

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): November 12, 2024

Mach Natural Resources LP
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-41849
(Commission File Number)

93-1757616
(IRS Employer
Identification No.)

14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma
(Address of principal executive offices)

73134
(Zip Code)

(405) 252-8100
Registrant's telephone number, including area code

Not applicable.
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common units representing limited partner interests	MNR	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On November 12, 2024, Mach Natural Resources LP (the "Company") issued a press release (the "Press Release") providing information on its results of operations and financial condition for the quarter ended September 30, 2024. The Press Release and certain supplemental financial information are furnished as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K (this "Report") and are incorporated herein by reference.

The information under this Item 2.02 and in Exhibit 99.1 and Exhibit 99.2 to this Report is being furnished and shall not be deemed "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information under this Item 2.02 and in Exhibit 99.1 and Exhibit 99.2 to this Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended (the "Securities Act").

Item 7.01. Regulation FD Disclosure.

In addition to providing the results of operations and financial condition for the quarter ended September 30, 2024, the Press Release announced the Company's declaration of its quarterly distribution for the third quarter of 2024. The full text of the Press Release is furnished as Exhibit 99.1 to this Report and is incorporated herein by reference.

The information under this Item 7.01 and in Exhibit 99.1 to this Report is being furnished and shall not be deemed "filed" for the purpose of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that Section. The information under this Item 7.01 and in Exhibit 99.1 to this Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release issued November 12, 2024.
99.2	Supplemental Financial Information.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

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SIGNATURES

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

Mach Natural Resources LP

By: Mach Natural Resources GP LLC,
its general partner

Dated: November 12, 2024

By: /s/ Tom L. Ward
Name: Tom L. Ward
Title: Chief Executive Officer

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Mach Natural Resources LP Reports Third Quarter 2024 Results; Declares Quarterly Cash Distribution of \$0.60 Per Unit; Provides 2025 Outlook

OKLAHOMA CITY, Oklahoma, November 12, 2024 — Mach Natural Resources LP (NYSE: MNR) (“Mach” or the “Company”) today reported financial and operating results for the three months ended September 30, 2024. The Company also announced its quarterly cash distribution and provided its full year 2025 outlook.

Third Quarter 2024 Highlights

- Averaged total net production of 81.8 thousand barrels of oil equivalent per day (“Mboe/d”)
- Lease operating expense of \$5.85 per barrel of oil equivalent (“Boe”) was at the low-end of guidance
- Reported net income and Adjusted EBITDA⁽¹⁾ of \$67 million and \$134 million, respectively
- Generated net cash provided by operating activities of \$111 million
- Incurred total capital expenditures—excluding acquisitions—of \$53 million, resulting in a year-to-date reinvestment rate of 49%
- Completed a public offering resulting in net proceeds of \$129 million including the exercise of the over-allotment option; proceeds from the offering were used to fund certain acquisitions
- Declared a quarterly cash distribution of \$0.60 per unit

Year-to-Date 2024 Highlights

- Averaged total net production of 86.7 Mboe/d
- Lease operating expense of \$5.53 per Boe was below the low-end of guidance
- Incurred total capital expenditures—excluding acquisitions—of \$179 million, in line with the Company’s 2024 capital expenditure guidance of \$215 million to \$240 million
- Paid cash distributions to the Company’s unitholders of \$247 million, or \$2.60 per unit

“Our quarterly results reflect Mach’s discipline to maintain a low leverage profile and consistently deliver cash distributions” said Tom L. Ward, Chief Executive Officer. “Our recent public equity offering highlights our commitment to financing acquisitions that are accretive to our distribution while protecting our fortress balance sheet. We remain on track to finish 2024 strong and carry our momentum and financial strength into next year.”

Third Quarter 2024 Financial Results

Mach reported total revenue and net income of \$256 million and \$67 million in the third quarter of 2024, respectively. Additionally, during the third quarter, the average realized price was \$74.55 per barrel of oil, \$1.73 per Mcf of natural gas, and \$22.61 per barrel of natural gas liquids (“NGLs”). These prices exclude the effects of derivatives.

