SM ENERGY

# Featured Presentation

JUNE 2023

NYSE: SM
WEB: sm-energy.com

# Disclaimers

## Forward-looking statements

This presentation contains forward-looking statements within the meaning of securities laws. The words “demonstrate,” “estimate,” “expect,” "goal," "generate," “plan,” “target,” “believes,” “objectives,” “priorities,” 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 of 2023 regarding guidance for capital expenditures, production, percent of oil, operating costs, general and administrative expenses, exploration expenses, and DD&A; total expected inventory, inventory estimates by operating area, and total inventory expected average rate of return; the Company’s 2023 strategic objectives including delivering increased return of capital to stockholders, operational execution, and replacing/building top-tier inventory; the portion of capital expenditures to be allocated to drilling and completion costs and to each of our operating areas; the number of wells expected to be drilled and completed in each of our operating areas; and expected PDP decline rates; percentage of expected future production that is hedged; expected average lateral length per well; and plan to process ethane for 2023. 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 Inventory Quality with Long Runway

A LEADER
- ESG Stewardship

# Sustainable

# Delivering Return of Capital to Stockholders

## 4% Yield-to-Market Capitalization Over ~8-months[(1)]

RETURN OF CAPITAL TO STOCKHOLDERS INCEPTION TO DATE[(1)]:

**~2.8 million**
TOTAL SHARES REPURCHASED

**~$134 million**
TOTAL $ RETURNED[(2)]

### SUSTAINABLE QUARTERLY DIVIDEND

**$0.15** PER SHARE QUARTERLY DIVIDEND

+

### UPSIDE THROUGH REPURCHASES

**1.4** MILLION SHARES REPURCHASED IN1Q23

Note | $402.8 million remaining of authorized share repurchase program through 2024.

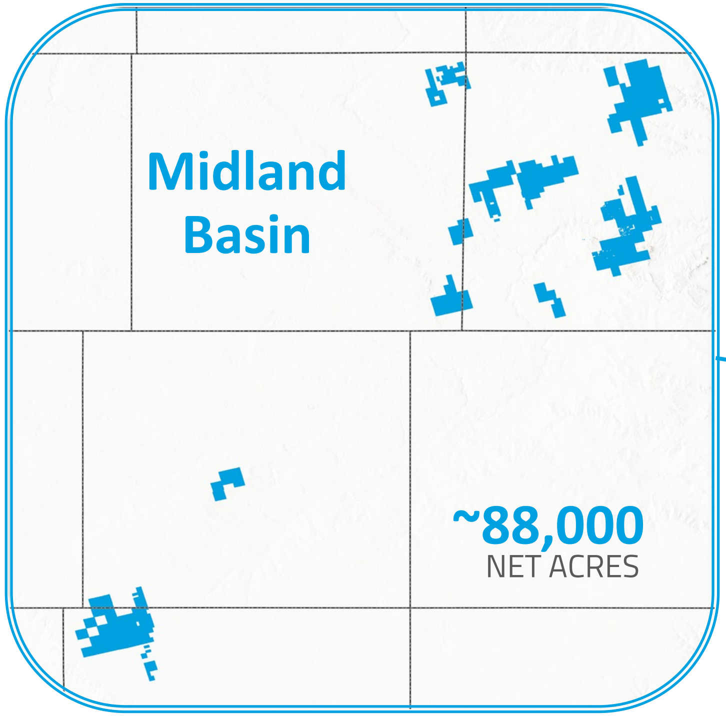
(1) As of March 31, 2023. The return of capital program was announced on September 7, 2022, and all repurchased shares of common stock were retired.

(2) Total return of capital to stockholders of ~$134 million since inception is made up of ~$37MM in dividends and ~$97MM in share repurchases.

# Premier Operator of Top-Tier Assets

# Top-Tier Assets

## Great Acreage | Great Basins | Great Results




OPERATING DETAILS(1)

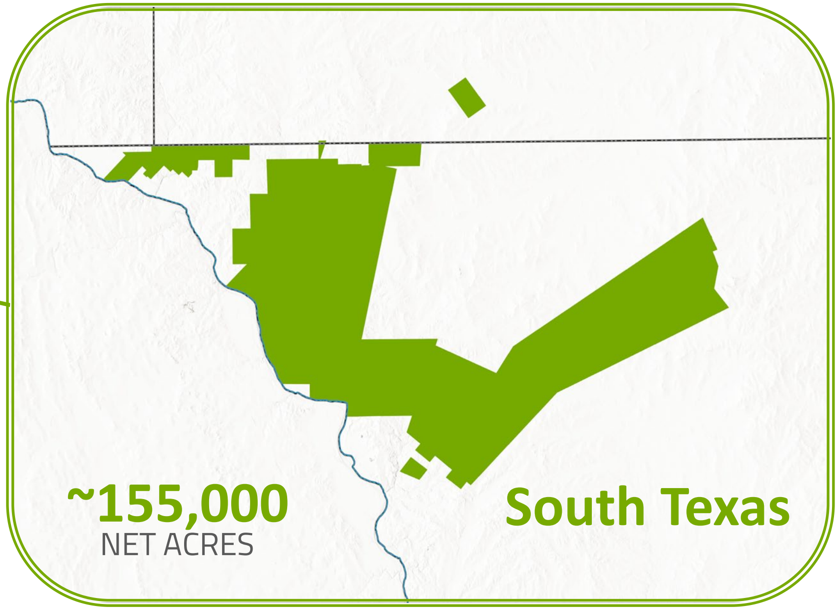
3 RIGS RUNNING

1 COMPLETION CREW

OPERATING DETAILS(1)

2 RIGS RUNNING

1 COMPLETION CREW

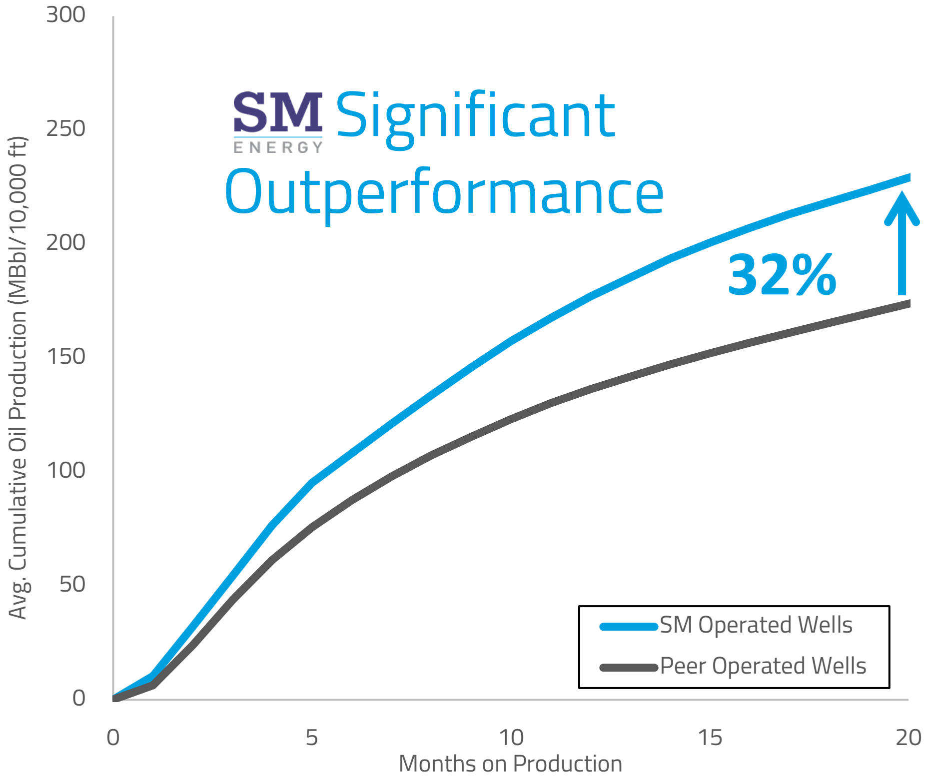



(1) 2023 expected average.

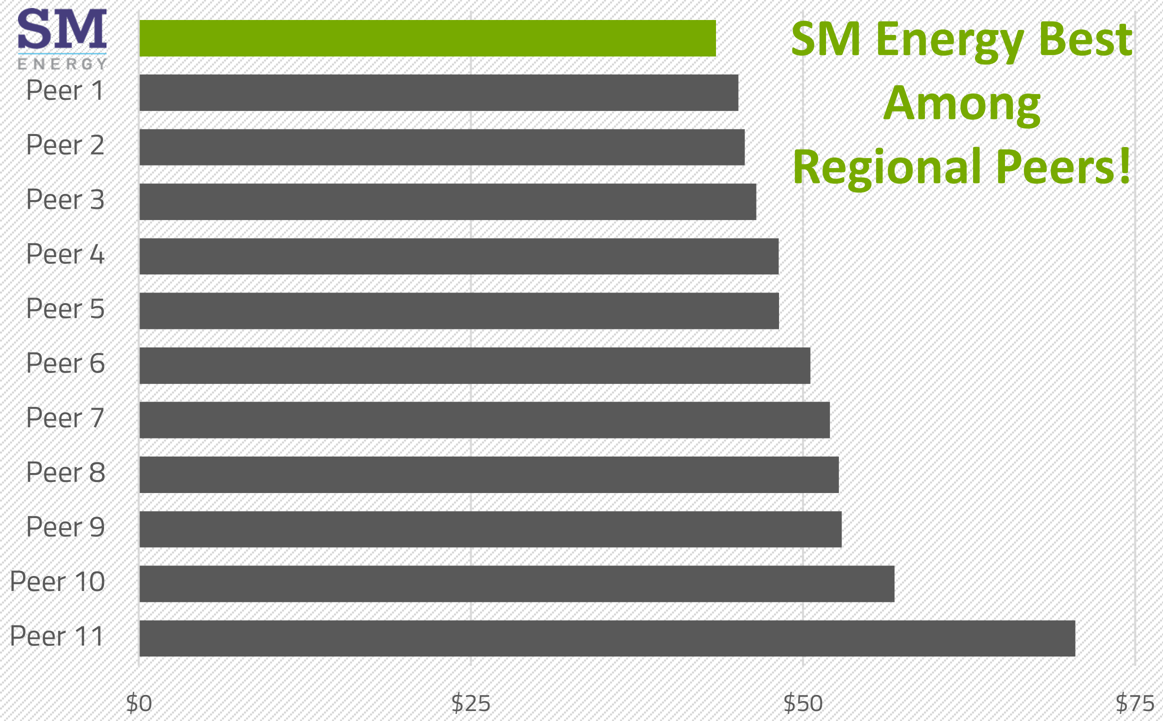
# Midland Basin

## Focused On Execution, Well Performance and Capital Efficiency

### SM Energy Wells vs. Peers(1) Howard County




### '21-'22 Permian Oil Wells – Breakeven(2)




(1) Enverus data as of April 14, 2023 | Horizontal wells completed in Howard County January 2021 through January 2023 | Peers include all operators in Howard County with 10 or more completions: Bayswater, Birch Operations, CPE, CrownQuest Operating, CVX, Endeavor Energy Resources, FANG, HighPeak Energy, Murchison Oil & Gas, OVV, OXY, PXD, SGY, SOGC and VTLE.

