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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

OR

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

For the transition period from ______ to ______

Commission file number 001-41849

Mach Natural Resources LP

(Exact name of registrant as specified in its charter)

Delaware	**93-1757616**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
14201 Wireless Way, Suite 300, Oklahoma City, Oklahoma	**73134**
(Address of Principal Executive Offices)	(Zip Code)

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

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	MNR	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

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

The registrant had 95,039,689 common units outstanding as of August 9, 2024.

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DEFINITIONS

"**Adjusted EBITDA**." Net income before (1) interest expense, net, (2) depreciation, depletion, amortization and accretion expense, (3) unrealized (gain) loss on derivative instruments, (4) equity-based compensation expense, (5) credit losses, and (6) (gain) loss on sale of assets.

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

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

"**Bbtu**." One billion Btu.

"**Bcf**." Billion cubic feet.

"**BCE**" or "**Sponsor**." Investment funds managed by Bayou City Energy Management LLC and affiliates thereof.

"**BCE-Mach**." BCE-Mach LLC, a Delaware limited liability company.

"**BCE-Mach Credit Facility**." The reserve-based revolving credit facility that BCE-Mach entered into on September 2, 2022 with a syndicate of banks, including MidFirst Bank who serves as sole book runner and lead arranger, maturing in September 2026.

"**BCE-Mach II**." BCE-Mach II LLC, a Delaware limited liability company.

"**BCE-Mach II Credit Facility**." The reserve-based revolving credit facility that BCE-Mach II entered into with a syndicate of banks, including East West Bank, who serves as sole book runner and lead arranger.

"**BCE-Mach III**" or "**Predecessor**." BCE-Mach III LLC, a Delaware limited liability company.

"**BCE-Mach III Credit Facility**." The reserve-based revolving credit facility that the Predecessor entered into with a syndicate of banks, including MidFirst Bank, who serves as administrative agent and issuing bank.

"**BCE-Mach Aggregator**." BCE-Mach Aggregator LLC, a Delaware limited liability company.

"**Boe**." One barrel of oil equivalent, converting natural gas to oil at the ratio of 6 Mcf of natural gas to one Bbl of oil.

"**British Thermal Unit**" or "**Btu**." The quantity of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

"**Code**." Internal Revenue Code of 1986, as amended.

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

"**Credit Agreements**." Together, the Term Loan Credit Agreement and the Revolving Credit Agreement.

"**Developed oil and gas reserves**." Developed oil and gas reserves are reserves of any category that can be expected to be recovered: (i) through existing wells with existing equipment and operating methods or in which the cost of the related equipment is relatively minor compared to the cost of a new well; and (ii) through installed extraction equipment and infrastructure operational at the time of the reserves estimate if the extraction is by means not involving a well.

"**Field**." An area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations. For a complete definition of field, refer to the SEC's Regulation S-X, Rule 4-10(a)(15).

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

"**Holdco**." Mach Natural Resources Holdco LLC, a Delaware limited liability company.

"**Intermediate**." Mach Natural Resources Intermediate LLC, a Delaware limited liability company.

"**Lease operating expense**" **or "LOE."** The expenses of lifting oil or natural gas from a producing formation to the surface, constituting part of the current operating expenses of a working interest, and also including labor, superintendence, supplies, repairs, short-lived assets, maintenance, allocated overhead costs, workover, ad valorem taxes, insurance and other expenses incidental to production, but excluding lease acquisition or drilling or completion expenses.

“**Mach Companies**.” Collectively refers to BCE-Mach, BCE-Mach II, and BCE-Mach III.

“**Mach Companies Class B Units**.” Class B Units of the Mach Companies.

“**Mach Resources**.” Mach Resources LLC.

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

“**MBoe**.” One thousand Boe.

“**MBoe/d**.” One thousand Boe per day.

“**Mcf**.” One thousand cubic feet of natural gas.

“**MMBtu**.” One million Btu.

“**MMcf**.” One million cubic feet of natural gas.

“**NGL**.” Hydrocarbons found in natural gas which may be extracted as liquefied petroleum gas and natural gasoline.

“**Net acres.**” The percentage of total acres or wells an owner has out of a particular number of acres, or a specified tract. An owner who has a 50% interest in 100 acres owns 50 net acres.

“**November 2023 Credit Facility**.” Refers to the reserve-based revolving credit facility entered into by Holdco and MidFirst Bank on November 10, 2023.

“**NYMEX**.” The New York Mercantile Exchange.

“**OPEC +**.” Organization of the Petroleum Exporting Countries.

“**Partnership agreement**.” The Amended and Restated Agreement of Limited Partnership of Mach Natural Resources LP.

“**Pre-IPO Credit Facilities**.” Collectively refers to the BCE-Mach Credit Facility, the BCE-Mach II Credit Facility and the BCE-Mach III Credit Facility.

“**Proved reserves**.” Proved oil and natural gas reserves are those quantities of oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward from known reservoirs, and under existing economic conditions, operating methods and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. For a complete definition of proved crude oil and natural gas reserves, refer to the SEC’s Regulation S-X, Rule 4-10(a)(22).

“**Proved undeveloped reserves**” **or** “**PUD**.” Proved reserves that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion. Undrilled locations can be classified as having proved undeveloped reserves only if a development plan has been adopted indicating that such locations are scheduled to be drilled within five years unless specific circumstances justify a longer time.

“**PV-10**.” When used with respect to oil and natural gas reserves, PV-10 represents the present value of estimated future cash inflows from proved oil and gas reserves, less future development and production costs, discounted at 10% per annum to reflect the timing of future cash flows. Calculation of PV-10 does not give effect to derivatives transactions. Our PV-10 has historically been computed on the same basis as our Standardized Measure, the most comparable measure under GAAP. PV-10 is not a financial measure calculated or presented in accordance with GAAP and generally differs from Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of either well abandonment costs or income taxes on future net revenues. Neither PV-10 nor Standardized Measure represents an estimate of the fair market value of our oil and natural gas properties. We and others in the industry use PV-10 as a measure to compare the relative size and value of proved reserves held by companies without regard to the specific tax characteristics of such entities.

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

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

“**Revolving Credit Agreement**.” Refers to the senior secured revolving credit agreement, dated as of December 28, 2023, among the Company, the lenders party thereto, and MidFirst Bank as administrative agent.

“**Standardized Measure**.” Standardized Measure is our standardized measure of discounted future net cash flows, which is prepared using assumptions required by the Financial Accounting Standards Board. Such assumptions include the use of 12-month average prices for oil and gas, based on the first-day-of-the-month price for each month in the period, and year end costs for estimated future development and production expenditures to produce year-end estimated proved reserves. Discounted future net cash flows are calculated using a 10% rate. No provision is included for federal income taxes since our future net cash flows are not subject to taxation. However, our operations are subject to the Texas franchise tax. Estimated well abandonment costs, net of salvage values, are deducted from the standardized measure using year-end costs and discounted at the 10% rate. The standardized measure does not represent management’s estimate of our future cash flows or the value of proved oil and natural gas reserves. Probable and possible reserves, which may become proved in the future, are excluded from the calculations. Furthermore, prices used to determine the standardized measure are influenced by supply and demand as effected by recent economic conditions as well as other factors and may not be the most representative in estimating future revenues or reserve data.

“**Term Loan Credit Agreement**.” Refers to the senior secured term loan credit agreement, dated as of December 28, 2023, among the Company, the lenders party thereto, Texas Capital Bank, as agent, and Chambers Energy Management, LP, as the arranger.

“**Wellbore**.” The hole drilled by the bit that is equipped for oil and natural gas production on a completed well. Also called well or borehole.

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

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

“**WTI**.” West Texas Intermediate.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The information in this Quarterly Report on Form 10-Q contains or incorporates by reference information that includes or is based upon "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical fact included in this Quarterly Report regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Quarterly Report, 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. When considering forward-looking statements, you should keep in mind the risk factors included in Part I, Item 1A. "Risk Factors" and Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2023 and elsewhere in this Quarterly Report. All forward-looking statements speak only as of the date of this Quarterly Report.

Forward-looking statements may include statements about:

- our business strategy;
- our estimated proved reserves;
- our ability to distribute cash available for distribution and achieve or maintain certain financial and operational metrics;
- our drilling prospects, inventories, projects and programs;
- general economic conditions;
- actions taken by OPEC + as it pertains to the global supply and demand of, and prices for, oil, natural gas and NGLs;
- our ability to replace the reserves we produce through drilling and property acquisitions;
- our financial strategy, leverage, liquidity and capital required for our development program;
- our pending legal or environmental matters;
- our realized oil and natural gas prices;
- the timing and amount of our future production of natural gas;
- our hedging strategy and results;
- our competition and government regulations;
- our ability to obtain permits and governmental approvals;
- our marketing of natural gas;
- our leasehold or business acquisitions;
- our costs of developing our properties;
- credit markets;
- our decline rates of our oil and natural gas properties;
- uncertainty regarding our future operating results; and
- our plans, objectives, expectations and intentions contained in this Quarterly Report that are not historical.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development and production of oil, natural gas and NGL. We disclose important factors that could cause our actual results to differ materially from our expectations as described under "Risk Factors" included in Part I, Item 1A in our Annual Report for the year ended December 31, 2023. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statement include:

- 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 NGL 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, insiders 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.

Reserve engineering is a process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reservoir engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, our reserve and PV-10 estimates may differ significantly from the quantities of oil, natural gas and NGLs that are ultimately recovered.

Should one or more of the risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

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

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 144,621	$ 152,792
Accounts receivable – joint interest and other, net	28,178	54,155
Accounts receivable – oil, gas, and NGL sales	118,277	78,051
Short-term derivative assets	9,110	24,802
Inventories	27,499	31,377
Other current assets	7,371	2,425
Total current assets	335,056	343,602
Oil and natural gas properties, using the full cost method:		
Proved oil and natural gas properties	2,179,014	2,097,540
Less: accumulated depreciation, depletion and amortization	(393,653)	(265,895)
Oil and natural gas properties, net	1,785,361	1,831,645
Other property, plant and equipment	111,641	105,302
Less: accumulated depreciation	(19,475)	(15,642)
Other property, plant and equipment, net	92,166	89,660
Long-term derivative assets	3,672	15,112
Other assets	5,895	7,102
Operating lease assets	12,887	17,394
Total assets	$ 2,235,037	$ 2,304,515
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 37,759	$ 44,577
Accounts payable – related party	860	2,867
Accrued liabilities	53,230	44,529
Revenue payable	131,887	110,296
Short-term derivative liabilities	5,967	—
Current portion of long-term debt	82,500	61,875
Current portion of operating lease liabilities	7,468	10,765
Total current liabilities	319,671	274,909
Long-term debt	706,909	745,140
Asset retirement obligations	88,762	85,094
Long-term portion of operating leases	5,451	6,705
Other long-term liabilities	1,134	943
Total long-term liabilities	802,256	837,882
Commitments and contingencies (Note 10)		
Partners' capital:		
Partners' capital	1,113,110	1,191,724
Total liabilities and partners' capital	$ 2,235,037	$ 2,304,515

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

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

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Revenue				
Oil, natural gas, and NGL sales	$ 231,539	$ 150,165	$ 486,779	$ 312,613
(Loss) gain on oil and natural gas derivatives	(4,635)	2,688	(33,903)	15,742
Midstream revenue	6,441	6,786	12,660	13,318
Product sales	6,649	7,282	13,613	17,421
Total revenues	239,994	166,921	479,149	359,094
Operating expenses				
Gathering and processing	23,831	7,868	55,773	17,510
Lease operating expense	46,497	27,802	87,257	60,615
Production taxes	11,302	6,852	24,054	15,526
Midstream operating expense	2,616	2,569	5,175	5,538
Cost of product sales	5,786	6,463	11,886	15,575
Depreciation, depletion, amortization and accretion – oil and natural gas	65,819	28,528	131,191	58,095
Depreciation and amortization – other	2,242	1,436	4,340	2,793
General and administrative	9,568	4,195	18,046	7,770
General and administrative - related party	1,850	1,067	3,700	2,135
Total operating expenses	169,511	86,780	341,422	185,557
Income from operations	70,483	80,141	137,727	173,537
Other (expense) income				
Interest expense	(27,046)	(1,975)	(53,331)	(3,789)
Other income (expense), net	(3,921)	(357)	(3,178)	(245)
Total other expense	(30,967)	(2,332)	(56,509)	(4,034)
Net income	$ 39,516	$ 77,809	$ 81,218	$ 169,503
Net income per common unit:				
Basic	$ 0.42		$ 0.85	
Diluted	$ 0.42		$ 0.85	
Weighted average common units outstanding:				
Basic	95,009		95,004	
Diluted	95,187		95,129	

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

MACH NATURAL RESOURCES LP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL AND MEMBERS' EQUITY (UNAUDITED)
(in thousands)