As of September 30, 2024, Mach had a cash balance of \$185 million and a pro forma net-debt-to-Adjusted-EBITDA ratio of 0.9x.

Third Quarter 2024 Operational Results

During the third quarter of 2024, Mach achieved average oil equivalent production of 81.8 Mboe/d, which consisted of 23% oil, 53% natural gas and 24% NGLs. Also, for the third quarter of 2024, Mach’s production revenues from oil, natural gas, and NGLs sales totaled \$209 million, comprised of 60% oil, 20% natural gas, and 20% NGLs.

The Company spud 11 gross (9 net) operated wells and brought online 11 gross (9 net) operated wells in the third quarter of 2024. As of September 30, 2024, the Company had 5 gross (4 net) operated wells in various stages of drilling and completion.

Mach’s lease operating expense in the third quarter of 2024 was \$44 million, or \$5.85 per Boe. Mach incurred \$24 million, or \$3.13 per Boe, of gathering and processing expenses in the third quarter of 2024. Furthermore, during the third quarter of 2024, production taxes as a percentage of oil, natural gas, and NGL sales were approximately 4.7%, midstream operating profit was approximately \$4 million, general and administrative expenses—excluding equity-based compensation of \$1 million—was \$8 million, and interest expense was \$27 million.

In the third quarter of 2024, Mach’s total capital expenditures—excluding acquisitions—were \$53 million, including \$50 million of upstream capital and \$3 million of other capital (including midstream and land).

Distributions

Mach announced today that the board of directors of its general partner declared a quarterly cash distribution for the third quarter of 2024 of \$0.60 per unit. The quarterly cash distribution is to be paid on December 10, 2024, to the Company’s unitholders of record as of the close of trading on November 26, 2024.

2025 Outlook

Today the Company also provided its outlook for 2025. Additional details of Mach’s forward-looking guidance are available on the Company’s website at www.machnr.com.

Conference Call and Webcast Information

Mach will host a conference call and webcast at 8:00 a.m. Central (9:00 a.m. Eastern) on Wednesday, November 13, 2024, to discuss its third quarter 2024 results. Participants can access the conference call by dialing 877-407-2984. A webcast link to the conference call will be provided on the Company's website at www.machnr.com. A replay will also be available on the Company's website following the call.

About Mach Natural Resources LP

Mach Natural Resources LP is an independent upstream oil and gas Company focused on the acquisition, development and production of oil, natural gas and NGL reserves in the Anadarko Basin region of Western Oklahoma, Southern Kansas and the panhandle of Texas. For more information, please visit www.machnr.com.

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FOR FURTHER INFORMATION, PLEASE CONTACT:

Mach Natural Resources LP
Investor Relations Contact: ir@machnr.com

Non-GAAP Financial Measures and Disclosures

This press release includes non-GAAP financial measures. Pursuant to regulatory disclosure requirements, Mach is required to reconcile non-GAAP financial measures to the related GAAP information (GAAP refers to generally accepted accounting principles). Reconciliations of these non-GAAP measures are provided below. Reconciliations of these non-GAAP measures, along with other financial and operational disclosures, are also within the supplemental tables that are available on the Company's website at www.machnr.com and in the related Form 10-Q filed with the Securities and Exchange Commission (the "SEC").

Adjusted EBITDA⁽¹⁾

We include in this press release the supplemental non-GAAP financial performance measure Adjusted EBITDA and provide our calculation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, our most directly comparable financial measures calculated and presented in accordance with GAAP. We define Adjusted EBITDA as net income before (1) interest expense, net, (2) depreciation, depletion, amortization and accretion, (3) unrealized (gain) loss on derivative instruments, (4) equity-based compensation expense, (5) credit losses, and (6) (gain) loss on sale of assets.