(2) Rystad Energy data as of April 25, 2023, using a 15% discount rate. Peers include: Birch Operations, COP, CrownQuest Operating, CVX, Endeavor Energy Resources, FANG, OVV, OXY, PXD, VTLE, and XOM.

# Midland Basin

## Best-in-Class Operator

Constant Focus On Execution to Achieve Better Well Performance & Capital Efficiency

### Britain Cindy Kay Pad

**5** WELL PAD

**15,000** FOOT LATERALS

DRILLED **20 DAYS** FASTER THAN PLANNED

### Miracle Max Pad

**2** PADS | **5** WELLS

**17,900** FOOT LATERALS

DRILLED **13 DAYS** FASTER THAN PLANNED

**Drilling Execution = ~$2.5 million Savings**

Continually Pushing The Boundaries Of What Is Achievable

Note | Both pads drilled in 1Q23.

# Midland Basin

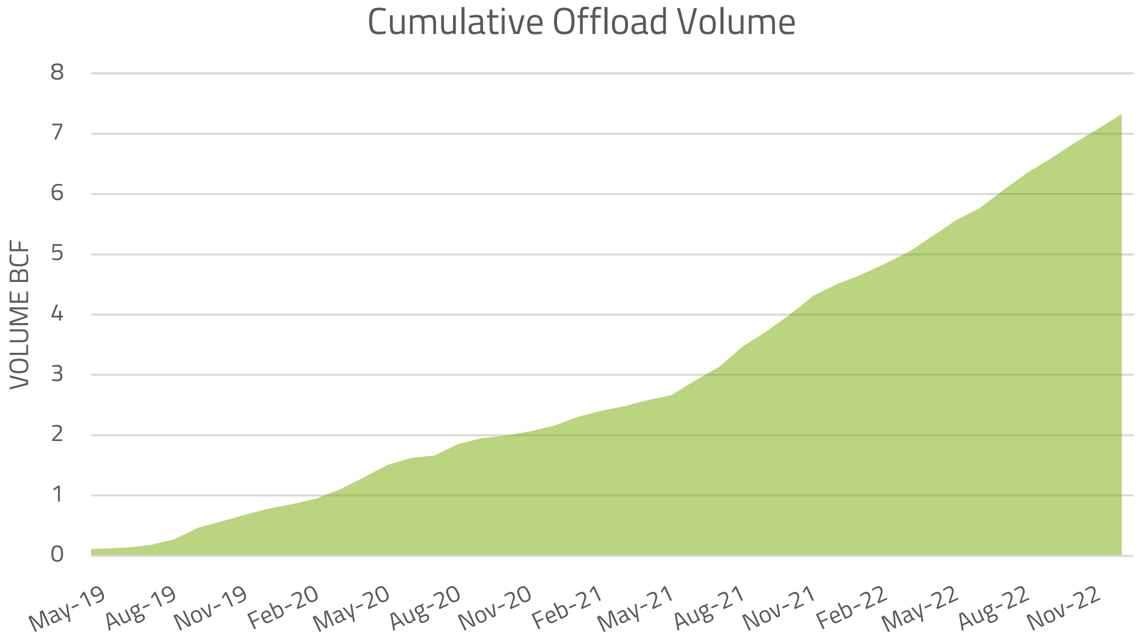
## Offloads[1] Reduce Flaring and Increase Revenues

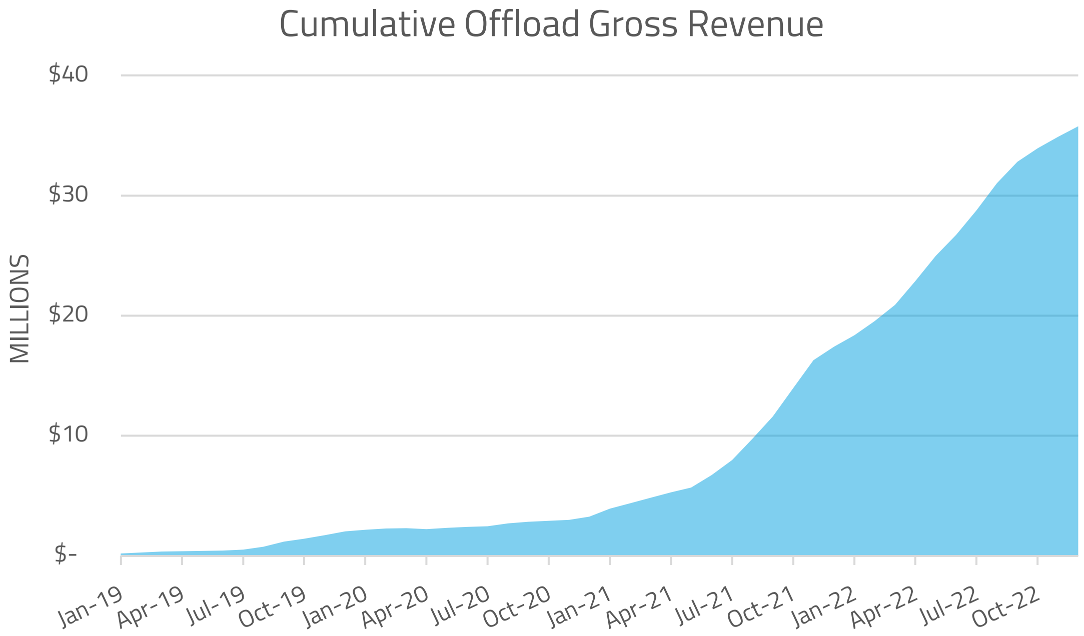
2022 Actual Permian flare rate
**<1%** with offload

2022 Estimated Permian flare rate
4% without offload

2022 Gross Volume - Offloads
**2.8** Bcf

2022 Revenue - Offloads
**$18.3** million

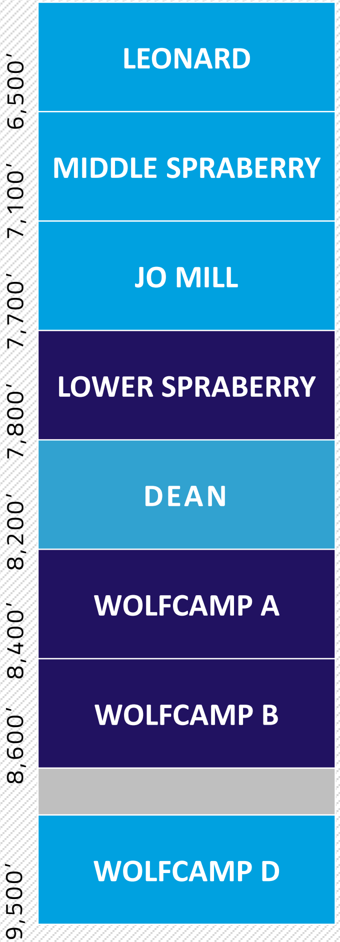



(1) Offloads refer to secondary physical connections that provide alternative processing opportunities in the event the primary connection (processor) is unable to take the production.

# Midland Basin

## Inventory Upside On Existing Acreage – Up To 8 Producing Intervals




**LEONARD**

- First test ~ 870 days* on production, 298 MBoe produced to date from 9,900' lateral
- Six Leonard tests planned for 1H23. First 2023 Leonard well brought online in March.

**DEAN**

- Among best portfolio returns to date. Smails Dean well, fully bounded, averaged 30-day peak IP rate of 3,850 Boe/d at 91% oil (effective lateral of 13,737')
- 14 wells completed to date averaged 30-day peak IP rate of 1,440 Boe/d at 89% oil (average effective lateral 11,373')
- Incorporating into optimization/co-development plan

**WOLFCAMP D**

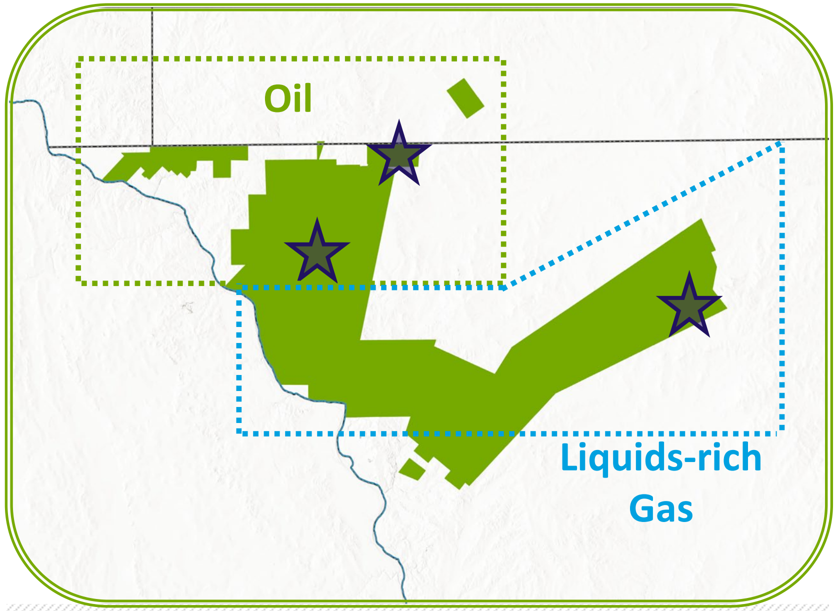
- Initial test well (2019) averaged 30-day peak IP rate of ~1,400 Boe/d with 80% oil (effective lateral 7,920')
- May 2022 test well averaged 30-day peak IP rate of ~1,900 Boe/d with 79% oil (effective lateral 10,166')
- November 2022 two test wells averaged 30-day peak IP rate of ~1,500 Boe/d with 77% oil (effective lateral 10,028')
- One Wolfcamp D well online in 1Q23
- Seven Wolfcamp D wells planned in 2023

* Corrected from initial publication on April 27, 2023.

