the second quarter of 2024 and later periods, entered into through April 25, 2024.

(2) Weighted-average contract price.

(3) Volume weighted-average contract price for NYMEX WTI swaps and NYMEX WTI collars.

Gas and NGL Derivative Positions⁽¹⁾

» By Quarter

Gas	NYMEX Henry Hub Gas Swaps		IF WAHA Gas Swaps		IF WAHA Gas Basis Swaps		IF HSC Gas Basis Swaps		NYMEX Henry Hub Gas Collars			Weighted Average Price	
Period	Volume (BBtu)	\$/MMBtu ⁽²⁾	Volume (BBtu)	\$/MMBtu ⁽²⁾	Volume (BBtu)	\$/MMBtu ⁽²⁾	Volume (BBtu)	\$/MMBtu ⁽²⁾	Volume (BBtu)	Ceiling \$/MMBtu ⁽²⁾	Floor \$/MMBtu ⁽²⁾	Ceiling \$/MMBtu ⁽³⁾	Floor \$/MMBtu ⁽³⁾
Q2 2024	4,186	\$3.17	-	-	5,285	\$(1.09)	3,310	\$(0.34)	4,432	\$4.00	\$3.69	\$3.60	\$3.44
Q3 2024	2,923	\$3.18	-	-	5,344	\$(0.99)	3,426	\$(0.30)	4,612	\$4.21	\$3.68	\$3.81	\$3.49
Q4 2024	1,569	\$3.03	-	-	5,240	\$(0.73)	5,750	\$(0.38)	7,328	\$4.97	\$3.38	\$4.63	\$3.32
Q1 2025	1,382	\$4.41	-	-	5,102	\$(0.46)	946	\$0.0025	7,129	\$5.45	\$3.19	\$5.28	\$3.39
Q2 2025	1,466	\$3.96	-	-	5,236	\$(0.78)	-	-	5,893	\$3.58	\$3.25	\$3.66	\$3.39
Q3 2025	1,468	\$4.10	-	-	5,117	\$(0.72)	-	-	6,028	\$4.12	\$3.24	\$4.12	\$3.41
Q4 2025	1,575	\$4.33	-	-	5,046	\$(0.66)	-	-	6,384	\$5.34	\$3.25	\$5.14	\$3.46
Q1 2026	-	-	514	\$3.71	-	-	-	-	3,143	\$6.55	\$3.25	\$6.15	\$3.31
Q2 2026	-	-	-	-	-	-	-	-	3,398	\$3.55	\$3.25	\$3.55	\$3.25
Q3 2026	-	-	520	\$2.86	-	-	-	-	3,505	\$4.21	\$3.25	\$4.04	\$3.20
Q4 2026	-	-	514	\$3.22	-	-	-	-	3,392	\$5.45	\$3.25	\$5.16	\$3.25

NGLs	Propane Swaps		Isobutane Swaps		Normal Butane Swaps	
Period	Volume (MBbls)	\$/Bbl ⁽²⁾	Volume (MBbls)	\$/Bbl ⁽²⁾	Volume (MBbls)	\$/Bbl ⁽²⁾
Q2 2024	387	\$31.90	24	\$41.58	44	\$39.48
Q3 2024	404	\$31.87	25	\$41.58	46	\$39.48
Q4 2024	434	\$31.85	28	\$41.58	49	\$39.48
Q1 2025	396	\$32.86	25	\$41.58	45	\$39.48

(1) Includes derivative contracts for settlement at any time during the second quarter of 2024 and later periods, entered into through April 25, 2024.

(2) Weighted-average contract price.

(3) Volume weighted-average contract price for NYMEX Henry Hub swaps and collars and IF WAHA swaps.