	Predecessor	Mach Natural Resources LP		
	Members' Equity	Common Units	Partners' Capital	Total Partners' Capital and Members' Equity
Balance at December 31, 2022	$ 593,230	—	$ —	$ 593,230
Net income	91,694	—	—	91,694
Distributions to members	(59,000)	—	—	(59,000)
Equity compensation	647	—	—	647
Balance at March 31, 2023	$ 626,571	—	$ —	$ 626,571
Net income	77,809	—	—	77,809
Distributions to members	(15,500)	—	—	(15,500)
Equity compensation	647	—	—	647
Balance at June 30, 2023	$ 689,527	—	$ —	$ 689,527
Balance at December 31, 2023	$ —	95,000	$ 1,191,724	$ 1,191,724
Net income	—	—	41,702	41,702
Distributions to unitholders	—	—	(90,924)	(90,924)
Equity compensation	—	—	1,182	1,182
Balance at March 31, 2024	$ —	95,000	$ 1,143,684	$ 1,143,684
Net income	—	—	39,516	39,516
Distributions to unitholders	—	—	(71,820)	(71,820)
Equity compensation	—	—	2,300	2,300
Withholding taxes paid on vesting of phantom units	—	40	(570)	(570)
Balance at June 30, 2024	$ —	95,040	$ 1,113,110	$ 1,113,110

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

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

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities		
Net income	$ 81,218	$ 169,503
Adjustments to reconcile net income to cash provided by operating activities		
Depreciation, depletion, amortization and accretion	135,531	60,888
Loss (gain) on derivative instruments	33,903	(15,742)
Cash receipts (payments) on settlement of derivative contracts, net	3,384	7,245
Debt issuance costs amortization	3,494	202
Equity based compensation	3,482	1,294
Credit losses	647	—
(Gain) loss on sale of assets	(309)	(1)
Settlement of asset retirement obligations	(418)	(79)
Changes in operating assets and liabilities (decreasing) increasing cash:		
Accounts receivable	(24,381)	53,913
Revenue payable	21,592	(2,675)
Accounts payable and accrued liabilities	2,280	(5,133)
Other	361	5,730
Net cash provided by operating activities	260,784	275,145
Cash flows from investing activities		
Capital expenditures for oil and natural gas properties	(116,441)	(182,427)
Capital expenditures for other property and equipment	(7,032)	(4,953)
Acquisition of assets	(1,258)	(468)
Proceeds from sales of oil and natural gas properties	38,975	—
Proceeds from sales of other property and equipment	495	36
Net cash used in investing activities	(85,261)	(187,812)
Cash flows from financing activities		
Repayments of borrowings on term note	(20,625)	—
Proceeds from borrowings on credit facility	—	7,000
Distributions to unitholders	(161,617)	—
Distributions to members	—	(74,500)
Withholding taxes paid on vesting of phantom units	(570)	—
Payment of other financing fees	(882)	(404)
Net cash used in financing activities	(183,694)	(67,904)
Net (decrease) increase in cash and cash equivalents	(8,171)	19,429
Cash and cash equivalents, beginning of period	152,792	29,417
Cash and cash equivalents, end of period	$ 144,621	$ 48,846

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

MACH NATURAL RESOURCES LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Organization and Nature of Business

Mach Natural Resources LP (the "Company") is a Delaware limited partnership that was formed for the purpose of effectuating an initial public offering (the "Offering") that closed in October 2023. The Company's common units representing limited partnership interests (the "common units") are listed on The New York Stock Exchange under the symbol "MNR." The Company 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.

Following the Offering and Corporate Reorganization, the Company became a holding partnership whose sole material asset consists of membership interests in Mach Natural Resources Intermediate LLC ("Intermediate"). Intermediate wholly owns Mach Natural Resources Holdco LLC ("Holdco"), and Holdco wholly owns each of the Company's three operating subsidiaries, BCE-Mach LLC ("BCE-Mach"), BCE-Mach II LLC ("BCE-Mach II") and BCE-Mach III LLC (collectively, the "Mach Companies"). BCE-Mach III LLC (the "Predecessor") is the accounting predecessor to the Company for all periods prior to the Offering as discussed herein.

The Company's operations are governed by the provisions of its partnership agreement, executed by its general partner, Mach Natural Resources GP LLC (the "General Partner") and the limited partners. The General Partner is managed and operated by the board of directors and executive officers of the General Partner. The members of the board of directors of the General Partner are appointed by the members of the General Partner, BCE-Mach Aggregator and Mach Resources in proportion to their respective limited partnership ownership in the Company.

Management has evaluated how the Company is organized and managed and identified a single reportable segment, which is the exploration and production of oil, natural gas and NGLs. Management considers the Company's gathering, processing and marketing functions as ancillary to its oil and gas producing activities. All of the Company's operations and assets are located in the United States, and its revenues are attributable to United States customers.

Corporate Reorganization

On October 25, 2023, the Company underwent a corporate reorganization (the "Corporate Reorganization") whereby (a) the existing owners who directly held membership interests in the Mach Companies prior to the Offering (the "Existing Owners") contributed 100% of their membership interests in the Mach Companies for a pro rata allocation of 100% of the limited partner interests in the Company to effectuate a merger of such entities into the Company with BCE-Mach III determined as the accounting acquirer, (b) the Company contributed 100% of its membership interests in the Mach Companies to Intermediate in exchange for 100% of the membership interests in Intermediate, and (c) Intermediate contributed 100% of its membership interests in the Mach Companies to Holdco in exchange for 100% of the membership interests in Holdco.

Initial Public Offering

On October 27, 2023, the Company completed the Offering of 10,000,000 common units at a price of $19.00 per unit to the public. The sale of Company's common units resulted in gross proceeds of $190.0 million to the Company and net proceeds of $168.5 million, after deducting underwriting fees and offering expenses. The material terms of the Offering are described in the Company's final prospectus, filed with the U.S. Securities and Exchange Commission ("SEC") on October 26, 2023, pursuant to Rule 424(b)(4) of the Securities Act of 1933, as amended (the "Securities Act").

The Company used $102.2 million of the proceeds to pay down the existing credit facilities of its operating subsidiaries (the "Pre-IPO Credit Facilities") and $66.3 million of the proceeds to purchase 3,750,000 common units from the existing common unit owners on a pro rata basis. After giving effect to the Offering and the transactions related thereto, the Company had 95,000,000 common units issued and outstanding.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The unaudited consolidated financial statements included herein were prepared from records of the Company in accordance with generally accepted accounting principles in the United States ("US GAAP") and include accounts of our wholly owned subsidiaries. Intercompany accounts and transactions have been eliminated upon consolidation. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023, as included in the Company's Annual Report on Form 10-K. Results for interim periods are not necessarily indicative of results to be expected for the full year ending December 31, 2024. In the opinion of management, all adjustments, consisting primarily of normal recurring accruals that are considered necessary for a fair statement of the financial information, have been included.

Our historical financial data for the three and six months ended June 30, 2023 reflects BCE-Mach III LLC, the accounting predecessor of Mach Natural Resources LP.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ from these estimates. The Company evaluates these estimates on an ongoing basis, using historical experience, consultation with experts and other methods the Company considers reasonable in the particular circumstances. Nevertheless, actual results may differ significantly from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Significant items subject to such estimates and assumptions include, but are not limited to, estimates of proved oil and natural gas reserves and related present value estimates of future net cash flows therefrom, the fair value determination of acquired assets and liabilities assumed in business combinations and the fair value estimates of commodity derivatives.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period financial statement presentation. These reclassifications had an immaterial effect on the previously reported total assets, total liabilities, partners' capital, results of operations or cash flows.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents for purposes of the financial statements. The Company maintains cash at financial institutions which may at times exceed federally insured amounts. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in this area.

Accounts Receivable

Accounts receivable primarily consists of receivables from joint interest owners on properties the Company operates and from sales of oil and natural gas production delivered to purchasers. The purchasers remit payment for production directly to the Company. Most payments for production are received within three months after the production date.

Accounts receivable are stated at amounts due from joint interest owners or purchasers, net of an allowance for credit losses. The Company extends credit to joint interest owners and generally does not require collateral, but typically has the ability to withhold future revenue disbursements to recover any non-payment of joint interest billings. Accounts receivable outstanding longer than the contractual payment terms are considered past due.

The Company establishes its allowance for credit losses equal to the estimable portions of accounts receivable for which failure to collect is expected to occur primarily based on a historical loss rate analysis. The Company estimates uncollectible amounts based on a number of factors, including the length of time accounts receivable are past due, the Company's previous loss history, the debtor's expected ability to pay its obligation to the Company, the condition of the general economy and the industry as a whole. The Company considers forecasts of future economic conditions in its estimate of expected credit losses and adjusts its allowance for expected credit losses when necessary. The Company writes off specific accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for credit losses. At June 30, 2024 and December 31, 2023, the allowance for credit losses related to joint interest receivables were $2.4 million and $1.7 million, respectively, and the credit losses related to sales of oil and natural gas were not material.

Derivative Instruments

The Company is required to recognize its derivative instruments on the balance sheet as assets or liabilities at fair value with such amounts classified as current or long-term based on their anticipated settlement dates. The accounting for the changes in fair value of a derivative depends on the intended use of the derivative and resulting designation. The Company has not designated its derivative instruments as hedges for accounting purposes and, as a result, marks its derivative instruments to fair value and recognizes the cash and non-cash change in fair value on derivative instruments in the statement of operations. The cash and non-cash change in fair value on derivative instruments are included in the operating activities section in the statement of cash flows.

Oil and Natural Gas Operations

The Company uses the full cost method of accounting for its exploration and development activities. Under this method of accounting, costs of both successful and unsuccessful exploration and development activities are capitalized as proved oil and natural gas properties. This includes any internal costs that are directly related to exploration and development activities, but does not include any costs related to production, general corporate overhead or similar activities, which are expensed as incurred. Capitalized costs are depreciated using the unit of production method. Under this method, depletion is computed at the end of each period by multiplying total production for the period by a depletion rate. The depletion rate is determined by dividing the total unamortized cost base plus future development costs by a net equivalent proved reserves at the beginning of the period. The average depletion rate per barrel equivalent unit of production was $7.87 and $6.44 for the six months ended June 30, 2024 and 2023, respectively. The average depletion rate per barrel equivalent unit of production was $7.88 and $6.11 for the three months ended June 30, 2024 and 2023, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $127.8 million and $55.9 million for the six months ended June 30, 2024 and 2023, respectively. Depreciation, depletion and amortization expense for oil and natural gas properties was $64.1 million and $27.4 million for the three months ended June 30, 2024 and 2023, respectively.

Under the full cost method, capitalized costs of oil and natural gas properties, net of accumulated depreciation, depletion and amortization, may not exceed the full cost “ceiling” at the end of each reporting period. The ceiling is calculated based on the present value of estimated future net cash flows from proved oil and gas reserves, discounted at 10%. The estimated future net revenues exclude future cash outflows associated with settling asset retirement obligations included in the net book value of oil and natural gas properties. Estimated future net cash flows are calculated using the preceding 12-months’ average price based on closing prices on the first day of each month. The net book value is compared to the ceiling limitation on a quarterly basis. The excess, if any, of the net book value above the ceiling limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. The ceiling limitation computation is determined without regard to income taxes due to the Internal Revenue Service (“IRS”) recognition of the Company as a flow-through entity. No impairments on proved oil and natural gas properties were recorded for the three and six months ended June 30, 2024 and 2023.

Costs associated with unevaluated properties are excluded from the full cost pool until the Company has made a determination as to the existence of proved reserves. The Company assesses all items classified as unevaluated property on a quarterly basis for possible impairment. The Company assesses properties on an individual basis or as a group if properties are individually insignificant. The assessment includes consideration of the following factors, among others: intent to drill; remaining lease term; geological and geophysical evaluations; drilling results and activity; the assignment of proved reserves; and the economic viability of development if proved reserves are assigned. As of June 30, 2024, and December 31, 2023, the Company had no properties excluded from the full cost pool. During any period in which these factors indicate an impairment, the cumulative drilling costs incurred to date for such property and all or a portion of the associated leasehold costs are transferred to the full cost pool and are then subject to amortization.

Sales of oil and natural gas properties being amortized are accounted for as adjustments to the full cost pool, with no gain or loss recognized, unless the adjustments would significantly alter the relationship between capitalized costs and proved oil, natural gas, and natural gas liquids (“NGL”) reserves. A significant alteration would not ordinarily be expected to occur upon the sale of reserves involving less than 25% of the proved reserve quantities of a cost center.

Other Property and Equipment, Net

Other property and equipment primarily consists of gathering systems, processing plants, and salt water disposal systems. Property and equipment are capitalized and recorded at cost, while maintenance and repairs are expensed as incurred. Depreciation of such property and equipment is computed using the straight-line method over the estimated useful lives of the assets, which range from two to 39 years. Depreciation expense for other property and equipment was $4.3 million and $2.8 million for the six months ended June 30, 2024 and 2023, respectively. Depreciation expense for other property and equipment was $2.2 million and $1.4 million for the three months ended June 30, 2024 and 2023, respectively.

Impairment losses are recorded on property and equipment used in operations and other long-lived assets held and used when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Impairment is measured based on the excess of the carrying amount over the fair value of the asset. No impairment of other property and equipment was recorded for the three and six months ended June 30, 2024 or 2023.