# South Texas – Austin Chalk

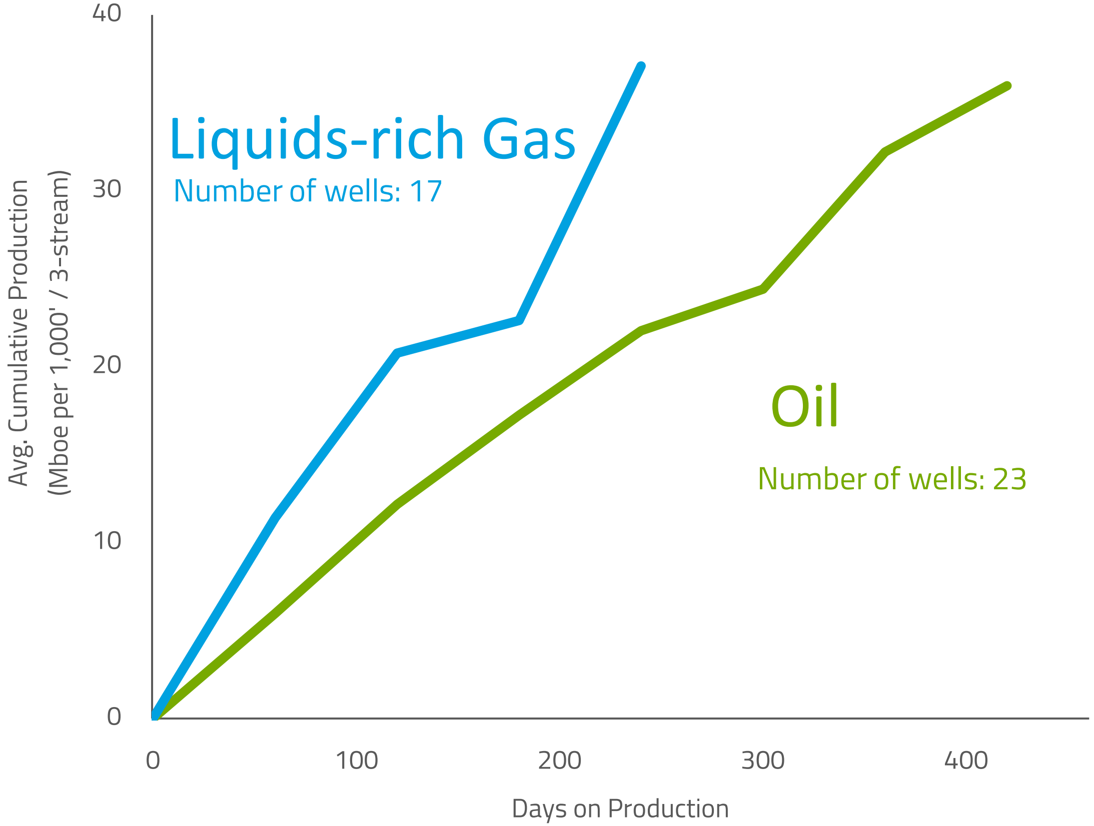
## 7 New Wells With Peak IP30 Demonstrate Continued High Returns Across Acreage

### New Wells Reached IP30




**7** Wells
**1,965** Avg. Boe/d
**47|73** Oil | Liquids %

### '22 – '23 SM Energy Austin Chalk Wells to Date[1]

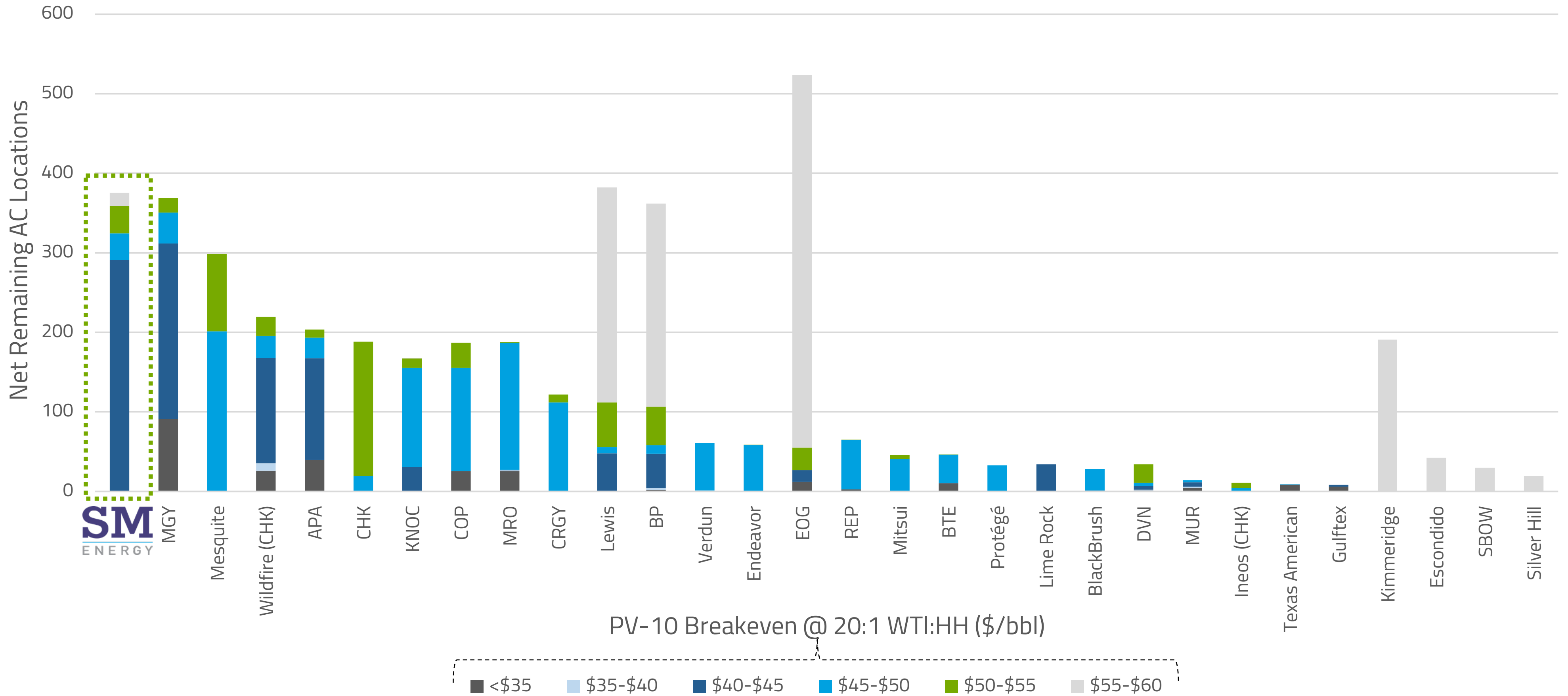



(1) All SM Energy operated wells that came online in 2022 and 2023 that have reached peak IP30 rates.

# South Texas

## Best Austin Chalk Inventory Amongst Peers

### "SM, MGY and Mesquite Lead With Over 300 AC Locations Remaining" | Enverus[(1)]




(1) Enverus Intelligence Research | Pre-earnings meeting April 2023.

# Year-End Inventory

## Organically Replacing and Maintaining Highly Economic Inventory

### ORGANICALLY MAINTAINING INVENTORY

- Nearly **80%** of inventory is classified as 3P reserves having economic and geologic certainty
- Organic inventory potential will be realized in future years through further testing and delineation

TOTAL COMPANY EXPECTED ECONOMIC INVENTORY(1) **10–13+ years**

**>60%** TOTAL COMPANY INVENTORY EXPECTED AVERAGE RETURN(1)

**Individually Modeled — Not Just Sticks On a Map!**

(1) Inventory assessment as of 1/1/2023 | Based on flat $65/Bbl oil, $3.25/MMBtu gas, and $29/Bbl NGL's; inventory life assumes range of 80–100 completions per year.

# Inventory Quality

## A Favorite Among SMID-Caps

"We continue to believe that SM has the deepest and highest-quality well inventory among our SMid-cap coverage. "

Capital One Securities, Inc.
April 28, 2023

# SM Energy - Leader in Stewardship

## Exceeded 2022 Internal Targets

### 2022 Results

- Methane Intensity **0.04 mT** CH4/MBOE
- Scope 1 + 2 GHG Intensity **down ~40%** since base year 2019
- Routine flaring **0%**
  Non-routine flaring **0.4%**

## OVERALL CDP SCORE

B

| Oil & gas extraction & production | North America | Global Average |
|---|---|---|
| C | C | C |

SM Energy Co. received a B which is in the Management band. This is higher than the North America regional average of C, and higher than the Oil & gas extraction & production sector average of C.

## SUPPLIER ENGAGEMENT

A-

| Oil & gas extraction & production | North America | Global Average |
|---|---|---|
| C | C | C |

SM Energy Co. received an A- which is in the Leadership band. This is higher than the North America regional average of C, and higher than the Oil & gas extraction & production sector average of C.

Note | Amounts disclosed are 2022 actual results.

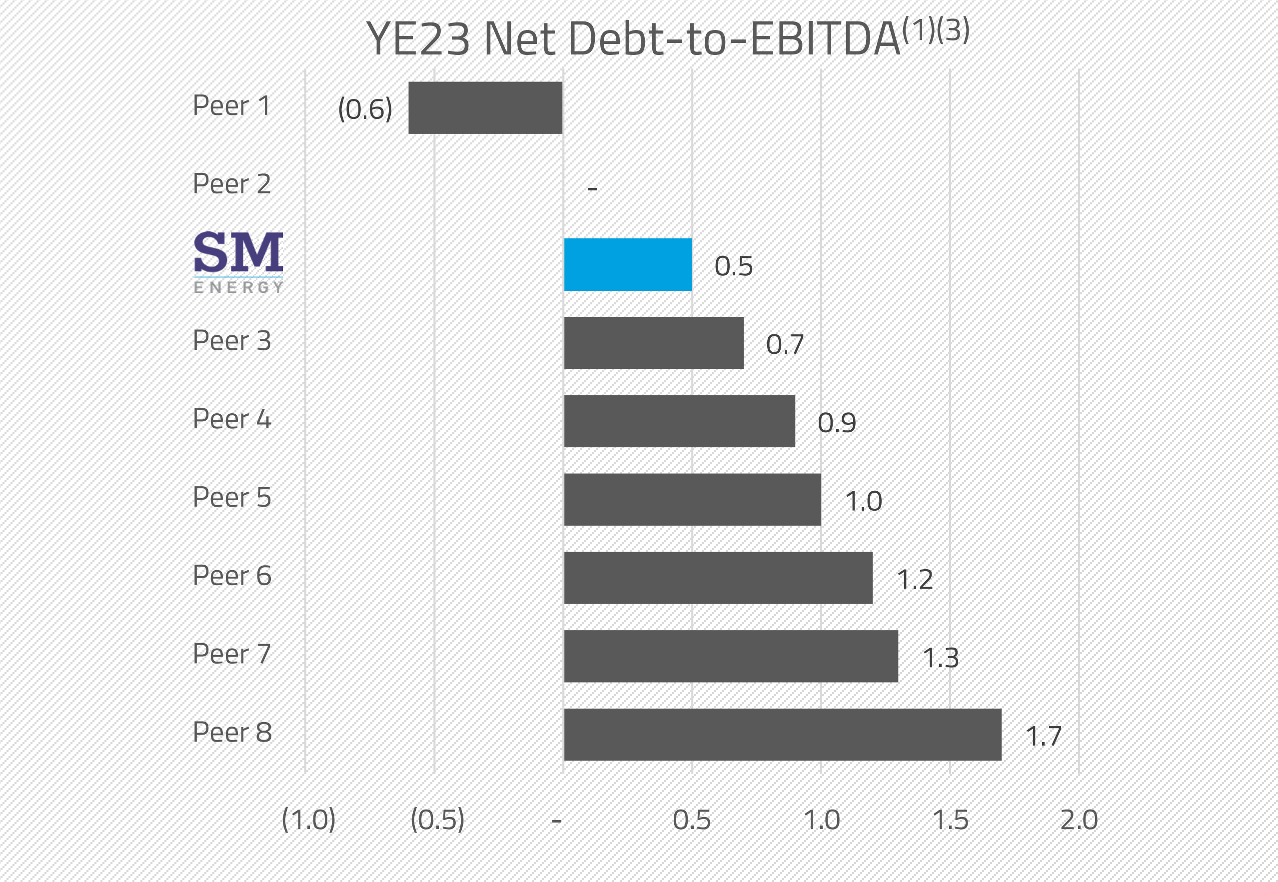
# Repeatable

# Low Leverage

## Favorable Leverage Compared to Peers | Financial Flexibility

**0.6x** NET DEBT-TO-ADJUSTED EBITDAX(1)

| | |
|---|---|
| LIQUIDITY | **$1.7 billion** |
| CASH BALANCE | **$478 million** |
| NET DEBT(1) | **$1.1 billion(2)** |