First Quarter 2024 Non-GAAP Reconciliations and Disclosures



Definitions of Non-GAAP Measures and Metrics as Calculated by the Company

To supplement the presentation of its financial results prepared in accordance with U.S. generally accepted accounting principles (GAAP), the Company provides certain non-GAAP measures and metrics, which are used by management and the investment community to assess the Company's financial condition, results of operations, and cash flows, as well as compare performance from period to period and across the Company's peer group. The Company believes these measures and metrics are widely used by the investment community, including investors, research analysts and others, to evaluate and compare recurring financial results among upstream oil and gas companies in making investment decisions or recommendations. These measures and metrics, as presented, may have differing calculations among companies and investment professionals and may not be directly comparable to the same measures and metrics provided by others. A non-GAAP measure should not be considered in isolation or as a substitute for the most directly comparable GAAP measure or any other measure of a company's financial or operating performance presented in accordance with GAAP. Reconciliations of the Company's non-GAAP measures to the most directly comparable GAAP measure is presented below. These measures may not be comparable to similarly titled measures of other companies.

Adjusted EBITDAX: Adjusted EBITDAX is calculated as net income before interest expense, interest income, income taxes, depletion, depreciation, amortization and asset retirement obligation liability accretion expense, exploration expense, property abandonment and impairment expense, non-cash stock-based compensation expense, derivative gains and losses net of settlements, gains and losses on divestitures, gains and losses on extinguishment of debt, and certain other items. Adjusted EBITDAX excludes certain items that the Company believes affect the comparability of operating results and can exclude items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. Adjusted EBITDAX is a non-GAAP measure that the Company believes provides useful additional information to investors and analysts, as a performance measure, for analysis of the Company's ability to internally generate funds for exploration, development, acquisitions, and to service debt. The Company is also subject to financial covenants under the Company's Credit Agreement, a material source of liquidity for the Company, based on Adjusted EBITDAX ratios. Please reference the Company's first quarter 2024 Form 10-Q and the most recent Annual Report on Form 10-K for discussion of the Credit Agreement and its covenants.

Adjusted free cash flow or FCF: Adjusted free cash flow is calculated as net cash provided by operating activities before net change in working capital less capital expenditures before changes in accruals. The Company uses this measure as representative of the cash from operations, in excess of capital expenditures that provides liquidity to fund discretionary obligations such as debt reduction, returning cash to stockholders or expanding the business.

Adjusted net income and Adjusted net income per diluted common share or Adjusted EPS: Adjusted net income and Adjusted net income per diluted common share excludes certain items that the Company believes affect the comparability of operating results, including items that are generally non-recurring in nature or whose timing and/or amount cannot be reasonably estimated. These items include non-cash and other adjustments, such as derivative gains and losses net of settlements, impairments, net (gain) loss on divestiture activity, gains and losses on extinguishment of debt, and accruals for non-recurring matters. The Company uses these measures to evaluate the comparability of the Company's ongoing operational results and trends and believes these measures provide useful information to investors for analysis of the Company's fundamental business on a recurring basis.

Cash production margin: Cash production margin is calculated as oil, gas, and NGL revenues (before the effects of commodity derivative settlements), less operating expenses (specifically, LOE, transportation, production taxes, and ad valorem taxes). This calculation excludes derivative settlements, G&A, exploration expense, and DD&A and is reflected on a per BOE basis using net equivalent production for the period presented. The Company believes this metric provides management and the investment community with an understanding of the Company's recurring operating margin before G&A, exploration expense, and DD&A, which is helpful to compare period-to-period and across peers.

Net debt: Net debt is calculated as the total principal amount of outstanding senior notes plus amounts drawn on the revolving credit facility less cash and cash equivalents (also referred to as total funded debt). The Company uses net debt as a measure of financial position and believes this measure provides useful additional information to investors to evaluate the Company's capital structure and financial leverage.

Net debt-to-Adjusted EBITDAX: Net debt-to-Adjusted EBITDAX is calculated as Net Debt (defined above) divided by Adjusted EBITDAX (defined above) for the trailing twelve-month period (also referred to as leverage ratio). A variation of this calculation is a financial covenant under the Company's Credit Agreement. The Company and the investment community may use this metric in understanding the Company's ability to service its debt and identify trends in its leverage position. The Company reconciles the two non-GAAP measure components of this calculation.

Post-hedge: Post-hedge is calculated as the average realized price after the effects of commodity net derivative settlements. The Company believes this metric is useful to management and the investment community to understand the effects of commodity net derivative settlements on average realized price.