Inventories

Inventories are stated at the lower of cost or net realizable value and consist of production and midstream equipment not placed in service as of June 30, 2024 and December 31, 2023. The Company's production equipment is primarily comprised of oil and natural gas drilling or repair items such as tubing, casing and pumping units, as well as pipe for midstream operations.

Debt Issuance Costs

Other assets include capitalized costs related to the Revolving Credit Agreement of $2.6 million, net of accumulated amortization of $1.9 million as of June 30, 2024. As of December 31, 2023, other assets include capitalized costs related to the Revolving Credit Agreement of $2.2 million, net of accumulated amortization of $1.6 million. These costs are being amortized over the terms of the related credit agreements and are reported as interest expense on the Company's statement of operations.

Debt issuance costs and the discount associated with the Company's term loan are presented as a reduction of the carrying value of long-term debt on the Company's balance sheet. As of June 30, 2024 and December 31, 2023, the Company had unamortized debt issuance costs and discount of $15.0 million and $18.0 million, respectively, in relation to the term loan.

Income Taxes

The Company is a limited partnership treated as a partnership for federal and state income tax purposes, with the exception of the state of Texas, with income tax liabilities and/or benefits of the Company passed through to partners. As such, with the exception of the state of Texas, we are not a taxable entity, we do not directly pay federal and state income tax and recognition has not been given to federal and state income taxes for our operations, except as described below.

Limited partnerships are subject to state income taxes in the state of Texas. Due to immateriality, income taxes related to the Texas franchise tax have been included in general and administrative expenses on the statement of operations and no deferred tax amounts were calculated.

The Company disallows the recognition of tax positions not deemed to meet a "more-likely-than not" threshold of being sustained by the applicable tax authority. The Company's policy is to reflect interest and penalties related to uncertain tax positions in general and administrative expense, when and if they become applicable. The Company has not recognized any potential interest or penalties in its financial statements for the six months ended June 30, 2024. The Company's tax years 2023, 2022, and 2021 remain open for examination by state authorities.

Asset Retirement Obligations

The Company records the fair value of the future legal liability for an asset retirement obligation ("ARO") in the period in which the liability is incurred (at the time the wells are drilled or acquired), with the offsetting increase to property cost. These property costs are depreciated on a unit-of-production basis within the full cost pool. The liability accretes each period until it is settled or the well is sold, at which time the liability is satisfied.

The Company estimates a fair value of the obligation on each well in which it owns an interest by identifying costs associated with the future downhole plugging, dismantlement and removal of production equipment and facilities, and the restoration and reclamation of a field's surface to a condition similar to that existing before oil and natural gas extraction or salt water disposal began.

In general, the amount of ARO and the costs capitalized will be equal to the estimated future cost to satisfy the abandonment obligation using current prices that are escalated by an assumed inflation factor up to the estimated settlement date, which is then discounted back to the date that the abandonment obligation was incurred using an estimated credit adjusted rate. If the estimated ARO changes materially, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. The following is a reconciliation of ARO for the six months ended June 30, 2024 and 2023 (in thousands):

	June 30, 2024	June 30, 2023
Asset retirement obligation at beginning of period	$ 85,094	$ 52,359
Liabilities incurred	469	109
Liabilities settled	(234)	(49)
Liabilities revised	—	9
Accretion expense	3,433	2,164
Asset retirement obligation at end of period	$ 88,762	$ 54,592

Revenue Recognition

Sales of oil, natural gas and NGL are recognized when production is sold to a purchaser at a fixed or determinable price, delivery has occurred, control has transferred and collectability of the revenue is probable. The Company's performance obligations are satisfied at a point in time. This occurs when control is transferred to the purchaser upon delivery of contract specified production volumes at a specified point. The pricing provisions in the Company's contracts are tied to a market index, with certain adjustments based on, among other factors, whether a well delivers to a gathering or transmission line, the quality of the oil or natural gas and the prevailing supply and demand conditions. As a result, the price of the oil, natural gas and NGL fluctuates to remain competitive with other available oil, natural gas and NGL supplies.

Our major market risk exposure is in the pricing applicable to our oil, natural gas, and NGL production. Realized pricing is primarily driven by the prevailing worldwide price for crude oil and spot market prices applicable to our natural gas and NGL production. Pricing for oil, natural gas and NGL production has been volatile and unpredictable for several years, and the Company expects this volatility to continue in the future. The prices the Company receives for production depend on many factors outside of our control. See Note 7 for a discussion of the Company's management of price volatility.

Oil Sales

The Company's oil sales contracts are structured where it delivers oil to the purchasers at the wellhead, where the purchaser takes custody, title and risk of loss of the product. Under this arrangement, the Company recognizes revenue when control transfers to the purchaser at the delivery point based on the price received from the purchaser. Oil revenues are recorded net of any third-party transportation fees and other applicable differentials in the Company's statement of operations.

Natural Gas and NGL Sales

Under the Company's natural gas and NGL sales contracts, it first delivers wet natural gas to a midstream processing entity. After processing, the residue gas is transported to the purchaser at the inlet to certain natural gas pipelines, where the purchaser takes control, title and risk of loss of the product. The NGL is delivered to the purchaser at the tailgate of the midstream processing plant, where the purchaser takes control, title and risk of loss of the product. For both natural gas sales and NGL sales, the Company evaluates whether it is the principal or the agent in the transaction. For those contracts where the Company has concluded it is the principal and the ultimate third party is its customer, the Company recognizes revenue on a gross basis, with gathering and processing fees presented as an expense in its statement of operations.

MACH NATURAL RESOURCES LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Midstream Revenue and Product Sales

The Company's gathering and processing revenue is generated from owned gathering and compression systems and processing plants acquired in the Company's acquisitions. The Company charges a gathering, compression and processing rate per MMBtu transported through the gathering system and processing plant. The Company also gathers and disposes of salt water from producing wells through an owned pipeline system and disposal wells. The Company charges a fixed rate per barrel of water for disposal. Fees are recognized as revenue based on measured volume at the specified delivery points when the associated service is performed.

Product sales are generated from the Company's sale of natural gas, oil and NGL production purchased from third parties and subsequently gathered and processed through the Company's owned midstream facilities. Product sales includes activity from certain third-party percent-of-proceeds contracts where the Company keeps a contractually based percentage of proceeds from the sale of natural gas and NGL production, as payment for processing natural gas from the third parties. The Company retains control of the purchased natural gas and NGLs prior to delivery to the purchaser and satisfies its performance obligations by transferring control of the product at the delivery point and recognizes revenue based on the contract price received from the purchaser. The costs of buying natural gas, oil and NGL production from third party shippers are included as costs of product sales on the statement of operations.

Transaction Price Allocated to Remaining Performance Obligations

For the Company's product sales that are short-term in nature with a contract term of one year or less, the Company has utilized the practical expedient that exempts it from disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less. For the Company's product sales that have a contract term greater than one year, the Company has utilized the practical expedient, which states that a company is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied and disclosure of the transaction price allocated to remaining performance obligations is not required.

Prior-Period Performance Obligations

The Company records revenue in the month production is delivered and control passes to the customer. However, settlement statements and payment may not be received for 30 to 90 days after the date production occurs, and as a result, the Company is required to estimate the amount of production that was delivered and the price that will be received for the sale of the product. The Company records variances between its estimates and actual amounts received in the month payment is received and such variances have historically not been significant.

Concentrations

The Company is subject to risk resulting from the concentration of its crude oil and natural gas sales and receivables with several significant purchasers.The following purchasers each accounted for more than 10% of the Company's revenues for the three and six months ended June 30, 2024 and 2023:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Philips 66 Company	29.1 %	58.0 %	28.4 %	52.0 %
Shell Oil Company	17.7 %	*	16.8 %	*
NextEra Energy Marketing LLC	*	12.6 %	*	16.7 %

* Purchaser did not account for greater than 10% of oil, natural gas, and NGL sales for the period.

The Company's receivables as of June 30, 2024 and 2023 from oil and gas sales are concentrated with the same counterparties noted above. The Company does not believe the loss of any single purchaser would materially impact its operating results, as crude oil and natural gas are fungible products with well-established markets and numerous purchasers.

As of June 30, 2024, the Company had two customers that represented approximately24.4% and 10.6% of our total joint interest receivables. As of December 31, 2023, the Company had three customers that represented approximately 23.5%, 16.2%, and 12.6% of our total joint interest receivables.

Revenue Disaggregation

The following table displays the revenue disaggregated and reconciles disaggregated revenue to the revenue reported for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Revenues:				
Oil	$ 150,431	$ 107,268	$ 294,529	$ 208,086
Natural gas	38,923	27,257	102,935	69,699
NGL	46,084	15,559	94,194	34,544
Gross oil, natural gas, and NGL sales	235,438	150,084	491,658	312,329
Transportation, gathering and marketing	(3,899)	81	(4,879)	284
Net oil, natural gas, and NGL sales	$ 231,539	$ 150,165	$ 486,779	$ 312,613

Earnings per Common Unit

The Company's basic earnings per unit ("EPU") is computed based on the weighted average number of common units outstanding for the period. Diluted EPU includes the effect of the Company's phantom units if the inclusion of these units is dilutive. See Note 13 for additional information on the Company's EPU.

Supplemental Cash Flow Information

Supplemental disclosures to the statements of cash flows are presented below for the six months ended June 30, 2024 and 2023 (in thousands):

	Six Months Ended June 30,	
	2024	**2023**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 50,220	$ 3,517
Supplemental disclosure of non-cash transactions:		
Change in accrued capital expenditures	$ (4,079)	$ (2,078)
Asset retirement cost capitalized	$ 469	$ 109
Right-of-use assets obtained in exchange for lease liabilities	$ 2,178	$ 4,872
Change in accrued distributions	$ (1,127)	$ —

Accounting Pronouncements Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures," which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. The amendments are effective for annual periods beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. Management is currently evaluating this ASU to determine its impact on the Company's disclosures, but does not believe the adoption of the update will impact the Company's financial position, results of operations or liquidity.

3. Acquisitions and Divestitures

Acquisitions

Paloma Partners IV, LLC

On November 10, 2023, the Company entered into a purchase and sale agreement (the “Paloma PSA”) with Paloma Partners IV, LLC pursuant to which the Company agreed to purchase certain interests in oil and gas properties, rights and related assets located in Blaine, Caddo, Canadian, Custer, Dewey, Grady, Kingfisher and McClain Counties, Oklahoma (the “Paloma Assets”).
On December 28, 2023, the Company completed the acquisition of the Paloma Assets (the “Paloma Acquisition”) in accordance with the terms of the Paloma PSA for a purchase price of approximately $815,000,000 in cash. The Paloma PSA provides for customary post-closing adjustments to the purchase price based on an effective date of September 1, 2023. The Company will finalize all such adjustments and complete the purchase price allocation during the third quarter of 2024 based on the terms of the Paloma PSA. The Company does not expect post-closing adjustments to be material. The Company utilized borrowings under the Term Loan Credit Agreement to fund the Paloma Acquisition.

The Paloma Acquisition was accounted for as an asset acquisition as substantially all of the gross fair value of the Paloma Assets was concentrated in proved oil and natural gas properties, which were considered to be a group of similar identifiable assets. The table below reflects the preliminary fair value estimates of the assets acquired and liabilities assumed as of the acquisition date. See Note 8 for additional information regarding fair value measurements. Below is a reconciliation of assets acquired and liabilities assumed (in thousands):

	Initial Paloma Acquisition	Adjustments		As of June 30, 2024 Paloma Acquisition
Consideration transferred:				
Cash consideration	$ 748,587	$ (23,674)	(a)	$ 724,913
Capitalized transaction costs	1,695	1,285	(a)	2,980
Less: purchase price adjustment receivable	(15,160)	14,972	(a)	(188)
Total acquisition consideration	$ 735,122	$ (7,417)		$ 727,705
Assets acquired:				
Accounts receivable	$ 4,239	$ —		$ 4,239
Inventories	166	—		166
Proved oil and natural gas properties	750,476	1,155	(a)	751,631
Total assets to be acquired	754,881	1,155		756,036
Liabilities assumed:				
Revenue payable	18,295	8,572	(a)	26,867
Asset retirement obligations	1,464	—		1,464
Total liabilities assumed	19,759	8,572		28,331
Net assets acquired	$ 735,122	$ (7,417)		$ 727,705

a. Adjustment reflects additional accounting data received and processed subsequent to the acquisition date. The initial purchase price allocation considered available data at the time of disclosure.

BCE-Mach LLC and BCE-Mach II LLC

On October 25, 2023, as part of the Corporate Reorganization, the Existing Owners contributed all of their equity interests in BCE-Mach, BCE-Mach II and BCE-Mach III to the Company in exchange for 100% of the limited partnership interests in the Company to effectuate the acquisition. While there was a high degree of common ownership, the Mach Companies were not under common control for financial reporting purposes. BCE-Mach III LLC has been identified as the accounting acquirer of BCE-Mach and BCE-Mach II which have been accounted for as business combinations under the acquisition method of accounting under U.S. GAAP.