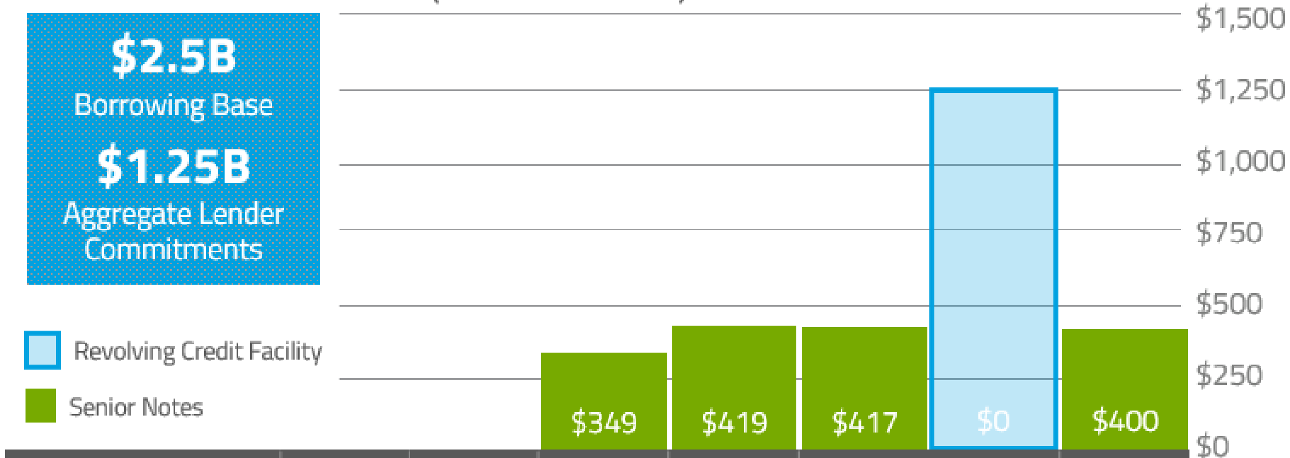



Note | Amounts as of March 31, 2023.
(1) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.
(2) After return of capital paid to stockholders of ~$58 million in 1Q23 and $134 million program-to-date. Return of capital program was announced on September 7, 2022.
(3) Data set includes regional SMID cap peers. Data from GERDES Energy Research | Energy Deck April 2023 | Excerpt from "Energy Producer Equity Rank" table. Peers include: CHK, CPE, MGY, MTDR, PR, RRC, SWN and VTLE.

# Strong Balance Sheet

## Balance Sheet Flexibility

### Debt Maturities (IN MILLIONS)




| | 2023 | 2024 | 2025 | 2026 | 2027 | | 2028 |
|---|---|---|---|---|---|---|---|
| Coupon | | | 5.625% | 6.750% | 6.625% | | 6.500% |
| Initial Call Date | | | 6/2020 | 9/2021 | 1/2022 | | 7/2024 |
| Current Call Price(1) | | | 100.938% | 102.250% | 103.313% | | n/a |
| Maturity Date | | | 6/2025 | 9/2026 | 1/2027 | | 7/2028 |

Borrowing base and aggregate lender commitments reaffirmed(2)

No debt maturities before 2025

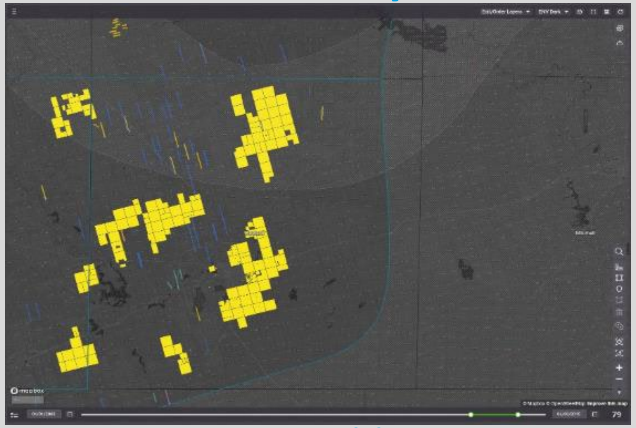
CREDIT AGENCY SENIOR SECURED DEBT RATINGS: **S&P** BB- Outlook: Positive **Fitch** BB- Outlook: Stable **Moody's** B2 Outlook: Positive

Note | Amounts as of March 31, 2023.
(1) The 2025 Senior Notes will be redeemable at par on June 1, 2023.
(2) Subsequent to March 31, 2023, the semi-annual borrowing base redetermination was completed, which reaffirmed both the borrowing base and the aggregate lender commitments at existing levels.

# STRATEGIC INVENTORY CAPTURE: REPEATABLE PERFORMANCE

## World Class Technical Teams → Transformative Understanding → Discovery

### Before SM Entry 2015[1]



### 2018[1]

### Howard County

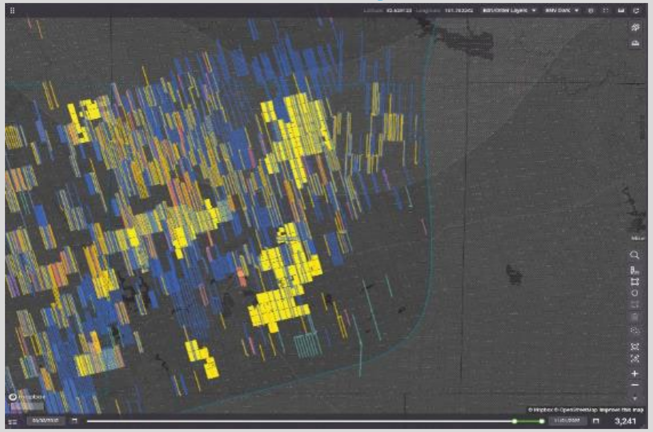
- 79 horizontal wells
- 3 main reservoirs tested

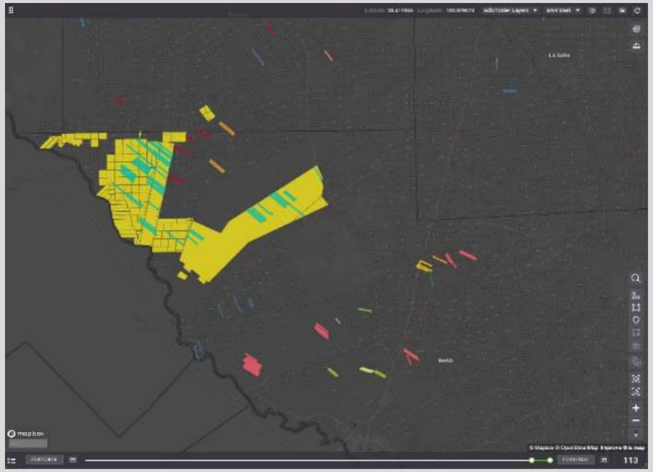
- Limited data
- Limited activity
- Questionable economics
- Uncertain repeatability
- Industry skepticism

### Austin Chalk

- 8 producing horizontal wells
- ~$80/Bbl break-even[1] estimated at the time

### Post SM Entry 2022[1]





### Howard County

- > 3200 industry horizontal wells
- 8 reservoirs tested
- SM reported 12 years inventory as of YE 2021

- Peers followed
- Large scale development
- Highly economic
- Big inventory additions
- Further upside

### Austin Chalk

- > 113 industry horizontal wells
- $28/Bbl Break-even[2]
- SM estimates 400 SM locations

(1) Maps and certain data sourced from Enverus as of 10/31/2022.
(2) Enverus Intelligence Research Basin Level data | Half-Cycle breakevens by oil play at 20:1 HH:WTI ($/bbl) | provided April 12, 2022.

# Sustainable and Repeatable

## Business Model

SUSTAINABLE

### Sustainable

- Premier Operator of Top Tier Assets
- Return of Capital
- Strong Balance Sheet

SM ENERGY

### Repeatable

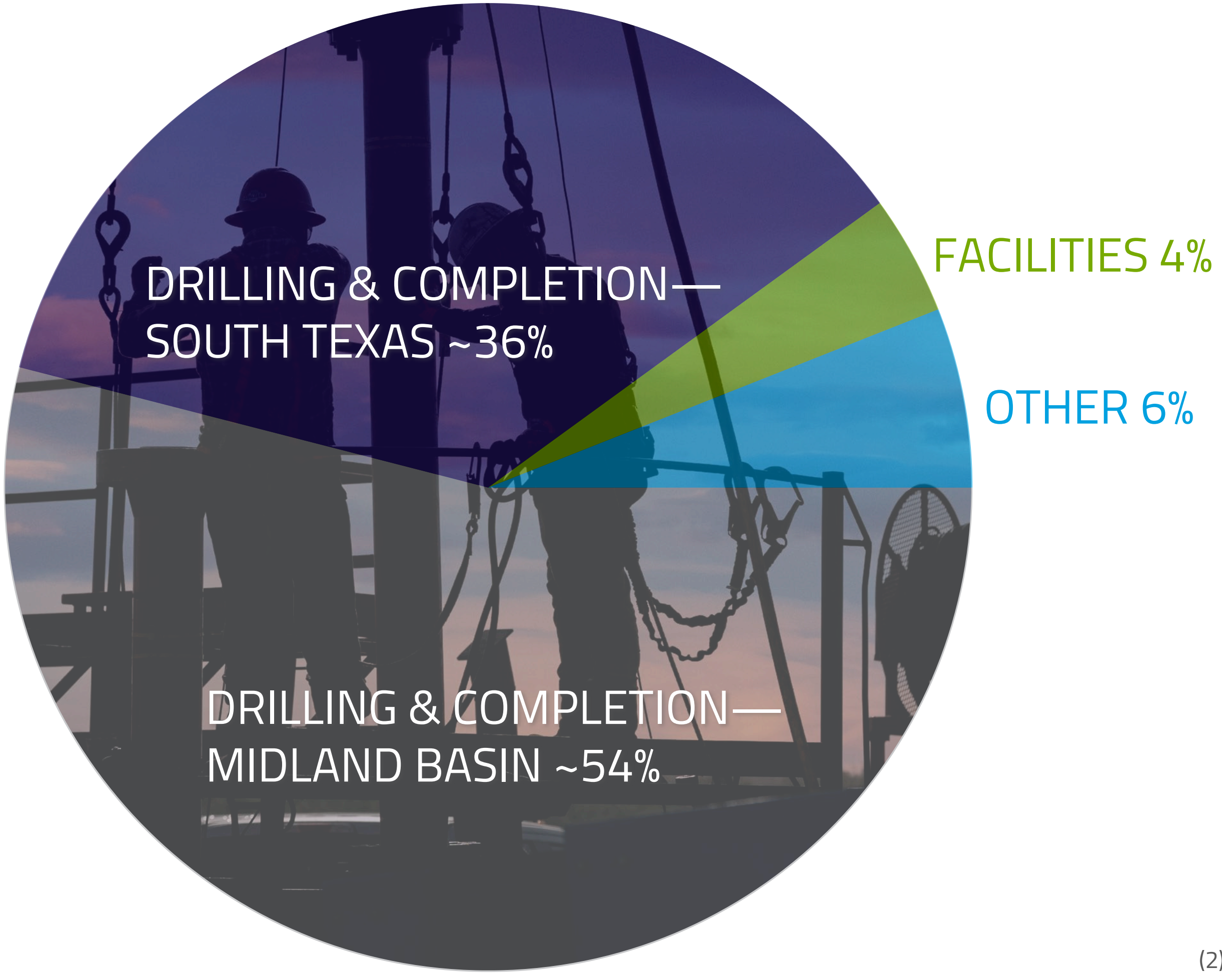
- World Class Technical Team
- Organically Add Inventory
- Strategic Inventory Capture and Growth