Adjusted EBITDA is used as a supplemental financial performance measure by our management and by external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others, to more effectively evaluate our operating performance and our results of operation from period to period and against our peers without regard to financing methods, capital structure or historical cost basis. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as indicators of our operating performance. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax burden, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our results will be unaffected by unusual items. Our computations of Adjusted EBITDA may not be identical to other similarly titled measures of other companies.

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Reconciliation of GAAP Financial Measures to Adjusted EBITDA

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Income Reconciliation to Adjusted EBITDA:				
Net income	\$ 67,444	\$ 83,485	\$ 148,662	\$ 252,988
Interest expense, net	25,598	1,667	76,550	4,962
Depreciation, depletion, amortization and accretion	65,577	33,035	201,108	93,923
Unrealized (gain) loss on derivative instruments	(27,118)	1,678	5,981	(6,534)
Equity-based compensation expense	1,267	647	4,749	1,941
Credit losses	1,243	—	1,890	—
Gain on sale of assets	(40)	—	(349)	(1)
Adjusted EBITDA	\$ 133,971	\$ 120,512	\$ 438,591	\$ 347,279

Cautionary Note Regarding Forward-Looking Statements

This release contains statements that express the Company's opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, in contrast with statements that reflect historical facts. All statements, other than statements of historical fact included in this release regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this release, words such as "may," "assume," "forecast," "could," "should," "will," "plan," "believe," "anticipate," "intend," "estimate," "expect," "project," "budget" and similar expressions are used 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 belief, based on currently available information as to the outcome and timing of future events at the time such statement was made. Such statements are subject to a number of assumptions, risk and uncertainties, many of which are beyond the control of the Company. These include, but are not limited to, commodity price volatility; the impact of epidemics, outbreaks or other public health events, and the related effects on financial markets, worldwide economic activity and our operations; uncertainties about our estimated oil, natural gas and natural gas liquids reserves, including the impact of commodity price declines on the economic producibility of such reserves, and in projecting future rates of production; the concentration of our operations in the Anadarko Basin; difficult and adverse conditions in the domestic and global capital and credit markets; lack of transportation and storage capacity as a result of oversupply, government regulations or other factors; lack of availability of drilling and production equipment and services; potential financial losses or earnings reductions resulting from our commodity price risk management program or any inability to manage our commodity risks; failure to realize expected value creation from property acquisitions and trades; access to capital and the timing of development expenditures; environmental, weather, drilling and other operating risks; regulatory changes, including potential shut-ins or production curtailments mandated by

the Railroad Commission of Texas, the Oklahoma Corporation Commission and/or the Kansas Corporation Commission; competition in the oil and natural gas industry; loss of production and leasehold rights due to mechanical failure or depletion of wells and our inability to re-establish their production; our ability to service our indebtedness; any downgrades in our credit ratings that could negatively impact our cost of and ability to access capital; cost inflation; 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; evolving cybersecurity risks such as those involving unauthorized access, denial-of-service attacks, malicious software, data privacy breaches by employees, insider or other with authorized access, cyber or phishing-attacks, ransomware, social engineering, physical breaches or other actions; and risks related to our ability to expand our business, including through the recruitment and retention of qualified personnel. Please read the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"), including "Risk Factors" in the Company's Annual Report on Form 10-K, which is on file with the SEC, for a discussion of risks and uncertainties that could cause actual results to differ from those in such forward-looking statements.

As a result, these forward-looking statements are not a guarantee of our performance, and you should not place undue reliance on such statements. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.

Three months and nine months ended September 30, 2024
Supplemental Information of Mach Natural Resources LP