The following table presents the fair value of consideration transferred by the Company as a result of the acquisitions (amounts in thousands, except unit and per unit amounts):

	BCE-Mach LLC	BCE-Mach II LLC
Common units issued for acquisition	7,765,625	4,215,625
Offering price of common units	$ 19.00	$ 19.00
Total acquisition consideration	$ 147,547	$ 80,097

The table below reflects the fair value estimates of the assets acquired and liabilities assumed as of the acquisition date. See Note 8 for additional information regarding fair value measurements. Below is a reconciliation of assets acquired and liabilities assumed (in thousands):

	BCE-Mach LLC	BCE-Mach II LLC
Assets acquired:		
Cash and cash equivalents	$ 30,350	$ 8,803
Accounts receivable	32,042	11,541
Other current assets	18,303	2,331
Proved oil and natural gas properties	184,840	98,800
Other long-term assets	11,176	7,811
Total assets to be acquired	276,711	129,286
Liabilities assumed:		
Accounts payable and accrued liabilities	17,312	3,659
Revenue payable	29,390	15,317
Other current liabilities	1,361	446
Long-term debt	65,000	17,100
Asset retirement obligations	14,369	11,589
Other long-term liabilities	1,732	1,078
Total liabilities assumed	129,164	49,189
Net assets acquired	$ 147,547	$ 80,097

Proved properties were valued using an income approach based on underlying reserves projections as of the acquisition date. The income approach is considered a Level 3 fair value estimate and includes significant assumptions of future production, commodity prices, operating and capital cost estimates, the weighted average cost of capital for industry peers, which represents the discount factor, and risk adjustment factors based on reserve category. Price assumptions were based on observable market pricing, adjusted for historical differentials, while cost estimates were based on current observable costs inflated based on historical and expected future inflation.

Hinkle Oil and Gas, Inc.

On June 28, 2023 the Company executed a purchase and sale agreement with Hinkle Oil and Gas, Inc. for the sale of certain oil and gas properties in Oklahoma for $20.0 million, subject to certain customary adjustments. The transaction closed on August 11, 2023. This purchase was accounted for as an asset acquisition as substantially all of the fair value of acquired assets could be allocated to a single identified asset group of proved oil and natural gas properties.

Divestitures

On June 26, 2024 the Company executed a purchase and sale agreement to sell certain acreage not attributable to the Company's proved developed reserves. The proceeds from the sale were approximately $38.0 million, and were applied as a credit against the full cost pool with no gain or loss recognized.

4. Property and Equipment

The Company's property and equipment consists of the following (in thousands):

	June 30, 2024	December 31, 2023
Oil and natural gas properties		
Proved properties	$ 2,179,014	$ 2,097,540
Accumulated depreciation and depletion	(393,653)	(265,895)
Oil and natural gas properties, net	1,785,361	1,831,645
Other property and equipment		
Gas gathering system	34,107	32,873
Gas processing plants	35,438	34,888
Water disposal assets	28,143	26,088
Other assets	13,953	11,453
Total other property and equipment	111,641	105,302
Accumulated depreciation, depletion and amortization	(19,475)	(15,642)
Total other property and equipment, net	$ 92,166	$ 89,660

5. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	June 30, 2024	December 31, 2023
Operating expenses	$ 14,691	$ 15,686
Capital expenditures	11,374	15,042
Payroll costs	7,459	5,989
Derivative settlements	1,674	—
Severance and other tax	9,297	3,438
Midstream shipper payable	1,026	1,247
General, administrative, and other	7,709	3,127
Total accrued liabilities	$ 53,230	$ 44,529

6. Long-Term Debt

Term Loan Credit Agreement and Revolving Credit Agreement

On December 28, 2023, the Company entered into (i) a senior secured term loan credit agreement (the "Term Loan Credit Agreement") with the lenders party thereto, Texas Capital Bank, as agent, and Chambers Energy Management, LP, as arranger, and (ii) a senior secured revolving credit agreement (the "Revolving Credit Agreement," and together with the Term Loan Credit Agreement, the "Credit Agreements") with a syndicate of lenders, including MidFirst Bank as the administrative agent.

Loans advanced to the Company under the Term Loan Credit Agreement are secured by a first-priority security interest on substantially all of our assets. The Term Loan Credit Agreement has (i) an aggregate principal amount of $825.0 million, (ii) a maturity date of December 31, 2026 and (iii) an interest rate equal to the three-month SOFR plus 6.50% plus a credit spread adjustment equal to 0.15%, provided that the three-month SOFR will not be less than 3.00%. The Term Loan Credit Agreement includes customary covenants, mandatory repayments and events of default of financings of this type. Mandatory repayments of principal of $41.3 million, $82.5 million, and $680.6 million are due in the year 2024, 2025, and 2026, respectively. As of June 30, 2024 and December 31, 2023, there were $804.4 million and $825.0 million of outstanding borrowings under the Term Loan Credit Agreement, respectively. The effective interest rate as of June 30, 2024 and December 31, 2023 was 13.0% and 13.1%, respectively.

Loans advanced to the Company under the Revolving Credit Agreement are secured by a super-priority security interest on substantially all of our assets. The Revolving Credit Agreement has (i) a maximum available principal amount of $75.0 million, with maximum commitments currently equal to $75.0 million, (ii) a maturity date of December 28, 2026 and (iii) an interest rate equal to the one, three, or six month SOFR, at the Company's election, plus a credit spread adjustment equal to 0.10%, 0.15%, or 0.25%, respectively, in each case, plus 3.00%, provided that the applicable tenor SOFR will not be less than 3.50%. The Revolving Credit Agreement includes customary covenants, mandatory repayments and events of default of financings of this type. The Company is also required to pay a commitment fee of 0.50% per annum on the average daily unused portion of the current aggregate commitments under the Revolving Credit Agreement. The Company used borrowings from the Term Loan Credit Agreement, together with cash on hand, to repay the November 2023 Credit Facility. As of June 30, 2024 and December 31, 2023, the Revolving Credit Agreement was undrawn, and there was $5.0 million in outstanding letters of credit.

We have not guaranteed the debt or obligations of any other party, nor do we have any other arrangements or relationships with other entities that could potentially result in consolidated debt or losses.

7. Derivative Contracts

The Company uses derivative contracts to reduce exposure to fluctuations in commodity prices. These transactions are in the form of fixed price swaps. While the use of these instruments limits the downside risk of adverse price changes, their use may also limit future revenues from favorable price changes. The Company does not intend to hold or issue derivative financial instruments for speculative trading purposes and has elected not to designate any of its derivative instruments for hedge accounting treatment.

Under fixed price swap contracts, the Company receives a fixed price for the contract and pays a floating market price to the counterparty over a specified period for a contracted volume. The fixed-price payment and the floating-price payment are netted, resulting in a net amount due to or from the counterparty.

The Company reports the fair value of derivatives on the balance sheet in derivative contracts assets and derivative contracts liabilities as either current or noncurrent based on the timing of expected future cash flows of individual trades. See Note 8 for additional information regarding fair value measurements.

The following table summarizes the open financial derivative positions as of June 30, 2024, related to oil production:

Period	Volume (Mbbl)	Weighted Average Fixed Price
Remaining 2024	1,487	$ 72.98
2025	1,808	$ 72.44
Through June 2026	499	71.38

The following table summarizes the open financial derivative positions as of June 30, 2024, related to natural gas production:

Period	Volume (Bbtu)	Weighted Average Fixed Price
Remaining 2024	20,811	$ 3.34
2025	18,410	$ 4.08

Balance Sheet Presentation. The Company has master netting agreements with all of its derivative counterparties and presents its derivative assets and liabilities with the same counterparty on a net basis on the balance sheet. The following table presents the gross amounts of recognized derivative assets, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	June 30, 2024	December 31, 2023
Derivative contracts – current, gross	$ 15,448	$ 24,802
Netting arrangements	(6,338)	—
Derivative contracts – current, net	$ 9,110	$ 24,802
Derivative contracts – long-term, gross	$ 4,516	$ 15,112
Netting arrangements	(844)	—
Derivative contracts – long-term, net	$ 3,672	$ 15,112

The following table presents the gross amounts of recognized derivative liabilities, the amounts that are subject to offsetting under master netting arrangements and the net recorded fair values as recognized on the balance sheet (in thousands):

	June 30, 2024	December 31, 2023
Derivative contracts – current, gross	$ (7,071)	$ —
Netting arrangements	1,104	—
Derivative contracts – current, net	$ (5,967)	$ —

Gains and Losses. The following table presents the settlement and mark-to-market ("MTM") gains and losses presented as a loss or gain on derivatives in the statement of operations for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Settlements of oil derivatives	$ (7,124)	$ (2,363)	$ (5,213)	$ (5,563)
Settlements of natural gas derivatives	2,365	7,148	4,409	13,093
MTM gains (losses) on oil derivatives, net	6,788	2,563	(31,392)	9,470
MTM (losses) on natural gas derivatives, net	(6,664)	(4,660)	(1,707)	(1,258)
Total (losses) gains on derivative contracts	$ (4,635)	$ 2,688	$ (33,903)	$ 15,742

8. Fair Value Measurements

Fair value measurement is established by a hierarchy of inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 — Quoted prices are available in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 — Quoted prices for similar assets or liabilities in active markets or observable inputs for assets or liabilities in non-active markets.

Level 3 — Measurement based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources.

Assets and liabilities that are measured at fair value are classified based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, which may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Fair Value on a Recurring Basis

Derivative Contracts. The Company determines the fair value of its derivative contracts using industry standard models that consider various assumptions including current market and contractual prices for the underlying instruments, time value, and nonperformance risk. Substantially all of these inputs are observable in the marketplace throughout the full term of the contract and can be supported by observable data.

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2024 and December 31, 2023 (in thousands):

	Level 1	Level 2	Level 3	Fair Value
As of June 30, 2024				
Assets:				
Commodity derivative instruments	$ —	$ 12,782	$ —	$ 12,782
Liabilities:				
Commodity derivative instruments	$ —	$ (5,967)	$ —	$ (5,967)
As of December 31, 2023				
Assets:				
Commodity derivative instruments	$ —	$ 39,914	$ —	$ 39,914

Fair Value on a Non-Recurring Basis

The Company determines the estimated fair value of its asset retirement obligations by calculating the present value of estimated cash flows related to plugging and abandonment liabilities using level 3 inputs. The significant inputs used to calculate such liabilities include estimates of costs to be incurred, the Company's credit adjusted discount rates, inflation rates and estimated dates of abandonment. The asset retirement liability is accreted to its present value each period and the capitalized asset retirement cost is depleted with proved oil and natural gas properties using the unit of production method.

Business Combinations

Proved properties acquired as a result of business combinations were valued using an income approach based on underlying reserves projections as of the acquisition date. The income approach is considered a Level 3 fair value estimate and includes significant assumptions of future production, commodity prices, operating and capital cost estimates, the weighted average cost of capital for industry peers, which represents the discount factor, and risk adjustment factors based on reserve category. Price assumptions were based on observable market pricing, adjusted for historical differentials, while cost estimates were based on current observable costs inflated based on historical and expected future inflation.

Fair Value of Other Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, revenue payable, accrued interest payable, and other current liabilities approximate fair value due to the short-term maturities of these instruments.

The carrying amount of the Company's Credit Agreements approximate fair value, as the current borrowing base rate does not materially differ from market rates of similar borrowings.

9. Equity Compensation and Deferred Compensation Plan

Equity-based compensation includes unit-based payment awards that are issued to employees and non-employees in exchange for services provided to the Company. Equity-classified unit-based payment awards are recognized at fair value on the grant date and amortized over the requisite service period. For awards with service-based vesting conditions only, the Company recognizes compensation cost using straight-line attribution. The Company uses accelerated attribution for awards that contain market or performance-based vesting conditions. The Company recognizes forfeitures as they occur. Equity-based compensation is presented within general and administrative expense on our consolidated statements of operations.

Post-Offering Grants

On October 27, 2023, the Company adopted a new long-term incentive plan (the "Long-Term Incentive Plan") for employees, consultants and directors in connection with the Offering and issued phantom units ("Time-Based Phantom Units") to certain employees of Mach Resources LLC ("Mach Resources") and directors of the Company as compensation for services to be rendered to the Company. The Time-Based Phantom Unit awards for all employees of Mach Resources vest ratably on the first three anniversaries of the date of the grant, subject to the employee's continued employment. Within 60 days of the vesting of a Time-Based Phantom Unit, the employee will receive a common unit of the Company. Each Time-Based Phantom Unit was granted with a corresponding distribution equivalent right ("DER"), which entitles the employee to receive a payment equal to the total distributions paid by the Company in respect of a common unit of the Company during the time the applicable phantom unit is outstanding. Payment of a DER occurs when its corresponding phantom unit vests, and in the event such phantom unit is forfeited, the corresponding DER is also forfeited.