REPEATABLE

# Appendix

# 2023 Plan Guidance*

## Optimizing Free Cash Flow Over a Multi-year Plan




| Key Metrics | Guidance FY 2023 |
|---|---|
| Capital Expenditures[(1)] ($B) | $1.1 |
| Total Production (MMBoe) | 52.5–54.5 |
| Total Production (MBoe/d) | 144–150 |
| Oil percentage | ~43% |
| LOE (per Boe) | $5.75-$6.00 |
| Transportation (per Boe) | ~$2.50 |
| Production & Ad Valorem taxes[(2)] (per Boe) | $2.90-$3.00 |
| G&A[(3)] ($MM) | ~$120 |
| Exploration Expense ($MM) | ~$45 |
| DD&A (per Boe) | $12-$13 |

KEY ASSUMPTIONS: **$80 oil** | **$3 gas** | **$34 NGLs**

*As of April 27, 2023, unchanged from February 2023.

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

(2) Production & Ad Valorem taxes estimated at ~4.7% of pre-hedge revenue and ~$0.80/Boe, respectively.

(3) Includes $15 – $20 million non-cash compensation.

# 2023 Plan Guidance

## Q2 and Regional Details

### Q2 2023 Guidance

- Production: 13.3-13.5 MMBoe (146-148 MBoe/d), at 42-43% oil, 59-60% liquids
- Capital expenditures[(1)]: $295-$315 million
- Activity:
  - Drill: ~17 net wells (~10 South Texas, ~7 Midland Basin)
  - Complete: ~22 net wells (~8 South Texas, ~14 Midland Basin)

### 2023 Regional Activity

#### Midland Basin Plan Details

- 2023 Net wells planned: drill 40-45; complete ~50
- ~11,135' expected average lateral feet per well, including 15 wells at ≥15,000 ft lateral length[(2)]
- ~33% Boe PDP decline expected (YE22-YE23)

#### South Texas Plan Details

- 2023 Net wells planned: drill 40-45; complete ~40
- ~9,800' expected average lateral length per well[(2)]
- ~37% Boe PDP decline expected (YE22-YE23)
- Natural gas transportation costs expected to decrease an additional ~$0.35/Mcf in mid 2023

(1) Capital expenditures before change in capital expenditure accruals and other; excludes acquisitions.
(2) Based on operated wells expected to be completed in 2023.

# 2023 Strategic Objectives

## 1Q23 Delivering Results on All Fronts

### INCREASED RETURN OF CAPITAL TO STOCKHOLDERS – OPPORTUNISTIC REPURCHASES

**1.4** Million shares repurchased[1]

**$58** Million in total capital returned to stockholders

**116%** FCF[2] returned to stockholders

### OPERATIONAL EXECUTION – OUTPERFORMANCE

**13.2** MMBoe

**43%** Oil

- Faster Drilling
- Longer Laterals
- New wells | Performance exceeds expectations

### REPLACING AND BUILDING INVENTORY – LEASEHOLD ACQUISITIONS

**6,300** Net acreage added in the Midland Basin

**$10** Million in acquisition capital expenditures

Note | Amounts shown are for the quarter ending March 31, 2023.

(1) All repurchased shares of common stock were retired.

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

# 1Q23 Performance Summary

**146.4 MBoe/d** PRODUCTION

**$401.4 million** ADJUSTED EBITDAX[1]

**$50.3 million** ADJUSTED FREE CASH FLOW[1]

**116%** FCF[1] RETURNED TO STOCKHOLDERS

Note | Amounts shown are for the quarter ending March 31, 2023.
(1) Indicates a non-GAAP measure or metric. Please refer to the "Non-GAAP Reconciliations and Disclosures" section in the Appendix.

# First Quarter 2023 Performance

## Key Metrics

| Key Metrics | 1Q23 |
|---|---|
| **Production and Pricing** | |
| Total Production (MMBoe) | 13.2 |
| Total Production (MBoe/d) | 146.4 |
| Oil percentage / Liquids | 43% / 59% |
| Pre-Hedge Realized Price ($/Boe) | $43.31 |
| Post-Hedge Realized Price[1] ($/Boe) | $43.70 |
| **Costs** (per Boe) | |
| LOE | $5.16 |
| Transportation | $2.81 |
| Production & Ad Valorem taxes | $2.83 |
| Total Production Expenses | $10.80 |
| **Cash Production Margin (pre-hedge)[1]** | **$32.51** |
| G&A (Cash) | $1.84 |
| G&A (Non-Cash) | $0.26 |
| DD&A | $11.70 |
| **Earnings** | |
| GAAP Earnings (per diluted share) | $1.62 |
| Adjusted net income[1] (per diluted share) | $1.33 |
| Adjusted EBITDAX[1] ($MM) | $401.4 |
| **Adjusted free cash flow** ($MM) | |
| Net cash provided by operating activities (GAAP) | $331.6 |
| Net change in working capital | $26.2 |
| Net cash provided by operating activities before net change in working capital[1] | $357.9 |
| Capital Expenditures (GAAP) | $240.7 |
| Increase in capital expenditure accruals and other | $66.9 |
| Capital expenditures before increase in capital expenditure accruals and other[1] | $307.6 |
| **Adjusted free cash flow[1]** | **$50.3** |
| **Return of Capital** ($MM) | |
| Share repurchase | $40.0 |
| Dividends paid | $18.3 |
| **Return of Capital ($MM)** | **$58.3** |

1Q23 Production

**146.4** **MBoe/d**

1Q23 Adjusted EBITDAX[1]

**$401.4** **million**

1Q23 Adjusted Free Cash Flow[1]

**$50.3** **million**

1Q23 Return of Capital

**$58.3** **million**

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

# 1Q 2023 Realizations by Region

## Two Top-Tier Areas of Operation

| | Midland Basin | South Texas | Total |
|---|---|---|---|
| **Production Volumes** | | | |
| Oil (MBbls) | 4,240 | 1,424 | 5,664 |
| Gas (MMcf) | 14,471 | 17,761 | 32,232 |
| NGL (MBbls) | 5 | 2,137 | 2,142 |
| Total (MBoe) | 6,656 | 6,522 | 13,178 |
| % Oil | 64% | 22% | 43% |
| **Revenue (in thousands)** | | | |
| Oil | $320,135 | $100,703 | $420,838 |
| Gas | $49,789 | $43,942 | $93,731 |
| NGL | $177 | $56,032 | $56,209 |
| Total | $370,101 | $200,677 | $570,778 |
| **Expenses (in thousands)** | | | |
| LOE | $50,687 | $17,349 | $68,036 |
| Ad Valorem | $6,891 | $3,744 | $10,635 |
| Transportation | $37 | $36,986 | $37,023 |
| Production Taxes | $18,655 | $7,999 | $26,654 |
| **Per Unit Metrics** | | | |
| Realized Price \| Oil Per Bbl | $75.51 | $70.71 | $74.31 |
| % of Benchmark - WTI | 99% | 93% | 98% |
| Realized Price \| Gas per Mcf | $3.44 | $2.47 | $2.91 |
| % of Benchmark - NYMEX Henry Hub | 101% | 72% | 85% |
| Realized Price \| NGL per Bbl | nm | $26.21 | $26.24 |
| % of Benchmark - HART | nm | 85% | 85% |
| Realized Price per Boe | $55.61 | $30.77 | $43.31 |
| LOE per Boe | $7.62 | $2.66 | $5.16 |
| Ad Valorem per Boe | $1.04 | $0.57 | $0.81 |
| Transportation per Boe | $0.01 | $5.67 | $2.81 |
| Production Tax per Boe | $2.80 | $1.23 | $2.02 |
| Production Tax as % of Pre-hedge Revenue | 5.0% | 4.0% | 4.7% |
| Cash Production Margin per Boe[(1)] | $44.14 | $20.64 | $32.51 |

| **Benchmark Pricing** | |
|---|---|
| NYMEX WTI Oil ($/Bbl) | $ 76.13 |
| NYMEX Henry Hub Gas ($/MMBtu) | $ 3.42 |
| OPIS Composite NGL ($/Bbl) | $ 30.95 |

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

# Activity by Region

## Wells Drilled, Flowing Completions & DUC Count

| | Wells Drilled[1] | | Flowing Completions | | DUC Count[1] | |
|---|---|---|---|---|---|---|
| | 1Q23 | | 1Q23 | | As of March 31, 2023 | |
| | Gross | Net | Gross | Net | Gross | Net |
| **Midland Basin** | | | | | | |
| RockStar[1] | 5 | 3 | 5 | 5 | 29 | 24 |
| Sweetie Peck | 6 | 5 | 7 | 5 | 19 | 14 |
| Midland Basin total | 11 | 8 | 12 | 10 | 48 | 38 |
| **South Texas[2]** | | | | | | |
| Austin Chalk | 6 | 6 | 11 | 11 | 10 | 10 |
| Eagle Ford | 1 | 1 | 6 | 5 | 9 | 9 |
| South Texas total | 7 | 7 | 17 | 16 | 19 | 19 |
| **Total** | 18 | 15 | 29 | 26 | 67 | 57 |

Note | Amounts may not calculate due to rounding.

(1) Wells drilled and DUC count include 3 gross (1 net) non-op wells drilled in 1Q23 in the RockStar area of the Midland Basin.

(2) The South Texas drilled but not completed well count includes 9 gross / 9 net wells, 8 of which are in the Eagle Ford shale, that were not included in our five-year development plan at December 31, 2022.