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MACH NATURAL RESOURCES LP
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 184,533	\$ 152,792
Accounts receivable – joint interest and other, net	34,326	54,155
Accounts receivable – oil, gas, and NGL sales	98,924	78,051
Short-term derivative assets	30,282	24,802
Inventories	26,311	31,377
Other current assets	6,080	2,425
Total current assets	380,456	343,602
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	2,275,042	2,097,540
Less: accumulated depreciation, depletion and amortization	(455,164)	(265,895)
Oil and natural gas properties, net	1,819,878	1,831,645
Other property, plant and equipment	114,162	105,302
Less: accumulated depreciation	(21,767)	(15,642)
Other property, plant and equipment, net	92,395	89,660
Long-term derivative assets	7,077	15,112
Other assets	15,180	7,102
Operating lease assets	11,114	17,394
Total assets	\$ 2,326,100	\$ 2,304,515
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 42,541	\$ 44,577
Accounts payable – related party	1,776	2,867
Accrued liabilities	49,818	44,529
Revenue payable	120,984	110,296
Short-term derivative liabilities	2,111	—
Current portion of long-term debt	82,500	61,875
Current portion of operating lease liabilities	6,423	10,765
Total current liabilities	306,153	274,909
Long-term debt	687,669	745,140
Asset retirement obligations	99,380	85,094
Long-term derivative liabilities	1,315	—
Long-term portion of operating leases	4,718	6,705
Other long-term liabilities	2,203	943
Total long-term liabilities	795,285	837,882
Commitments and contingencies (Note 10)		
Partners' capital:		
Partners' capital	1,224,662	1,191,724
Total liabilities and partners' capital	\$ 2,326,100	\$ 2,304,515

MACH NATURAL RESOURCES LP
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in thousands, except per common unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	Revenue			
Oil, natural gas, and NGL sales	\$ 209,165	\$ 166,706	\$ 695,944	\$ 479,319
Gain (loss) on oil and natural gas derivatives	33,684	(4,900)	(219)	10,842

Midstream revenue	5,889	6,683	18,549	20,001
Product sales	6,798	6,900	20,411	24,321
Total revenues	255,536	175,389	734,685	534,483
Operating expenses				
Gathering and processing	23,587	7,962	79,360	25,472
Lease operating expense	44,029	28,879	131,286	89,494
Production taxes	9,784	7,660	33,838	23,186
Midstream operating expense	2,607	2,725	7,782	8,263
Cost of product sales	5,833	6,024	17,719	21,599
Depreciation, depletion, amortization and accretion – oil and natural gas	63,262	31,277	194,453	89,372
Depreciation and amortization – other	2,315	1,758	6,655	4,551
General and administrative	7,535	4,293	25,581	12,063
General and administrative - related party	1,850	1,067	5,550	3,202
Total operating expenses	160,802	91,645	502,224	277,202
Income from operations	94,734	83,744	232,461	257,281
Other (expense) income				
Interest expense	(26,772)	(2,054)	(80,103)	(5,843)
Other (expense) income, net	(518)	1,795	(3,696)	1,550
Total other expense	(27,290)	(259)	(83,799)	(4,293)
Net income	\$ 67,444	\$ 83,485	\$ 148,662	\$ 252,988
Net income per common unit:				
Basic	\$ 0.70		\$ 1.55	
Diluted	\$ 0.70		\$ 1.55	
Weighted average common units outstanding:				
Basic	96,856		95,626	
Diluted	97,033		95,762	

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MACH NATURAL RESOURCES LP
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities		
Net income	\$ 148,662	\$ 252,988
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation, depletion, amortization and accretion	201,108	93,923
Loss (gain) on derivative instruments	219	(10,842)
Cash receipts (payments) on settlement of derivative contracts, net	4,287	5,207
Debt issuance costs amortization	5,521	232
Equity based compensation	4,749	1,941
Credit losses	1,890	—
(Gain) loss on sale of assets	(349)	(1)
Settlement of asset retirement obligations	(676)	(445)
Changes in operating assets and liabilities (decreasing) increasing cash:		
Accounts receivable	(7,188)	28,549
Revenue payable	10,689	6,394
Accounts payable and accrued liabilities	(192)	(2,764)
Other	2,911	6,785
Net cash provided by operating activities	371,631	381,967
Cash flows from investing activities		
Capital expenditures for oil and natural gas properties	(162,432)	(251,538)
Capital expenditures for other property and equipment	(9,187)	(9,083)
Acquisition of assets	(47,192)	(20,613)
Proceeds from sales of oil and natural gas properties	38,975	3,305
Proceeds from sales of other property and equipment	561	36
Net cash used in investing activities	(179,275)	(277,893)
Cash flows from financing activities		
Proceeds from public offering, net of offering costs	129,812	—
Repayments of borrowings on term note	(41,250)	—
Proceeds from borrowings on credit facility	—	7,000
Distributions to unitholders	(247,153)	—
Distributions to members	—	(101,350)
Contributions from members	—	20,000
Withholding taxes paid on vesting of phantom units	(570)	—
Payment of other financing fees	(1,454)	(404)
Net cash used in financing activities	(160,615)	(74,754)
Net increase in cash and cash equivalents	31,741	29,320