	Time-Based Phantom Units	Weighted Average Grant Date Fair Value	Performance Phantom Units	Weighted Average Grant Date Fair Value
Unvested at December 31, 2023	709,545	$ 18.80	—	$ —
Granted	6,412	$ 17.59	—	$ —
Vested	—	$ —	—	$ —
Forfeited	(6,951)	$ 18.80	—	$ —
Unvested at March 31,2024	709,006	$ 18.79	—	$ —
Granted	9,260	$ 19.30	46,348	$ 26.80
Vested	(68,755)	$ 18.80	—	$ —
Forfeited	(2,074)	$ 18.80	—	$ —
Unvested at June 30, 2024	647,437	$ 18.80	46,348	$ 26.80

Total non-cash compensation cost related to the Time-Based Phantom Units was $2.2 million and $3.3 million for the three and six months ended June 30, 2024, respectively. As of June 30, 2024, there was $9.3 million of unrecognized compensation cost related to Time-Based Phantom Units that is expected to be recognized over a weighted average period of approximately 2.3 years.

The Company has awarded performance based phantom units ("Performance Phantom Units") to certain of its executive officers under the Long-Term Incentive Plan. The number of shares of common units issued pursuant to each Performance Phantom Unit award agreement will be from 0% to 200% of the target number of Performance Phantom Units thereunder based on a combination of the Company's (i) total shareholder return ("TSR"), (ii) relative total shareholder return ("RTSR") compared to the TSR of the companies in the Company's designated peer group, and (iii) total recordable incident rate ("TRIR"), in each case, for the applicable performance period. The Performance Phantom Unit awards are broken into two categories: long-term performance units, which have a performance period of January 1, 2024 to December 31, 2026, and short-term performance units, which are broken into three separate one-year tranches with performance periods from January 1 to December 31 for the years 2024, 2025 and 2026. Performance Phantom Units vest based on the achievement of the applicable performance metrics at the end of the applicable performance period, subject generally to the applicable executive officer's continued employment through such performance period. Within 60 days of the vesting of a Performance Phantom Unit, the executive officer will receive a common unit of the Company. Each Performance Phantom Unit was granted with a corresponding DER. The grant date fair values of the Performance Phantom Units were determined using the Monte Carlo simulation method and are being recorded ratably from the grant date to the end of the applicable performance period.

The table below summarizes the assumptions used in the Monte Carlo simulation to determine the grant date fair value of units granted during the three and six months ended June 30, 2024:

Grant date	May 3, 2024
Period for volatility, correlations, and risk-free rate	2.66 years
Risk-free interest rate	4.61%
Implied equity volatility	57.25%
Unit price on date of grant	$20.44

Total non-cash compensation cost related to the Performance Phantom Units was $0.1 million for the three and six months ended June 30, 2024. As of June 30, 2024, there was $1.1 million of unrecognized compensation cost related to Performance Phantom Units that is expected to be recognized over a weighted average period of approximately 2.0 years.

Predecessor Grants

As part of the Predecessor's amended and restated LLC agreement as of March 25, 2021, incentive units (Class B Units) were issued to certain employees of Mach Resources as compensation for services to be rendered to the Predecessor. In determining the appropriate accounting treatment, the Predecessor considered the characteristics of the awards in terms of treatment as stock-based compensation.

The incentive units were subject to graded vesting over a period of approximately 3 or 4 years (subject to accelerated vesting, as defined by the incentive unit agreement) and a holder of incentive units would forfeit unvested incentive units upon ceasing to be an employee of Mach Resources, excluding limited exceptions. Holders of incentive units were able to participate in distributions upon the Predecessor meeting a certain requisite financial internal rate of return threshold as defined in the Predecessor's amended LLC agreement.

Determination of the fair value of the awards requires judgements and estimates regarding, among other things, the appropriate methodologies to follow in valuing the award and the related inputs required by those valuation methodologies. For Predecessor awards granted during the year ended December 31, 2021, the fair value underlying the compensation expense was estimated using the Black-Scholes valuation model with the following primary assumptions:

- expected volatility based on the historical volatilities of similar sized companies that most closely represent the Predecessor's business of 53%;
- 7 year expected term determined by management based on experience with similarly organized company and expectation of a future sale of the business; and
- a risk-free rate based on a U.S Treasury yield curve of 1.40%.

On March 25, 2021, all 20,000 authorized incentive units were granted. Total non-cash compensation cost related to the incentive units was $0.6 million and $1.3 million for the three and six months ended June 30, 2023, respectively.

A summary of the Predecessor's incentive unit awards as of June 30, 2023 is as follows:

	Class B Units	Weighted Average Grant Date Fair Value
Unvested at December 31, 2022	6,668	$ 2,378.80
Vested	(3,667)	$ 2,378.80
Unvested at March 31, 2023	3,001	$ 2,378.80
Vested	—	$ —
Unvested at June 30, 2023	3,001	$ 2,378.80

10. Commitments and Contingencies

Legal Matters. In the ordinary course of business, the Company may at times be subject to claims and legal actions including, but not limited to, title disputes, royalty disputes, contract claims, personal injury claims and employment claims. The Company accrues liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date and the Company's estimates of the outcomes of these matters. Nevertheless, actual outcomes may differ significantly from the Company's assessment. As of June 30, 2024, the Company has accrued approximately $5.7 million in accrued liabilities pertaining to these matters. Management does not expect that the impact of such matters will have a materially adverse effect on the Company's financial position, results of operations or cash flows.

Environmental Matters. The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. These laws, which are often changing, regulate the discharge of materials into the environment and may require the Company to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

The Company accounts for environmental contingencies in accordance with the accounting guidance related to accounting for contingencies. Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or clean-ups are probable and the costs can be reasonably estimated.

NGL Sales and Gas Transportation Commitments. The Company is party to a NGL sales contract, which includes certain NGL volume commitments in the event the Company elects not to reduce its committed quantity, at its option. To the extent the Company does not deliver NGL volumes in sufficient quantities to meet the commitment and does not elect to reduce its committed quantity, it would be required to pay a deficiency fee. The Company is currently delivering at least the minimum volumes. Additionally, the Company has natural gas firm transportation agreements terminating in 2024. For the six months ended June 30, 2024 and 2023, the Company incurred approximately $2.1 million and $0.2 million, respectively, of transportation charges under these agreements. For the three months ended June 30, 2024 and 2023, the Company incurred approximately $0.9 million and $0.1 million, respectively, of transportation charges under these agreements. Total remaining payments under these contracts were approximately $2.6 million as of June 30, 2024.

Contributions to 401(k) Plan. The Company sponsors a 401(k) plan under which eligible employees may contribute a portion of their total compensation up to the maximum pre-tax threshold through salary deferrals. The plan provides a company match on 100% of salary deferrals that do not exceed 10% of compensation. The Company contributed $2.0 million and $0.8 million for the six months ended June 30, 2024 and 2023, respectively. The Company contributed $0.9 million and $0.4 million for the three months ended June 30, 2024 and 2023, respectively.

11. Leases

Nature of Leases

The Company has operating leases on an office space, various vehicles, and compressors with remaining lease durations in excess of one year. These leases have various expiration dates throughout 2028. The vehicles are used for field operations and leased from third parties. The Company recognizes right-of-use asset and lease liability on the balance sheet for all leases with lease terms of greater than one year. Short-term leases that have an initial term of one year or less are not capitalized.

Discount Rate

As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company's incremental borrowing rate reflects the estimated rate of interest that it would pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Future amounts due under operating lease liabilities as of June 30, 2024, were as follows (in thousands):

Remaining 2024	$	4,697
2025		5,398
2026		2,229
2027		1,250
2028		182
Total lease payments	$	13,756
Less: imputed interest		(837)
Total	$	12,919

The following table summarizes our total lease costs before amounts are recovered from our joint interest partners, where applicable, for the three and six months ended June 30, 2024 and 2023 (in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2024		2023		2024		2023	
Operating lease cost	$	2,864	$	3,336	$	6,937	$	6,619
Short-term lease cost		5,990		2,516		11,862		5,143
Total lease cost	$	8,854	$	5,852	$	18,799	$	11,762

The weighted-average remaining lease term as of June 30, 2024 was 2.09 years. The weighted-average discount rate used to determine the operating lease liability as of June 30, 2024 was 5.6%.

	Six Months Ended June 30,			
	2024		2023	
Operating cash flows from operating leases	$	6,954	$	6,517

12. Partners' Capital and Members' Equity

Partners' Capital

The Company was formed to effectuate the Corporate Reorganization, the Offering and related transactions thereto, as described in Note 1. On October 25, 2023, the Company issued 88,750,000 common units to the Existing Owners. See Note 3 for additional information on the merger transactions related to the acquisitions of BCE-Mach and BCE-Mach II. On October 27, 2023, the Company completed the Offering and issued 10,000,000 common units to public unitholders. Contemporaneously, the Company used a portion of the proceeds from the Offering to repurchase 3,750,000 common units from certain Existing Owners. As of June 30, 2024 and December 31, 2023, the Company had95,039,689 and 95,000,000 common units outstanding, respectively.

Cash distributions to the Company's unitholders were $71.4 million and $161.6 million for the three and six months ended June 30, 2024.

Members' Equity

Members' equity of the Predecessor initially consisted of a single class of common interests, that were all owned by BCE-Mach Intermediate Holdings III LLC. On March 25, 2021, per the Predecessor's amended and restated LLC agreement and the Class A-2 Issuance Agreement, the Predecessor issued 150,000 Class A-1 Units to its initial member, and 1,349 Class A-2 Units to an employee of Mach Resources for services performed for the Predecessor. Additional Class A-2 Units were granted to the employee on a quarterly basis throughout 2021 for a total of 3,504 Class A-2 Units granted, which have substantially all the same rights as the initial member. As part of a long-term incentive plan for certain employees, 20,000 Class B Units were issued and outstanding as of June 30, 2023. The Class B Units represented a non-voting interest in the Company that allowed the holder to participate in distributions once the Predecessor's Class A units met a certain requisite financial internal rate of return in accordance with the Predecessor's LLC agreement. See Note 9 for additional information on equity grants by the Predecessor. All of the equity interests in the Predecessor were exchanged for common units of the Company as part of the Corporate Reorganization.

Distributions to the Company's predecessor members were $15.5 million and $74.5 million for the three and six months ended June 30, 2023.

13. Earnings Per Common Unit

The Company has a single class of common units representing limited partnership interests. The Company has potentially dilutive securities as of June 30, 2024, which consist of phantom units issued under the Company's long-term incentive plan. There were 0.2 million phantom units and 0.1 million phantom units that were considered dilutive for the three and six month periods ended June 30, 2024. The treasury stock method is used to determine the dilutive impact for the Company's phantom units.

The following represents the computation of basic and diluted earnings per common unit for the three and six months ended June 30, 2024 (in thousands, except per unit data):

	Three Months Ended June 30,	Six Months Ended June 30,
	2024	2024
Net income - basic and diluted	$ 39,516	$ 81,218
Weighted-average common units outstanding - basic	95,009	95,004
Effect of dilutive securities	178	125
Weighted-average common units outstanding - diluted	95,187	95,129
Earnings per common unit - basic	$ 0.42	$ 0.85
Earnings per common unit - diluted	$ 0.42	$ 0.85

14. Related Party Transactions

Management Services Agreement. Upon formation of the Predecessor, the Predecessor entered into a management services agreement (the "Predecessor MSA") with Mach Resources. On October 27, 2023, in connection with the closing of the Offering, the Company entered into a new management services agreement (the "MSA," and together with the Predecessor MSA, the "MSAs") with Mach Resources and terminated the Predecessor MSA. Under the MSAs, Mach Resources manages and performs all aspects of oil and gas operations and other general and administrative functions for the Company and (i) will pay Mach Resources an annual management fee of approximately $7.4 million and (ii) reimburse Mach Resources for the costs and expenses of the Services provided. On a monthly basis, the Company distributes funding to Mach Resources for performance under the MSAs. During the six months ended June 30, 2024 and June 30, 2023, the Company paid Mach Resources $56.9 million (inclusive of $3.7 million in management fees presented as general and administrative expense - related party in the statement of operations) and $21.1 million (inclusive of $2.1 million as management fees presented in general and administrative expense - related party in the statement of operations), respectively. During the three months ended June 30, 2024 and June 30, 2023, the Company paid Mach Resources $26.5 million (inclusive of $1.9 million in management fees presented as general and administrative expense - related party in the statement of operations) and $9.4 million (inclusive of $1.1 million as management fees presented in general and administrative expense - related party in the statement of operations), respectively. As of June 30, 2024 and December 31, 2023, the Company owed $0.9 million and $2.9 million, respectively, to Mach Resources, presented as accounts payable - related party.

15. Subsequent Events

On August 9, 2024, the Company signed a PSA to acquire oil and gas properties for approximately $38 million, subject to customary adjustments. The purchase is expected to be accounted for as an asset acquisition.