Non-GAAP Reconciliations

Adjusted EBITDAX⁽¹⁾

(in thousands)

	Three Months Ended March 31, 2024	Trailing Twelve Months Ended March 31, 2024
Net income (GAAP)	\$ 131,199	\$ 750,527
Interest expense	21,873	91,044
Interest income	(6,770)	(21,922)
Income tax expense	32,069	72,885
Depletion, depreciation, amortization, and asset retirement obligation liability accretion	166,188	702,480
Exploration ⁽²⁾	17,456	55,312
Stock-based compensation expense	5,018	20,950
Net derivative loss	28,145	11,320
Net derivative settlement gain	13,274	35,119
Other, net	597	2,246
Adjusted EBITDAX (non-GAAP)	\$ 409,049	\$ 1,719,961
Interest expense	(21,873)	(91,044)
Interest income	6,770	21,922
Income tax expense	(32,069)	(72,885)
Exploration ⁽²⁾⁽³⁾	(9,539)	(47,825)
Amortization of deferred financing costs	1,371	5,486
Deferred income taxes	27,391	65,679
Other, net	(7,412)	(6,511)
Net change in working capital	(97,688)	(76,023)
Net cash provided by operating activities (GAAP)	\$ 276,000	\$ 1,518,760

Adjusted Net Income⁽¹⁾

(in thousands, except per share data)

	Three Months Ended March 31, 2024
Net income (GAAP)	\$ 131,199
Net derivative loss	28,145
Net derivative settlement gain	13,274
Other, net	597
Tax effect of adjustments ⁽⁴⁾	(9,117)
Adjusted net income (non-GAAP)	\$ 164,098
Diluted net income per common share (GAAP)	\$ 1.13
Net derivative loss	0.24
Net derivative settlement gain	0.11
Other, net	0.01
Tax effect of adjustments ⁽⁴⁾	(0.08)
Adjusted net income per diluted common share (non-GAAP)	\$ 1.41
Basic weighted-average common shares outstanding	115,642
Diluted weighted-average common shares outstanding	116,456

(1) Indicates a non-GAAP measure. See above “Definitions of non-GAAP measures and metrics as Calculated by the Company.”

(2) Stock-based compensation expense is a component of the exploration expense and general and administrative expense line items on the condensed consolidated statements of operations. Therefore, the exploration line items shown in the reconciliation above will vary from the amount shown on the condensed consolidated statements of operations for the component of stock-based compensation expense recorded to exploration expense.

(3) For the periods presented, amounts exclude certain capital expenditures related to unsuccessful exploration activities.

(4) The tax effect of adjustments is calculated using a tax rate of 21.7% for the three months ended March 31, 2024. This rate approximates the Company’s statutory tax rate adjusted for ordinary permanent differences.

Non-GAAP Reconciliations, *continued*

Adjusted Free Cash Flow⁽¹⁾

(in thousands)

	Three Months Ended March 31, 2024
Net cash provided by operating activities (GAAP)	\$ 276,000
Net change in working capital	97,688
Cash flow from operations before net change in working capital (non-GAAP)	\$ 373,688
Capital expenditures (GAAP)	\$ 332,365
Changes in capital expenditure accruals	(26,569)
Capital expenditures before changes in accruals (non-GAAP)	\$ 305,796
Adjusted free cash flow (non-GAAP)	\$ 67,892

Net Debt⁽¹⁾

(in thousands)

	As of March 31, 2024
Principal amount of Senior Notes ⁽²⁾	\$ 1,585,144
Revolving credit facility ⁽²⁾	—
Total principal amount of debt (GAAP)	\$ 1,585,144
Less: Cash and cash equivalents	506,252
Net Debt (non-GAAP)	\$ 1,078,892

(1) Indicates a non-GAAP measure. See above “Definitions of non-GAAP measures and metrics as Calculated by the Company.”

(2) Amounts are from Note 5 – Long-Term Debt in Part I, Item 1 of the Company’s Form 10-Q as of March 31, 2024.

Contact Information

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