Cash and cash equivalents, beginning of period	152,792	29,417
Cash and cash equivalents, end of period	<u>\$ 184,533</u>	<u>\$ 58,737</u>

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2025 Guidance:

	2025
	Full-Year
Net Production Guidance	
Oil (MBbls/d)	18.2 - 19.3
NGLs (MBbls/d)	17.8 - 18.9
Natural Gas (MMcfd)	253 - 269
Total (Mboe/d)	78.2 - 83.1
Price Realizations Guidance (excluding derivatives)	
Oil (differential to NYMEX WTI) (\$/Bbl)	(\$1.50) - (\$0.50)
NGLs (% of WTI)	31% - 35%
Natural Gas (differential to NYMEX Henry Hub) (\$/Mcf)	(\$0.45) - (\$0.25)
Other Guidance Items	
Lease Operating Expense (\$/Boe)	\$6.25 - \$6.50
Gathering and Processing (\$/Boe)	\$3.00 - \$3.30
Production Taxes (% of Oil, natural gas, and NGL sales)	5.0% - 6.0%
Midstream Operating Profit (\$MM)	\$15 - \$18
General and Administrative, excluding equity-based compensation (\$MM)	\$30 - \$34
Interest Expense (\$MM)	\$75 - \$80
Capital Expenditure Guidance (\$MM)	
Upstream (D&C and Workovers)	\$225 - \$240
Other (Midstream and Land)	\$35 - \$40
Total	\$260 - \$280

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Non-GAAP Financial Measures

Adjusted EBITDA

We include in the tables below the supplemental non-GAAP financial performance measure Adjusted EBITDA and provide our calculation of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net income, our most directly comparable financial measures calculated and presented in accordance with GAAP. We define Adjusted EBITDA as net income before (1) interest expense, net, (2) depreciation, depletion, amortization and accretion, (3) unrealized (gain) loss on derivative instruments, (4) equity-based compensation expense, (5) credit losses, and (6) (gain) loss on sale of assets.

Adjusted EBITDA is used as a supplemental financial performance measure by our management and by external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others, to more effectively evaluate our operating performance and our results of operation from period to period and against our peers without regard to financing methods, capital structure or historical cost basis. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as indicators of our operating performance. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax burden, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our results will be unaffected by unusual items. Our computations of Adjusted EBITDA may not be identical to other similarly titled measures of other companies.

Cash Available for Distribution

Cash available for distribution is not a measure of net income or net cash flow provided by or used in operating activities as determined by GAAP. Cash available for distribution is a supplemental non-GAAP financial performance measure used by our management and by external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others, to assess our ability to internally fund our exploration and development activities, pay distributions, and to service or incur additional debt. We define cash available for distribution as net income less (1) interest expense, net, (2) depreciation, depletion, amortization and accretion, (3) unrealized (gain) loss on derivative instruments, (4) equity-based compensation expense, (5) credit losses, (6) (gain) loss on sale of assets, (7) settlement of asset retirement obligations, (8) cash interest expense, net (9) development costs, and (10) change in accrued realized derivative settlements. Development costs include all of our capital expenditures, other than acquisitions. Cash available for distribution will not reflect changes in working capital balances. Cash available for distribution is not a measurement of our financial performance or liquidity under GAAP and should not be considered as an alternative to, or more meaningful than, net income or net cash provided by or used in operating activities as determined in accordance with GAAP or as indicators of our financial performance and liquidity. The GAAP measures most directly comparable to cash available for distribution are net income and net cash provided by operating activities. Cash available for distribution should not be considered as an alternative to, or more meaningful than, net income or net cash provided by operating activities.