The Company has evaluated subsequent events through the date of issuance of these financial statements to ensure that any subsequent events that met the criteria for recognition and disclosure in this Quarterly Report have been properly included.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to provide the reader of the financial statements with a narrative from the perspective of management on the financial condition, results of operations, liquidity and certain other factors that may affect the Company's operating results. The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and related notes included in Part I, Item I of this Quarterly Report and also with "Risk Factors" included in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023. The following information updates the discussion of our financial condition provided in our previous filings, and analyzes the changes in the results of operations for the three and six months ended June 30, 2024 and June 30, 2023.

The following discussion contains forward-looking statements that reflect our future plans, estimates, beliefs and expected performance, which may affect our future operating results and financial position. The forward-looking statements are dependent upon events, risks and uncertainties that may be outside our control. Actual results and the timing of the events could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, market prices for oil, natural gas and NGLs, production volumes, estimates of proved reserves, capital expenditures, economic, inflationary and competitive conditions, drilling results, regulatory changes and other uncertainties, as well as those factors discussed below and elsewhere in this Quarterly Report, particularly under "Cautionary Statement Regarding Forward-Looking Statements," all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We do not undertake any obligation to publicly update any forward-looking statements except as otherwise required by applicable law.

Overview

We are 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.

Within our operating areas, our assets are prospective for multiple formations, most notably the Oswego, Woodford, Meramec/Osage and Mississippi Lime formations. Our experience in the Anadarko Basin and these formations allows us to generate significant cash available for distribution from these low declining assets in a variety of commodity price environments. We also own an extensive portfolio of complementary midstream assets that are integrated with our upstream operations. These assets include gathering systems, processing plants and water infrastructure. Our midstream assets enhance the value of our properties by allowing us to optimize pricing, increase flow assurance and eliminate third-party costs and inefficiencies. In addition, our owned midstream systems generate third-party revenue.

Market Outlook

Our financial results depend on many factors, particularly commodity prices and our ability to find, develop and market our production on economically attractive terms. Commodity prices are affected by many factors outside of our control, including changes in market supply and demand. The oil and natural gas industry is cyclical and commodity prices are highly volatile and we expect continued and increased pricing volatility in the crude oil and natural gas markets. Regional and worldwide economic activity, including any economic downturn or recession that has occurred or may occur in the future, extreme weather conditions and other substantially variable factors, influence market conditions for these products. Between January 1, 2023 and June 30, 2024, NYMEX WTI prices for crude oil ranged from $66.74 to $93.68 per Bbl, and the NYMEX Henry Hub price of natural gas ranged from $1.58 to $4.17 per MMBtu. The war in Ukraine, rising interest rates, global supply chain disruptions, concerns about a potential economic downturn or recession, and instability in the financial sector have contributed to recent economic and pricing volatility and may continue to impact pricing throughout 2024.

Further, although inflation in the United States had been relatively low for many years, there was a significant increase in inflation beginning in the second half of 2021, which continued into 2023, due to a substantial increase in the money supply, a stimulative fiscal policy, a significant rebound in consumer demand as COVID-19 restrictions were relaxed, the Russia-Ukraine war and worldwide supply chain disruptions resulting from the economic contraction caused by COVID-19 and lockdowns followed by a rapid recovery. We cannot predict the future inflation rate but to the extent inflation remains elevated, we may experience cost increases in our operations, including costs for drill rigs, workover rigs, tubulars and other well equipment, as well as increased labor costs. We continue to evaluate actions to mitigate supply chain and inflationary pressures and work closely with other suppliers and contractors to ensure availability of supplies on site, especially fuel, steel and chemical supplies which are critical to many of our operations. However, these mitigation efforts may not succeed or may be insufficient. Further, if we are unable to recover higher costs through higher commodity prices, our current revenue stream, estimates of future reserves, borrowing base calculations, impairment assessments of oil and natural gas properties, and values of properties in purchase and sale transactions would all be significantly impacted.

How We Evaluate Our Operations

We use a variety of financial and operational metrics to assess the performance of our operations, including the following sources of our revenue, principal components of our cost structure and other financial metrics:

- production volumes;
- realized prices on the sale of oil, natural gas and NGLs;
- LOE;
- Adjusted EBITDA; and
- cash available for distribution.

Factors Affecting the Comparability of Our Future Results of Operations to Our Historical Results of Operations

Our future results of operations may not be comparable to our historical results of operations for the periods presented, primarily for the reasons described below.

Acquisitions

We completed an acquisition on December 28, 2023 for approximately $815 million, subject to customary post-closing adjustments. This acquisition is reflected in our results of operations as of and after the date of completion of such acquisition. As a result, periods prior to such acquisition will not contain the results of such acquired assets which will affect the comparability of our results of operations for certain historical periods.

Corporate Reorganization

The historical consolidated financial statements included in this Quarterly Report are of our Predecessor for periods prior to the Corporate Reorganization, and of the Company for periods after the Corporate Reorganization. Our historical financial data presented herein does not present what our actual performance results would have been on a combined basis for the full fiscal period presented.

Public Company Expenses

Upon the completion of our initial public offering, we incurred and expect to continue to incur incremental non-recurring costs related to our transition to a publicly traded partnership, including the costs of our initial public offering and the costs associated with the initial implementation of our internal control implementation and testing. We also expect to incur additional significant and recurring expenses as a publicly traded partnership, including costs associated with the employment of additional personnel, compliance under the Exchange Act, annual and quarterly reports to unitholders, tax return and Schedule K-1 preparation, independent auditor fees, investor relations activities, registrar and transfer agent fees, incremental director and officer liability insurance costs and independent director compensation.

Results of Operations

Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

Revenue

The following table provides the components of our revenue, net of transportation and marketing costs for the periods indicated, as well as each period's respective average realized prices and net production volumes. Some totals and changes throughout the below section may not sum or recalculate due to rounding.

	Three Months Ended June 30,		Change	
($ in thousands)	**2024**	**2023**	**Amount**	**Percent**
Revenues:				
Oil	$ 150,889	$ 107,374	$ 43,515	41 %
Natural gas	34,237	27,157	7,080	26 %
Natural gas liquids	46,413	15,634	30,779	197 %
Total oil, natural gas, and NGL sales	231,539	150,165	81,374	54 %
Gain (loss) on oil and natural gas derivatives, net	(4,635)	2,688	(7,323)	(272 %)
Midstream revenue	6,441	6,786	(345)	(5 %)
Product sales	6,649	7,282	(633)	(9 %)
Total revenues	$ 239,994	$ 166,921	$ 73,073	44 %
Average Sales Price:				
Oil ($/Bbl)	$ 79.27	$ 75.37	$ 3.90	5 %
Natural gas ($/Mcf)	$ 1.33	$ 1.92	$ (0.59)	(31 %)
NGL ($/Bbl)	$ 23.83	$ 22.25	$ 1.58	7 %
Total ($/Boe) – before effects of realized derivatives	$ 28.48	$ 33.53	$ (5.05)	(15 %)
Total ($/Boe) – after effects of realized derivatives	$ 27.89	$ 34.60	$ (6.71)	(19 %)
Net Production Volumes:				
Oil (MBbl)	1,903	1,425	478	34 %
Natural gas (MMcf)	25,675	14,108	11,567	82 %
NGL (MBbl)	1,947	703	1,244	177 %
Total (MBoe)	8,130	4,479	3,651	82 %
Average daily total volumes (MBoe/d)	89.34	49.22	40.12	82 %

Revenue and Other Operating Income

Oil, natural gas and NGL sales

Revenues from oil, natural gas and NGL sales increased $81.4 million, or 54% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023. This increase was primarily related to production increases as a result of acquisitions and the Corporate Reorganization in 2023 and increases to the average selling price of oil and NGLs, slightly offset with decreases in the average selling price of natural gas.

Production

Production increased 3,651 MBoe, or 82% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023. The increase was primarily a result of acquisitions and the Corporate Reorganization which added approximately 4,288 Mboe, offset by natural declines on existing wells.

Oil and Natural Gas Derivatives

For the three-month period ended June 30, 2024, we had realized losses on derivative instruments of $4.8 million and unrealized gains of $0.1 million for total losses of $4.6 million. For the three-month period ended June 30, 2023, we had realized gains on derivative instruments of $4.8 million and unrealized losses of $2.1 million for total gains of $2.7 million. The increase in realized losses is primarily from an increase in realized losses of $4.8 million associated with our oil derivatives and a decrease in realized gains from our natural gas derivatives of $4.8 million in the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023.

Midstream Revenue

Midstream revenue decreased $0.3 million, or 5% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023, primarily due to lower non-operated volumes running through our midstream facilities and lower gathering revenue for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023.

Product Sales

Product sales decreased $0.6 million, or 9% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023. This decrease was primarily a result of decreases in non-operated production resulting in lower overall product sales and the decrease in the average selling price of natural gas. These decreases corresponded with the decrease in our cost of product sales noted below.

Operating expenses

The following table summarizes our expenses for the periods indicated and includes a presentation of certain expenses on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	Three Months Ended June 30,		Change	
($ in thousands)	**2024**	**2023**	**Amount**	**Percent**
Operating Expenses:				
Gathering and processing expense	$ 23,831	$ 7,868	$ 15,963	203 %
Lease operating expense	$ 46,497	$ 27,802	$ 18,695	67 %
Production taxes	$ 11,302	$ 6,852	$ 4,450	65 %
Midstream operating expense	$ 2,616	$ 2,569	$ 47	2 %
Cost of product sales	$ 5,786	$ 6,463	$ (677)	(10 %)
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 65,819	$ 28,528	$ 37,291	131 %
Depreciation and amortization expense – other	$ 2,242	$ 1,436	$ 806	56 %
General and administrative	$ 11,418	$ 5,262	$ 6,156	117 %
Total operating expenses	$ 169,511	$ 86,780	$ 82,731	95 %
Operating Expenses ($/Boe):				
Gathering and processing expense	$ 2.93	$ 1.76	$ 1.17	66 %
Lease operating expense	$ 5.72	$ 6.21	$ (0.49)	(8 %)
Production taxes (% of oil, natural gas and NGL sales)	4.9 %	4.6 %	0.3 %	7 %
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 8.10	$ 6.37	$ 1.73	27 %
Depreciation and amortization expense – other	$ 0.28	$ 0.32	$ (0.04)	(13 %)
General and administrative	$ 1.40	$ 1.17	$ 0.23	20 %

Gathering and processing expense

Gathering and processing expense increased $16.0 million, or 203%, and $1.17 per Boe, or 66%, for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023, primarily as a result of the Corporate Reorganization in 2023, as BCE-Mach has higher gathering and processing costs per BOE than the predecessor.

Lease operating expense

Lease operating expense increased $18.7 million, or 67% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023, as a result of acquisitions and the Corporate Reorganization in 2023. Lease operating expenses per Boe decreased by $0.49 primarily a result of the lower cost profiles of acquired properties from 2023, and the increase in production from acquired properties.

Production taxes

Production taxes increased $4.5 million, or 65% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023. This increase was primarily a result of increased production and revenue from acquisitions and the Corporate Reorganization in 2023.

Midstream operating expense

Midstream operating expense increased $47 thousand, or 2% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023.

Cost of product sales

Cost of product sales decreased $0.7 million, or 10% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023. This decrease was primarily a result of decreases in non-operated production resulting in lower overall cost of product sales and the decrease in the average selling price of natural gas. These decreases were consistent with the decrease in product sales noted above.

Depreciation, depletion, amortization and accretion expense - oil and natural gas

Depreciation, depletion, amortization and accretion expense for oil and natural gas properties increased by $37.3 million, or 131% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023. The increase is primarily a result of acquisitions and the Corporate Reorganization in 2023 that increased the amortization base.

General and administrative costs

General and administrative costs increased $6.2 million, or 117% for the three-month period ended June 30, 2024, as compared to the three-month period ended June 30, 2023. The increase in general and administrative costs was primarily a result of acquisitions and the Corporate Reorganization.

Six Months Ended June 30, 2024 Compared to the Six Months Ended June 30, 2023

Revenue

The following table provides the components of our revenue, net of transportation and marketing costs for the periods indicated, as well as each period's respective average realized prices and net production volumes. Some totals and changes throughout the below section may not sum or recalculate due to rounding.

	Six Months Ended June 30,		Change	
($ in thousands)	**2024**	**2023**	**Amount**	**Percent**
Revenues:				
Oil	$ 295,410	$ 208,315	$ 87,095	42 %
Natural gas	96,518	69,580	26,938	39 %
Natural gas liquids	94,851	34,718	60,133	173 %
Total oil, natural gas, and NGL sales	486,779	312,613	174,166	56 %
Gain (loss) on oil and natural gas derivatives, net	(33,903)	15,742	(49,645)	(315 %)
Midstream revenue	12,660	13,318	(658)	(5 %)
Product sales	13,613	17,421	(3,808)	(22 %)
Total revenues	$ 479,149	$ 359,094	$ 120,055	33 %
Average Sales Price:				
Oil ($/Bbl)	$ 78.23	$ 75.46	$ 2.77	4 %
Natural gas ($/Mcf)	$ 1.85	$ 2.56	$ (0.71)	(28 %)
NGL ($/Bbl)	$ 25.32	$ 25.29	$ 0.03	— %
Total ($/Boe) – before effects of realized derivatives	$ 30.00	$ 36.10	$ (6.10)	(17 %)
Total ($/Boe) – after effects of realized derivatives	$ 29.95	$ 36.97	$ (7.02)	(19 %)
Net Production Volumes:				
Oil (MBbl)	3,776	2,760	1,016	37 %
Natural gas (MMcf)	52,232	27,157	25,075	92 %
NGL (MBbl)	3,747	1,373	2,374	173 %
Total (MBoe)	16,228	8,660	7,568	87 %
Average daily total volumes (MBoe/d)	89.17	47.84	41.33	86 %

Revenue and Other Operating Income

Oil, natural gas and NGL sales

Revenues from oil, natural gas and NGL sales increased $174.2 million, or 56% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. This increase was primarily related to production increases as a result of acquisitions and the Corporate Reorganization in 2023 and increases to the average selling price of oil, slightly offset with decreases in the average selling price of natural gas.