# Leasehold Summary

## 6,300 Net Acres Acquired | ~$10 million

### Net Acres[1]

| | |
|---|---|
| **Midland Basin** | |
| RockStar | 63,500 |
| Sweetie Peck[2] | 18,500 |
| New Acreage | 6,300 |
| Midland Basin total | 88,300 |
| **South Texas** | 154,800 |
| **Rocky Mountain Other** | 10,300 |
| **Other Areas / Exploration** | 25,800 |
| **Total** | **279,200** |

**MIDLAND BASIN NET ACRES**

**~88,000**

**SOUTH TEXAS NET ACRES**

**~155,000**

(1) Includes developed and undeveloped oil and natural gas leasehold, fee properties, and mineral servitudes held as of March 31, 2023.
(2) Sweetie Peck acreage includes ~1,400 net drill-to-earn acreage.

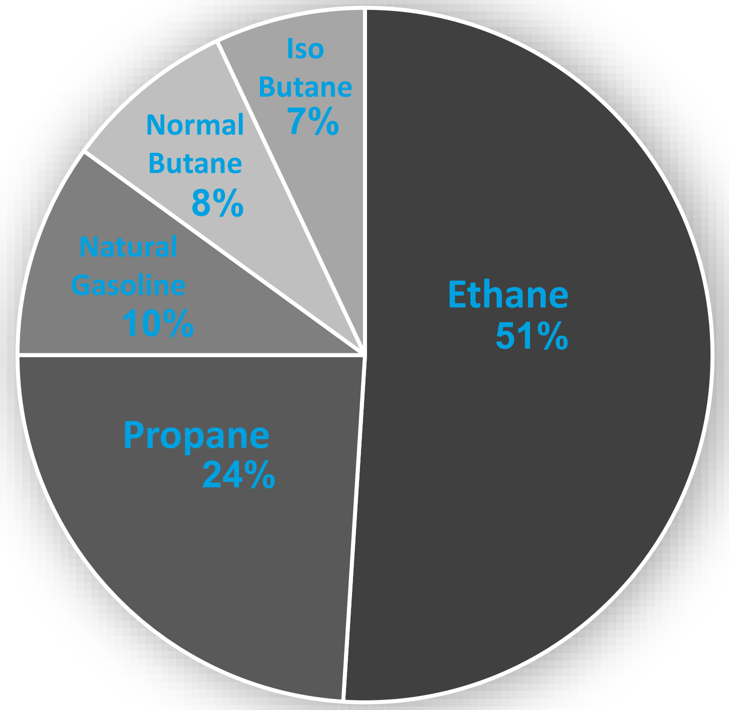
# NGL Realizations

## 2023 Plan Assumes Ethane Processing All Year

### Realizations by Quarter

| | 1Q 2022 | 2Q 2022 | 3Q 2022 | 4Q 2022 | 1Q 2023 |
|---|---|---|---|---|---|
| OPIS[1] Benchmark Price ($/Bbl) | $48.36 | $50.05 | $42.47 | $33.03 | $30.95 |
| SM Energy NGL Realization ($/Bbl) | $38.56 | $42.08 | $36.36 | $26.10 | $26.24 |
| **% Differential to OPIS Benchmark[1]** | **80%** | **84%** | **86%** | **79%** | **85%** |

### SM Energy NGL Composition




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

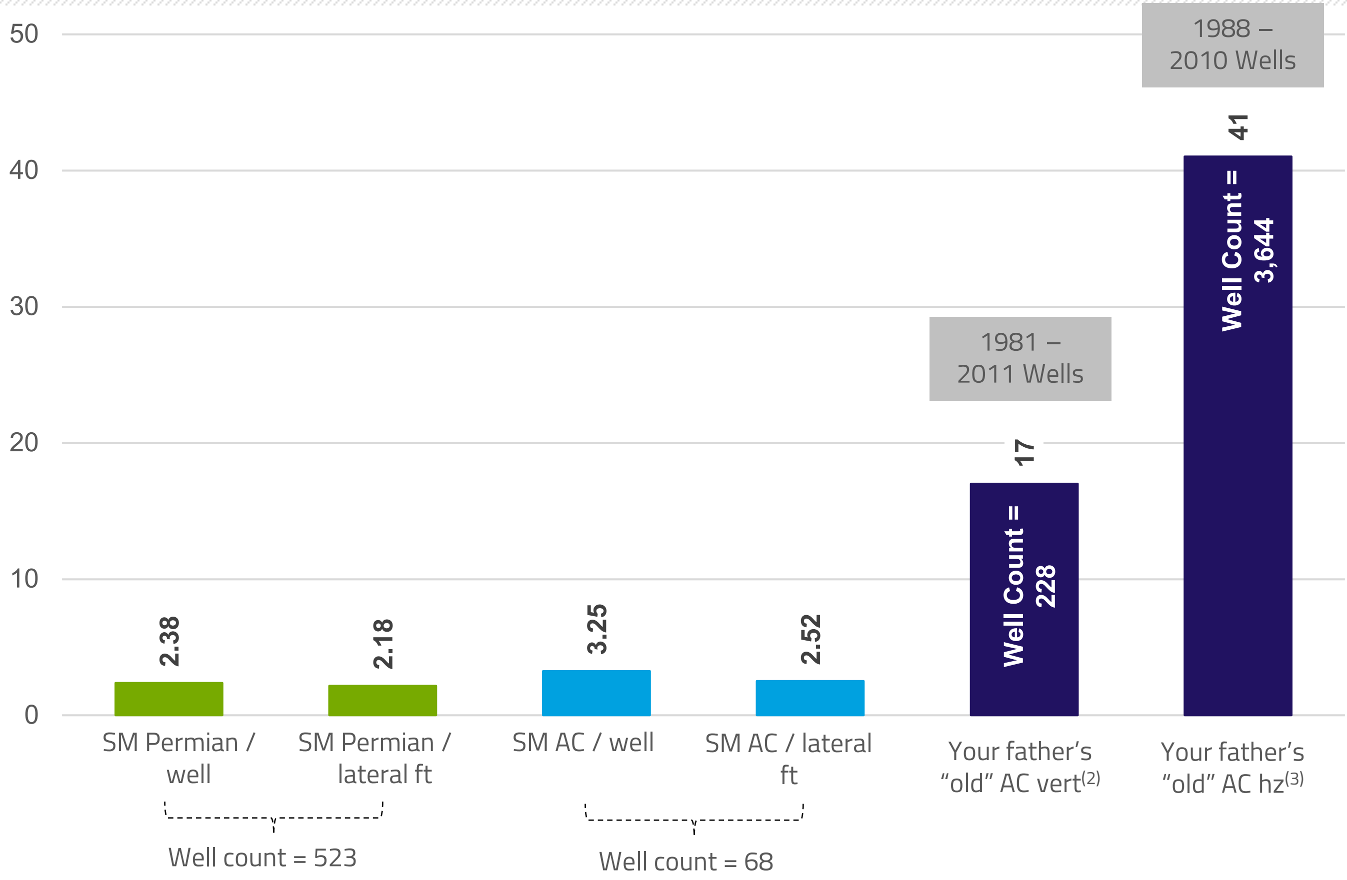
- Differential reflects NGL composite barrel product mix as well as transportation and fractionation fees
- 2022 and 2023 realizations reflect the processing of ethane for the year

(1) Prior to 2023, the benchmark used was the Hart Energy NGL composite. Effective 2023, the benchmark is the OPIS NGL composite (both Mont Belvieu Purity Ethane and Non-TET).

# South Texas

## Confidence In The Austin Chalk

**Not Your "Old" Austin Chalk:**
**Austin Chalk P10:P90 Ratio[1] is Indicative of an Outstanding Resource Play**




~400 Expected **Austin Chalk** Locations

(1) P10:P90 ratio based on EUR data.
(2) Based on production data from 228 Austin Chalk vertical wells completed between 1981 and 2011 primarily located in east Texas.
(3) Based on production data from 3,644 Austin Chalk horizontal wells completed between 1988 and 2010 primarily located in east Texas.

# Hedges

# Hedging Summary

## Hedging Volumes Lower – Aligned with Lower Leverage

**~25%**

of total expected Q2-Q4 2023 production hedged[(1)]

### 2023 Hedge Program

**OIL**

- ~5,300 MBbls[(2)], or ~30% of expected Q2-Q4 2023 oil production, is hedged to contract prices in the Midland Basin at a weighted-average price of $75.29/Bbl (weighted-average of collar floors and swaps)
- ~4,100 MBbls of expected Q2-Q4 2023 Midland Basin oil production is hedged to the local price point at a positive $0.92/Bbl basis

**NATURAL GAS**

- ~26,800 BBtu[(3)], or slightly less than 30% of expected Q2-Q4 2023 natural gas production, is hedged
- ~4,200 BBtu is hedged to HSC at a weighted-average floor price of $4.25/MMBtu, and ~5,600 BBtu of HSC basis is hedged with a weighted-average price of $(0.25)/MMBtu
- ~7,200 Bbtu of Waha basis is hedged with a weighted-average price of $(1.34)/MMBtu

(1) Percent of 2Q-4Q 2023 production hedged assumes mid-point of guidance and 43% oil.
(2) Hedges include oil swaps and collars to WTI, and swaps to Brent; excludes basis swaps and roll differential hedges.
(3) Hedges include natural gas swaps and collars to Henry Hub, and collars to HSC; excludes basis swaps. Percent hedged based on dry gas volumes.

# Oil, Gas, and NGL 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 | | ICE Brent Oil Swaps | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **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]** | **Volume (MBbls)** | **Price Differential $/Bbl[2]** |
| Q2 2023 | 333 | $45.18 | 464 | $81.53 | $67.85 | 1,357 | $0.99 | 431 | $1.68 | 1,243 | $0.62 | 910 | $86.50 |
| Q3 2023 | 607 | $59.77 | 291 | $93.05 | $75.00 | 1,414 | $0.88 | 361 | $1.59 | 1,304 | $0.64 | 920 | $86.50 |
| Q4 2023 | 837 | $65.91 | - | - | - | 1,294 | $0.88 | 296 | $1.53 | 1,201 | $0.62 | 920 | $86.50 |
| Q1 2024 | - | - | - | - | - | 743 | $1.17 | 200 | $1.85 | 461 | $0.42 | 910 | $85.50 |
| Q2 2024 | - | - | 293 | $85.13 | $75.00 | 709 | $1.17 | 222 | $1.84 | 536 | $0.42 | - | - |
| Q3 2024 | - | - | 308 | $81.38 | $75.00 | 735 | $1.17 | 238 | $1.85 | 593 | $0.42 | - | - |
| Q4 2024 | - | - | 318 | $78.20 | $75.00 | 774 | $1.17 | 217 | $1.85 | 598 | $0.42 | - | - |