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Reconciliation of GAAP Financial Measures to Adjusted EBITDA and Cash Available for Distribution

(\$ in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net Income Reconciliation to Adjusted EBITDA:				
Net income	\$ 67,444	\$ 83,485	\$ 148,662	\$ 252,988
Interest expense, net	25,598	1,667	76,550	4,962
Depreciation, depletion, amortization and accretion	65,577	33,035	201,108	93,923
Unrealized (gain) loss on derivative instruments	(27,118)	1,678	5,981	(6,534)
Equity-based compensation expense	1,267	647	4,749	1,941
Credit losses	1,243	—	1,890	—
Gain on sale of assets	(40)	—	(349)	(1)
Adjusted EBITDA	\$ 133,971	\$ 120,512	\$ 438,591	\$ 347,279
Net Income Reconciliation to Cash Available for Distribution:				
Net income	\$ 67,444	\$ 83,485	\$ 148,662	\$ 252,988
Interest expense, net	25,598	1,667	76,550	4,962
Depreciation, depletion, amortization and accretion	65,577	33,035	201,108	93,923
Unrealized (gain) loss on derivative instruments	(27,118)	1,678	5,981	(6,534)
Equity-based compensation expense	1,267	647	4,749	1,941
Credit losses	1,243	—	1,890	—
Gain on sale of assets	(40)	—	(349)	(1)
Settlement of asset retirement obligations	(258)	(366)	(676)	(445)
Cash interest expense, net	(23,571)	(1,636)	(71,029)	(4,730)
Development costs	(52,922)	(66,052)	(178,909)	(258,944)
Change in accrued realized derivative settlements	(5,663)	1,183	(1,475)	899
Cash available for distribution	\$ 51,557	\$ 53,641	\$ 186,502	\$ 84,059
Net Cash Provided by Operating Activities Reconciliation to Cash Available for Distribution:				
Net cash provided by operating activities	\$ 110,847	\$ 106,822	\$ 371,631	\$ 381,967
Changes in operating assets and liabilities	(6,368)	12,871	(6,220)	(38,964)
Development costs	(52,922)	(66,052)	(178,909)	(258,944)
Cash available for distribution	\$ 51,557	\$ 53,641	\$ 186,502	\$ 84,059

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Derivative Contracts

The table below represents a summary of the Company's derivative contracts as of November 1, 2024:

Oil Derivative Contracts

2024	Q4			
Oil Volumes (MBbl)	729			
Weighted Average Fixed Price (per Bbl)	\$ 73.00			
2025	Q1	Q2	Q3	Q4
Oil Volumes (MBbl)	663	614	575	271
Weighted Average Fixed Price (per Bbl)	\$ 72.32	\$ 72.85	\$ 69.06	\$ 71.83
2026	Q1	Q2	Q3	Q4
Oil Volumes (MBbl)	257	245	233	-
Weighted Average Fixed Price (per Bbl)	\$ 68.89	\$ 73.95	\$ 66.30	-

Natural Gas Derivative Contracts

2024	Q4			
Natural Gas Volumes (Bbtu)	10,868			
Weighted Average Fixed Price (per Mmbtu)	\$ 3.68			
2025	Q1	Q2	Q3	Q4
Natural Gas Volumes (Bbtu)	10,349	9,905	9,515	4,584
Weighted Average Fixed Price (per Mmbtu)	\$ 3.72	\$ 3.42	\$ 3.52	\$ 4.30
2026	Q1	Q2	Q3	Q4
Natural Gas Volumes (Bbtu)	4,427	4,285	4,155	-
Weighted Average Fixed Price (per Mmbtu)	\$ 3.47	\$ 3.48	\$ 3.48	-

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