Production

Production increased 7,568 MBoe, or 87% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. The increase was primarily a result of acquisitions and the Corporate Reorganization which added approximately 8,615 Mboe, offset by natural declines on existing wells.

Oil and Natural Gas Derivatives

For the six-month period ended June 30, 2024, we had realized losses on derivative instruments of $0.8 million and unrealized losses of $33.1 million for total losses of $33.9 million. For the six-month period ended June 30, 2023, we had realized gains on derivative instruments of $7.5 million and unrealized gains of $8.2 million for total gains of $15.7 million. The decrease in realized gains is primarily from a decrease in realized gains of $8.7 million associated with our natural gas derivatives in the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023.

Midstream Revenue

Midstream revenue decreased $0.7 million, or 5% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023, primarily due to lower non-operated volumes running through our midstream facilities and lower gathering revenue for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023.

Product Sales

Product sales decreased $3.8 million, or 22% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. This decrease was primarily a result of decreases in non-operated production resulting in lower overall product sales and the decrease in the average selling price of natural gas and NGLs. These decreases corresponded with the decrease in our cost of product sales noted below.

Operating expenses

The following table summarizes our expenses for the periods indicated and includes a presentation of certain expenses on a per Boe basis, as we use this information to evaluate our performance relative to our peers and to identify and measure trends we believe may require additional analysis:

	Six Months Ended June 30,		Change	
($ in thousands)	**2024**	**2023**	**Amount**	**Percent**
Operating Expenses:				
Gathering and processing expense	$ 55,773	$ 17,510	$ 38,263	219 %
Lease operating expense	$ 87,257	$ 60,615	$ 26,642	44 %
Production taxes	$ 24,054	$ 15,526	$ 8,528	55 %
Midstream operating expense	$ 5,175	$ 5,538	$ (363)	(7 %)
Cost of product sales	$ 11,886	$ 15,575	$ (3,689)	(24 %)
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 131,191	$ 58,095	$ 73,096	126 %
Depreciation and amortization expense – other	$ 4,340	$ 2,793	$ 1,547	55 %
General and administrative	$ 21,746	$ 9,905	$ 11,841	120 %
Total operating expenses	$ 341,422	$ 185,557	$ 155,865	84 %
Operating Expenses ($/Boe):				
Gathering and processing expense	$ 3.44	$ 2.02	$ 1.42	70 %
Lease operating expense	$ 5.38	$ 7.00	$ (1.62)	(23 %)
Production taxes (% of oil, natural gas and NGL sales)	4.9 %	5.0 %	(0.1)%	(2 %)
Depreciation, depletion, amortization and accretion expense – oil and natural gas	$ 8.08	$ 6.71	$ 1.37	20 %
Depreciation and amortization expense – other	$ 0.27	$ 0.32	$ (0.05)	(16 %)
General and administrative	$ 1.34	$ 1.14	$ 0.20	18 %

Gathering and processing expense

Gathering and processing expense increased $38.3 million, or 219%, and $1.42 per Boe, or 70%, for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023, primarily as a result of the Corporate Reorganization in 2023, as BCE-Mach has higher gathering and processing costs per BOE than the predecessor.

Lease operating expense

Lease operating expense increased $26.6 million, or 44% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023, as a result of acquisitions and the Corporate Reorganization in 2023. Lease operating expenses per Boe decreased by $1.62 primarily a result of the lower cost profiles of acquired properties from 2023, and the increase in production from acquired properties.

Production taxes

Production taxes increased $8.5 million, or 55% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. This increase was primarily a result of increased production and revenue from acquisitions and the Corporate Reorganization in 2023.

Midstream operating expense

Midstream operating expense decreased $0.4 million, or 7% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023, which is in line with the decrease in associated midstream revenue.

Cost of product sales

Cost of product sales decreased $3.7 million, or 24% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. This decrease was primarily a result of decreases in non-operated production resulting in lower overall cost of product sales and the decrease in the average selling price of natural gas and NGLs. These decreases were consistent with the decrease in product sales noted above.

Depreciation, depletion, amortization and accretion expense - oil and natural gas

Depreciation, depletion, amortization and accretion expense for oil and natural gas properties increased by $73.1 million, or 126% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. The increase is primarily a result of acquisitions and the Corporate Reorganization in 2023 that increased the amortization base.

General and administrative costs

General and administrative costs increased $11.8 million, or 120% for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. The increase in general and administrative costs was primarily a result of acquisitions and the Corporate Reorganization.

Liquidity and Capital Resources

Our primary sources of liquidity and capital are cash flows generated by operating activities, borrowings under the Credit Agreements, and proceeds from the issuance of equity and debt. Outstanding borrowings under our Credit Agreements were $804.4 million at June 30, 2024, and the remaining availability under our Credit Agreements was $70.0 million at June 30, 2024.

We may need to utilize the public equity or debt markets and bank financings to fund future acquisitions or capital expenditures, but the price at which our common units will trade could be diminished as a result of the limited voting rights of unitholders. We expect to be able to issue additional equity and debt securities from time to time as market conditions allow to facilitate future acquisitions. Our ability to finance our operations, including funding capital expenditures and acquisitions, to meet our indebtedness obligations or to refinance our indebtedness will depend on our ability to generate cash in the future. Our ability to generate cash is subject to a number of factors, some of which are beyond our control, including commodity prices, particularly for oil and natural gas, and our ongoing efforts to manage operating costs and maintenance capital expenditures, as well as general economic, financial, competitive, legislative, regulatory, weather and other factors.

Our partnership agreement requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner, which we refer to as "available cash." Our quarterly cash distributions may vary from quarter to quarter as a direct result of variations in the performance of our business, including those caused by fluctuations in commodity prices. Any such variations may be significant, and as a result, we may pay limited or even no cash distributions to our unitholders.

Historically, our business plan has focused on acquiring and then exploiting the development and production of our assets. We spent approximately $126.0 million during the six-month period ended June 30, 2024 on development costs and our updated budget for 2024 is between $215.0 million and $240.0 million. For purposes of calculating our cash available for distribution, we define development costs as all of our capital expenditures, other than acquisitions. Our development efforts and capital for 2024 is anticipated to focus on drilling Oswego wells given their high oil reserves and low breakeven costs.

During the six-month period ended June 30, 2024, we spent approximately $98.2 million on drilling and completion activities and related equipment and spud 30.7 net wells while bringing online 34.3 net wells, $20.8 million on remedial workovers and other capital projects, and $7.0 million on midstream and other property and equipment capital projects.

Our 2024 capital expenditures program is largely discretionary and within our control. We could choose to defer a portion of these planned 2024 capital expenditures depending on a variety of factors, including, but not limited to, the success of our drilling activities, prevailing and anticipated prices for oil and natural gas, the availability of necessary equipment, including acid to be used for our acid stimulation completion, infrastructure and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions, drilling and acquisition costs and the level of participation by other working interest owners. A deferral of planned capital expenditures, particularly with respect to drilling and completing new wells, could result in a reduction in anticipated production and cash flows and reduce our cash available for distribution to unitholders.

Cash Flows

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

	Six Months Ended June 30,	
(in thousands)	**2024**	**2023**
Net cash provided by operating activities	$ 260,784	$ 275,145
Net cash used in investing activities	$ (85,261)	$ (187,812)
Net cash used in financing activities	$ (183,694)	$ (67,904)

Net cash provided by operating activities

Net cash provided by operating activities decreased $14.4 million for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. The decrease in net cash provided by operating activities is primarily a result of decreases in working capital of $51.7 million, offset with an increase in income from acquisitions and the Corporate Reorganization in 2023.

Net cash used in investing activities

Net cash used in investing activities decreased $102.6 million for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. The decrease in net cash used in investing activities is primarily a result of decreases in capital expenditures on oil and gas properties of $66.0 million due to decreased drilling and completion activities in the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. Additionally, the Company had an increase of $39.0 million in proceeds from the sale of oil and gas properties for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023, primarily from the sale of non-producing acreage.

Net cash used in financing activities

Net cash used in financing activities increased $115.8 million for the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023. The increase in net cash used in investing activities is primarily due to a $87.1 million increase in distributions paid and a $20.6 million increase in repayments of borrowings in the six-month period ended June 30, 2024, as compared to the six-month period ended June 30, 2023.

Debt Agreements

Term Loan Credit Agreement and Revolving Credit Agreement

On December 28, 2023, the Company entered into (i) the Term Loan Credit Agreement with the lenders party thereto, Texas Capital Bank, as agent, and Chambers Energy Management, LP, as the arranger, and (ii) the Revolving Credit Agreement with the lenders party thereto and MidFirst Bank as the agent.

Loans advanced to the Company under the Term Loan Credit Agreement are secured by a first-priority security interest on substantially all of our assets. The Term Loan Credit Agreement has (i) an aggregate principal amount of $825.0 million,

(ii) a maturity date of December 31, 2026 and (iii) an interest rate equal to the three-month SOFR plus 6.50% plus a credit spread adjustment equal to 0.15%, provided that the three-month SOFR will not be less than 3.00%. As of June 30, 2024, mandatory repayments of principal of $41.3 million, $82.5 million, and $680.6 million are due in the year 2024, 2025, and 2026, respectively. The Term Loan Credit Agreement includes customary covenants, mandatory repayments and events of default of financings of this type.

Loans advanced to the Company under the Revolving Credit Agreement are secured by a super-priority security interest on substantially all of our assets. The Revolving Credit Agreement has (i) a maximum available principal amount of $75.0 million, (ii) a maturity date of December 28, 2026 and (iii) an interest rate equal to one, three, or six month SOFR, at the Company's election, plus a credit spread adjustment equal to 0.10%, 0.15% or 0.25%, respectively, in each case, plus 3.00%, provided that the applicable tenor SOFR will not be less than 3.50%. The Revolving Credit Agreement includes customary covenants, mandatory repayments and events of default of financings of this type. The Company used borrowings from the Term Loan Credit Agreement, together with cash on hand, to repay the November 2023 Credit Facility. As of June 30, 2024, the Revolving Credit Agreement was undrawn, and there was $5.0 million in outstanding letters of credit.

We have not guaranteed the debt or obligations of any other party, nor do we have any other arrangements or relationships with other entities that could potentially result in consolidated debt or losses.

Contractual Obligations and Commitments

We are a party to firm transportation contracts for the transport of natural gas. We paid approximately $0.9 million and $2.1 million in firm transportation contracts for the three and six month periods ended June 30, 2024, respectively, and expect to pay approximately $2.6 million in firm transportation contracts through 2025. For further information on firm transportation contracts, see Note 10 of our consolidated financial statements.

Operating lease obligations

Our operating lease obligations include long-term lease payments for office space, vehicles, equipment related to exploration, development and production activities. We paid approximately $6.9 million and $2.9 million in operating lease payments for the three and six month periods ended June 30, 2024, respectively, and expect to pay approximately $13.8 million in operating lease payments through 2028. For further information on our operating lease obligations, see Note 11 of our consolidated financial statements.