### Gas

| | NYMEX Henry Hub Gas Swaps | | IF Waha Gas Basis Swaps | | IF HSC Gas Basis Swaps | | NYMEX Henry Hub Gas Collars | | | IF HSC Gas Collars | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Period** | **Volume (BBtu)** | **$/MMBtu[2]** | **Volume (BBtu)** | **$/MMBtu[2]** | **Volume (BBtu)** | **$/MMBtu[2]** | **Volume (BBtu)** | **Ceiling $/MMBtu[2]** | **Floor $/MMBtu[2]** | **Volume (BBtu)** | **Ceiling $/MMBtu[2]** | **Floor $/MMBtu[2]** |
| Q2 2023 | 1,420 | $5.05 | 2,462 | $(1.93) | 1,774 | $(0.25) | 5,181 | $4.68 | $3.83 | 1,345 | $5.00 | $4.25 |
| Q3 2023 | 1,470 | $5.11 | 2,442 | $(1.05) | 1,813 | $(0.25) | 6,194 | $4.62 | $3.75 | 1,389 | $4.95 | $4.25 |
| Q4 2023 | - | - | 2,337 | $(1.01) | 2,008 | $(0.25) | 8,362 | $5.70 | $3.90 | 1,451 | $5.55 | $4.25 |
| Q1 2024 | - | - | 5,089 | $(0.61) | 2,424 | $(0.12) | 6,195 | $8.91 | $3.77 | - | - | - |
| Q2 2024 | - | - | 5,285 | $(1.09) | 2,400 | $(0.37) | 4,432 | $4.00 | $3.69 | - | - | - |
| Q3 2024 | - | - | 5,344 | $(0.99) | 2,506 | $(0.32) | 4,612 | $4.21 | $3.68 | - | - | - |
| Q4 2024 | - | - | 5,240 | $(0.73) | 2,878 | $(0.47) | 4,218 | $5.27 | $3.65 | - | - | - |
| Q1 2025 | 1,382 | $4.41 | 5,102 | $(0.46) | - | - | - | - | - | - | - | - |
| Q2 2025 | 1,466 | $3.96 | 5,236 | $(0.78) | - | - | - | - | - | - | - | - |
| Q3 2025 | 1,468 | $4.10 | 5,117 | $(0.72) | - | - | - | - | - | - | - | - |
| Q4 2025 | 1,575 | $4.33 | 5,046 | $(0.66) | - | - | - | - | - | - | - | - |

### NGLs

| | Propane Swaps | |
|---|---|---|
| **Period** | **Volume (MBbls)** | **$/Bbl[2]** |
| Q2 2023 | 182 | $36.66 |
| Q3 2023 | 181 | $36.67 |
| Q4 2023 | 187 | $36.66 |

(1) Includes derivative contracts for settlement at any time during the second quarter of 2023 and later periods, entered into through April 24, 2023.
(2) Weighted-average contract price.

# First Quarter 2023 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. A reconciliation 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 (loss) 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. The Company believes that Adjusted EBITDAX 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 most recent Annual Report on Form 10-K and first quarter 2023 Form 10-Q 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 increase (decrease) in capital expenditure accruals and other. 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 (loss) and adjusted net income (loss) per diluted common share:** Adjusted net income (loss) and adjusted net income (loss) 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 DD&A and G&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 unsecured 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 derivative settlements. The Company believes this metric is useful to management and the investment community to understand the effects of commodity derivative settlements on average realized price.

# Non-GAAP Reconciliations

## Adjusted EBITDAX[1]

*(in thousands)*

| | Three Months Ended March 31, 2023 | Trailing Twelve Months Ended March 31, 2023 |
|---|---|---|
| **Net income (GAAP)** | **$ 198,552** | **$ 1,261,740** |
| Interest expense | 22,459 | 103,418 |
| Income tax expense | 55,506 | 326,463 |
| Depletion, depreciation, amortization, and asset retirement obligation liability accretion | 154,189 | 598,488 |
| Exploration[2] | 17,477 | 60,400 |
| Stock-based compensation expense | 4,318 | 18,816 |
| Net derivative gain | (51,329) | (95,838) |
| Derivative settlement gain (loss) | 5,076 | (537,441) |
| Net loss on extinguishment of debt | — | 67,226 |
| Other, net | (4,854) | (8,154) |
| **Adjusted EBITDAX (non-GAAP)** | **$ 401,394** | **$ 1,795,118** |
| Interest expense | (22,459) | (103,418) |
| Income tax expense | (55,506) | (326,463) |
| Exploration[2][3] | (8,181) | (36,936) |
| Amortization of debt discount and deferred financing costs | 1,371 | 7,642 |
| Deferred income taxes | 49,968 | 307,077 |
| Other, net | (8,737) | (6,755) |
| Net change in working capital | (26,216) | 39,683 |
| **Net cash provided by operating activities (GAAP)** | **$ 331,634** | **$ 1,675,948** |

## Adjusted Net Income[1]

*(in thousands)*

| | Three Months Ended March 31, 2023 |
|---|---|
| **Net income (GAAP)** | **$ 198,552** |
| Net derivative gain | (51,329) |
| Derivative settlement gain | 5,076 |
| Other, net | (152) |
| Tax effect of adjustments[4] | 10,070 |
| **Adjusted net income (non-GAAP)** | **$ 162,217** |
| | |
| **Diluted net income per common share (GAAP)** | **$ 1.62** |
| Net derivative gain | (0.42) |
| Derivative settlement gain | 0.04 |
| Other, net | 0.01 |
| Tax effect of adjustments[4] | 0.08 |
| **Adjusted net income per diluted common share (non-GAAP)** | **$ 1.33** |
| | |
| Basic weighted-average common shares outstanding | 121,671 |
| Diluted weighted-average common shares outstanding | 122,294 |

(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 exploration expense and general and administrative expense 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 three and trailing twelve months ended March 31, 2023, amount excludes certain capital expenditures related to unsuccessful exploration activity for one well that experienced technical issues during the drilling phase. For the trailing twelve months ended March 31, 2023, amount also excludes certain capital expenditures related to unsuccessful exploration efforts outside of the Company's core areas of operation.
(4) The tax effect of adjustments is calculated using a tax rate of 21.7% for the three months ended March 31, 2023. This rate approximates the Company's statutory tax rate adjusted for ordinary permanent differences.

# Non-GAAP Reconciliations

## Adjusted Free Cash Flow[1]

*(in thousands)*

| | Three Months Ended March 31, 2023 |
|---|---|
| **Net cash provided by operating activities (GAAP)** | **$ 331,634** |
| Net change in working capital | 26,216 |
| **Cash flow from operations before net change in working capital (non-GAAP)** | **$ 357,850** |
| | |
| **Capital expenditures (GAAP)** | **$ 240,712** |
| Increase in capital expenditure accruals and other | 66,873 |
| **Capital expenditures before accruals and other (non-GAAP)** | **$ 307,585** |
| | |
| **Adjusted free cash flow (non-GAAP)** | **$ 50,265** |

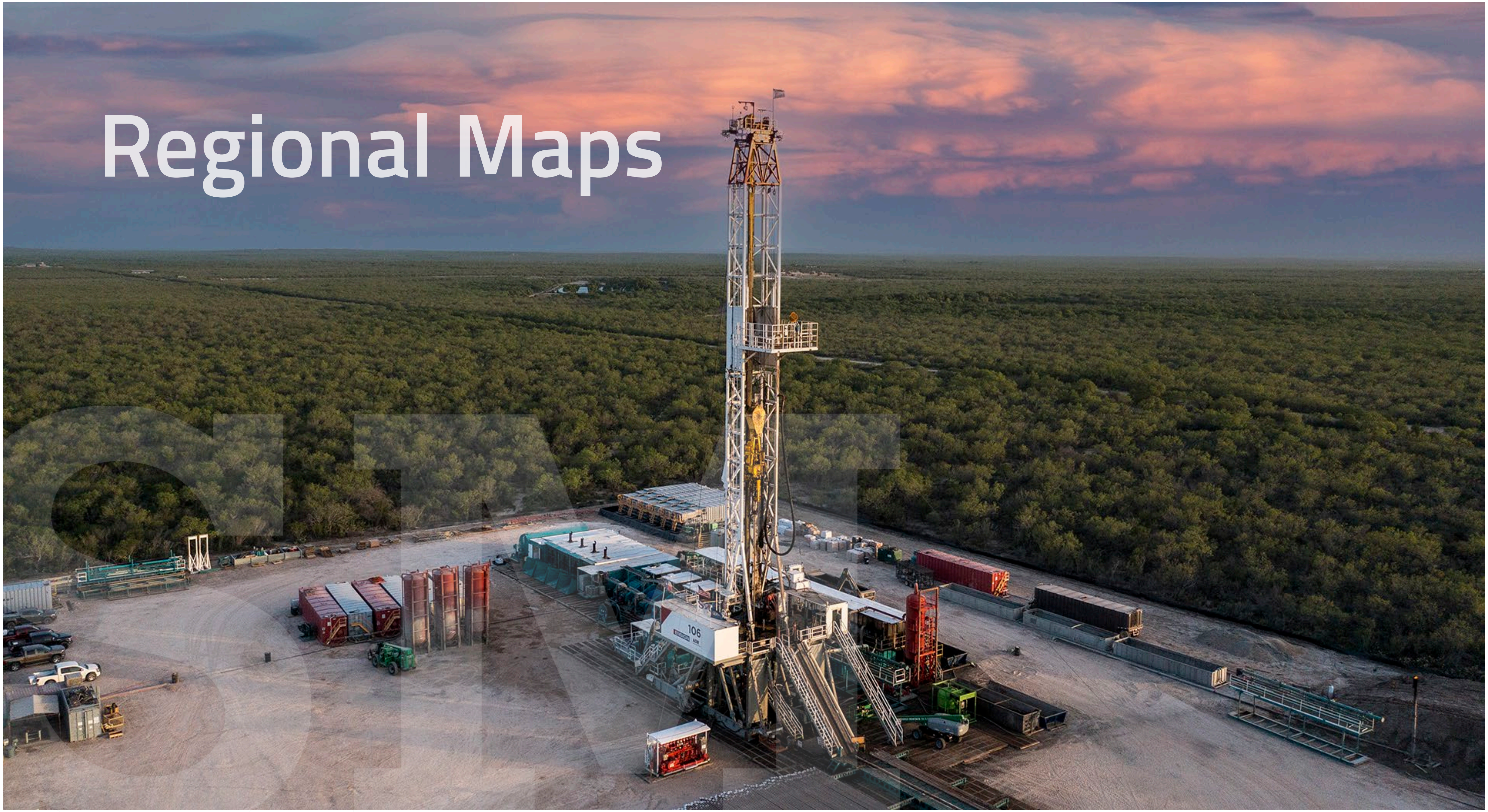
## Net Debt[1]

*(in thousands)*

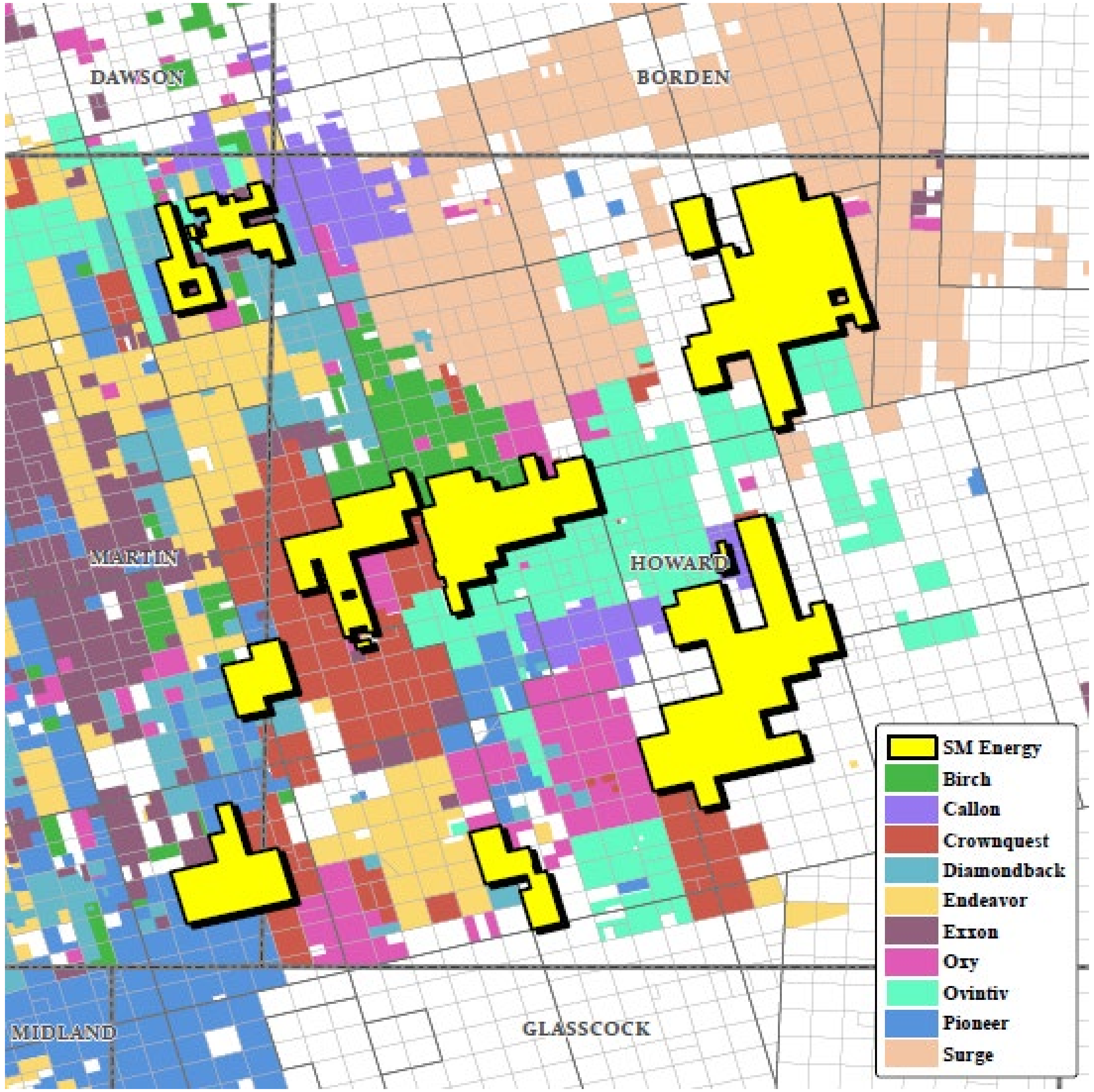
| | As of March 31, 2023 |
|---|---|
| Principal amount of Senior Notes[2] | $ 1,585,144 |
| Revolving credit facility[2] | — |
| **Total principal amount of debt (GAAP)** | **$ 1,585,144** |
| Less: Cash and cash equivalents | 477,869 |
| **Net Debt (non-GAAP)** | **$ 1,107,275** |

(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 first quarter Form 10-Q as of March 31, 2023.

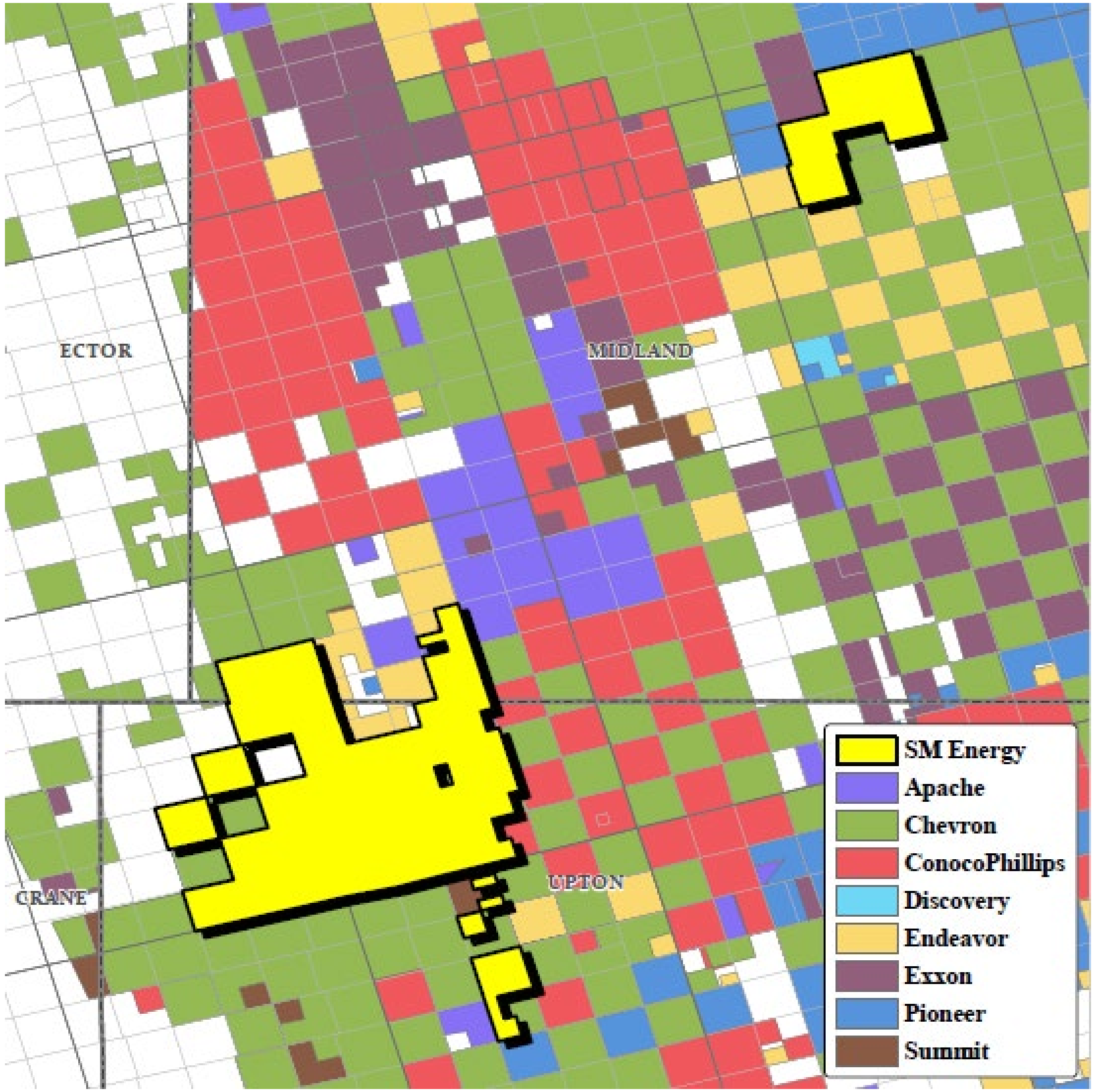
# Regional Maps



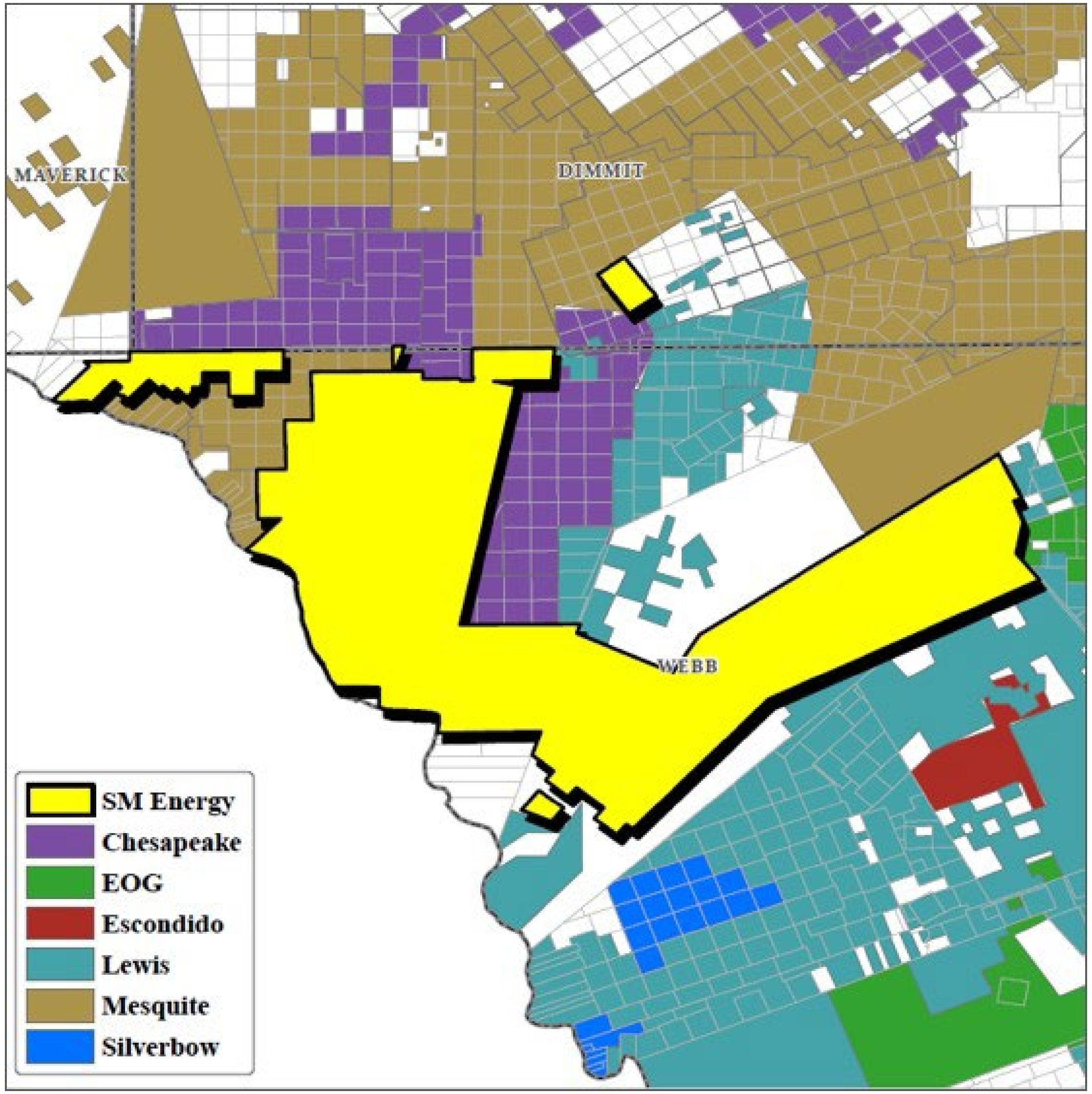
# Midland Basin Operators



# Sweetie Peck Operators



# South Texas Operators



# Contact Information

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