Non-GAAP Financial Measures

Adjusted EBITDA

We include in this Quarterly Report 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
($ in thousands)	2024	2023	2024	2023
Net Income Reconciliation to Adjusted EBITDA:				
Net income	$ 39,516	$ 77,809	$ 81,218	$ 169,503
Interest expense, net	25,880	1,570	50,952	3,294
Depreciation, depletion, amortization and accretion	68,061	29,964	135,531	60,888
Unrealized (gain) loss on derivative instruments	(124)	2,097	33,099	(8,212)
Equity-based compensation expense	2,300	647	3,482	1,294
Credit losses	193	—	647	—
Gain on sale of assets	(298)	—	(309)	(1)
Adjusted EBITDA	$ 135,528	$ 112,087	$ 304,620	$ 226,766
Net Income Reconciliation to Cash Available for Distribution:				
Net income	$ 39,516	$ 77,809	$ 81,218	$ 169,503
Interest expense, net	25,880	1,570	50,952	3,294
Depreciation, depletion, amortization and accretion	68,061	29,964	135,531	60,888
Unrealized (gain) loss on derivative instruments	(124)	2,097	33,099	(8,212)
Equity-based compensation expense	2,300	647	3,482	1,294
Credit losses	193	—	647	—
Gain on sale of assets	(298)	—	(309)	(1)
Settlement of asset retirement obligations	(390)	(8)	(418)	(79)
Cash interest expense, net	(23,654)	(1,490)	(47,458)	(3,092)
Development costs	(45,562)	(88,301)	(125,987)	(192,892)
Change in accrued realized derivative settlements	1,586	(243)	4,188	(285)
Cash available for distribution	$ 67,508	$ 22,045	$ 134,945	$ 30,418
Net Cash Provided by Operating Activities Reconciliation to Cash Available for Distribution:				
Net cash provided by operating activities	116,831	127,996	$ 260,784	$ 275,145
Changes in operating assets and liabilities	(3,761)	(17,650)	148	(51,835)
Development costs	(45,562)	(88,301)	(125,987)	(192,892)
Cash available for distribution	$ 67,508	$ 22,045	$ 134,945	$ 30,418

Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are disclosed in Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates” in our Annual Report for the year ended December 31, 2023. No modifications have been made during the six months ended June 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk, including the effects of adverse changes in commodity prices and interest rates as described below. The primary objective of the following information is to provide quantitative and qualitative information about our potential exposure to market risks. The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses but rather indicators of reasonably possible losses.

Commodity Price Risk

Oil and gas revenue

Our revenue and cash flow from operations are subject to many variables, the most significant of which is the volatility of commodity prices. Commodity prices are affected by many factors outside of our control, including changes in market supply and demand, which are impacted by global economic factors, pipeline capacity constraints, inventory levels, basis differentials, weather conditions and other factors. Commodity prices have long been volatile and unpredictable, and we expect this volatility to continue in the future.

There can be no assurance that commodity prices will not be subject to continued wide fluctuations in the future. A substantial or extended decline in such prices could have a material adverse effect on our financial position, results of operations, cash flows and quantities of oil and gas reserves that may be economically produced, which could result in impairments of our oil and natural gas properties.

Commodity derivative activities

To reduce the impact of fluctuations of commodity prices on our total revenue and other operating income, we have historically used, and we expect to continue to use, commodity derivative instruments, primarily swaps, to hedge price risk associated with a portion of our anticipated production. Our hedging instruments allow us to reduce, but not eliminate the potential effects of the variability in cash flow from operations due to fluctuations in commodity prices and provide increased certainty of cash flows for funding our drilling program and debt service requirements. These instruments provide only partial price protection against declines in prices and may partially limit our potential gains from future increases in prices. We do not enter derivative contracts for speculative trading purposes. The Pre-IPO Credit Facilities contain or contained, and the Credit Agreements contain, various covenants and restrictive provisions which, among other things, limit our ability to enter into commodity price hedges exceeding a certain percentage of production.

Our hedging activities are intended to support oil and natural gas prices at targeted levels and manage our exposure to natural gas price volatility. Under swap contracts, the counterparty is required to make a payment to us for the difference between the swap price specified in the contract and the settlement price, which is based on market prices on the settlement date, if the settlement price is below the swap price. We are required to make a payment to the counterparty for the difference between the swap price and the settlement price if the swap price is below the settlement price. See Note 7 of our consolidated financial statements for further information on our open derivative positions and valuation as of June 30, 2024.

Counterparty and Customer Credit Risk

By using derivative instruments to hedge exposures to changes in commodity prices, we expose ourselves to the credit risk of our counterparties. Credit risk is the potential failure of the counterparty to perform under the terms of a contract. When the fair value of a derivative contract is positive, the counterparty is expected to owe us, which creates credit risk. To minimize the credit risk in derivative instruments, it is our policy to enter into derivative contracts only with counterparties that are creditworthy financial institutions deemed by management as competent and competitive market makers. The creditworthiness of our counterparties is subject to periodic review. As of June 30, 2024, we had derivative instruments in place with two different counterparties. We believe our counterparties currently represent acceptable credit risks. We are not required to provide credit support or collateral to our counterparties under current contracts, nor are they required to provide credit support or collateral to us.

Substantially all of our revenue and receivables result from oil and gas sales to third parties operating in the oil and gas industry. Our receivables also include amounts owed by joint interest owners in the properties we operate. Both our purchasers and joint interest partners have recently experienced the impact of significant commodity price volatility as discussed above under "— Commodity Price Risk — Oil and Gas Revenue." This concentration of customers and joint interest owners may impact our overall credit risk in that these entities may be similarly affected by changes in commodity prices and economic and other conditions. In the case of joint interest owners, we often have the ability to withhold future revenue disbursements to recover non-payment of joint interest billings.

Interest Rate Risk

Variable rate debt

At June 30, 2024, we had $804.4 million of debt outstanding under the Term Loan Credit Agreement. Borrowings outstanding under the Term Loan Credit Agreement bore an effective interest rate of 13.0% as of June 30, 2024. Assuming no change in the amount outstanding, the impact on interest expense of a 1% (or 100 basis points) increase or decrease in the assumed weighted average interest rate on our variable interest debt would be approximately $8.0 million per year based on our borrowings outstanding at June 30, 2024.

Interest rate derivative activities

As of June 30, 2024, we did not have any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness, but we may enter into such derivative arrangements in the future. To the extent we enter into any such interest rate derivative arrangement, we would be subject to risk for financial loss.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company’s Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2024. Based on such evaluation, such officers have concluded that, as of June 30, 2024, the Company’s disclosure controls and procedures are designed and effective to ensure that information required to be included in the Company’s reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC’s rules and forms and that information required to be disclosed in the Company’s reports filed or submitted under the Exchange Act is accumulated and communicated to the Company’s management including its principal executive officer and principal financial officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three-month period ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The Company may, from time to time, be involved in litigation and claims arising out of its operations in the normal course of business including, but not limited to, title disputes, royalty disputes, contract claims, personal injury claims and employment claims. See Note 10 of the notes to our consolidated financial statements included in Item 1 of Part I of this report for information regarding our estimation and provision for potential losses related to litigation and regulatory proceedings.

The Company, as an owner and operator of oil and gas properties, is subject to various federal, state and local laws and regulations relating to discharge of materials into, and protection of, the environment. These laws and regulations may, among other things, impose liability on the lessee under an oil and gas lease for the cost of pollution cleanup resulting from operations and subject the lessee to liability for pollution damages. In some instances, the Company may be directed to suspend or cease operations in the affected area. The Company maintains insurance coverage that is customary in the industry, although the Company is not fully insured against all environmental risks.

The Company is not aware of any environmental claims existing as of June 30, 2024. There can be no assurance, however, that current regulatory requirements will not change, or past non-compliance with environmental issues will not be discovered on the Company’s oil and gas properties.

Item 1A. Risk Factors

There have been no material changes to the Company’s “Risk Factors” previously disclosed in Part I, Item 1A of our Annual Report for the year ended December 31, 2023. For a detailed discussion of the risks that affect our business, please refer to Part I, Item 1A “Risk Factors” in our Annual Report for the year ended December 31, 2023.

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

Unregistered Sale of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

During the six months ended June 30, 2024, none of our directors or “officers” (as such term is defined in Rule 16(a)-1(f) under the Exchange Act) adopted or terminated a “Rule 10b5-1 trading agreement” or “non-Rule 10b5-1 trading arrangement” (each as defined in Item 408(a) and (c) of Regulation S-K).

Item 6. Exhibits

Exhibit Number	Description
3.1	Certificate of Limited Partnership of Mach Natural Resources LP, effective as of May 26, 2023 (incorporated by reference to Exhibit 3.1 to the Registrant’s Registration Statement on Form S-1 (File No. 333-274662) filed with the SEC on September 22, 2023)
3.2	Amended and Restated Agreement of Limited Partnership of Mach Natural Resources LP, dated as of October 27, 2023 (incorporated by reference to Exhibit 3.1 to the Registrant’s Current Report on Form 8-K filed with the SEC on October 27, 2023)
3.3	Amended and Restated Limited Liability Company Agreement of Mach Natural Resources GP, LLC, dated as of October 27, 2023 (incorporated by reference to Exhibit 3.3 of the Registrant’s Quarterly Report on Form 10-Q filed with the SEC on December 7, 2023)

3.4	Amendment No. 1 to the Amended and Restated Agreement of Limited Partnership of Mach Natural Resources LP, dated as of June 13, 2024 (incorporated by reference to Exhibit 3.1 of the Registrant’s Current Report on Form 8-K filed with the SEC on June 13, 2024)
10.1	Release Agreement, dated as of May 4, 2024, by and among Mach Natural Resources GP LLC, Mach Resources LLC and Daniel T. Reineke, Jr. (incorporated by reference to Exhibit 10.1 of the Registrant’s Current Report on Form 8-K filed with the SEC on May 9, 2024)
10.2	Mach Natural Resources LP Executive Change in Control and Severance Plan (incorporated by reference to Exhibit 10.2 of the Registrant’s Current Report on Form 8-K filed with the SEC on May 9, 2024)
10.3	Form of Participation Agreement under the Mach Natural Resources LP Executive Change in Control and Severance Plan (incorporated by reference to Exhibit 10.3 of the Registrant’s Current Report on Form 8-K filed with the SEC on May 9, 2024)
10.4*	Form of Mach Natural Resources LP 2023 Long-Term Incentive Plan Performance Unit Agreement
31.1*	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) and Rule 15d-14(a)
31.2*	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) and Rule 15d-14(a)
32.1**	Certification of Chief Executive Officer of the Registrant pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2**	Certification of Chief Financial Officer of the Registrant pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Mach Natural Resources LP

	By:	**Mach Natural Resources GP LLC,** **its general partner**
Date: August 13, 2024	By:	/s/ Kevin R. White
	Name:	Kevin R. White
	Title:	Chief Financial Officer

MACH NATURAL RESOURCES LP
2023 LONG-TERM INCENTIVE PLAN
PERFORMANCE UNIT AGREEMENT

Pursuant to this Performance Unit Agreement, dated as of the Grant Date set forth in the Grant Notice below (this "**Agreement**"), Mach Natural Resources GP LLC (the "**Company**"), as the general partner of Mach Natural Resources LP (the "**Partnership**"), hereby grants to the individual identified in the Grant Notice below (the "**Participant**") the following award of performance-based Phantom Units ("**Performance Units**"), pursuant and subject to the terms and conditions of this Agreement and the Mach Natural Resources LP 2023 Long-Term Incentive Plan (the "**Plan**"), the terms and conditions of which are hereby incorporated into this Agreement by reference. Each Performance Unit granted hereunder shall constitute a Phantom Unit under the terms of the Plan and is hereby granted in tandem with a corresponding DER, as further detailed in Section 3. Except as otherwise expressly provided herein, all capitalized terms used in this Agreement, but not defined, shall have the meanings provided in the Plan.

GRANT NOTICE

Subject to the terms and conditions of this Agreement, the principal features of this Award are as follows:

Participant:	
Total Target No. of Performance Units:	
Target No. of Long-Term Performance Units ("Target LTUs"):	
Target No. of Short-Term Performance Units ("Target STUs"):	
Grant Date:	
Earning Performance Units:	Subject to this Agreement, the Plan and other terms and conditions set forth herein, the Performance Units may be earned based on the achievement of the performance conditions set forth on Exhibit A, except as otherwise provided in Section 4.

Forfeiture of Performance Units:	In the event of a termination of the Participant's Service for Cause, all Performance Units that have not been earned prior to or in connection with such termination of Service shall thereupon automatically be forfeited by the Participant without further action and for no consideration. In the event of a termination of the Participant's Service for any other reason (except as set forth in Section 4), all Performance Units that have not been earned prior to or in connection with such termination of Service shall be forfeited by the Participant thirty (30) days after the termination date, unless the Committee determines in its discretion to deem all or a portion of the Award earned. For the avoidance of doubt, no Performance Units may be earned during such thirty (30) day period unless expressly determined by the Committee in its discretion.
Payment of Performance Units:	Earned Performance Units shall be paid to the Participant in the form of Units as set forth in and subject to Section 5.
DERs:	Each Performance Unit granted under this Agreement shall be issued in tandem with a corresponding DER, each of which shall entitle the Participant to receive a cash payment in an amount equal to Partnership distributions with respect to a Unit in accordance with Section 3. Unless otherwise determined by the Committee in its discretion, no DER payments shall be made with respect to unearned Performance Units after the date of a Participant's termination of Service, regardless of whether such Performance Units have yet been forfeited.

TERMS AND CONDITIONS OF PERFORMANCE UNITS

1. **Grant**. The Company hereby grants to the Participant, as of the Grant Date, an Award of the number of Performance Units set forth in the Grant Notice above, subject to all of the terms and conditions contained in this Agreement and the Plan.

2. **Performance Units**. Subject to Exhibit A and Section 4, each Performance Unit earned hereunder shall represent the right to receive payment, in accordance with Section 5, in the form of one (1) Unit. Unless and until a Performance Unit is earned, the Participant will have no right to payment in respect of such Performance Unit.

3. **Grant of Tandem DER**. Each Performance Unit is hereby granted in tandem with a corresponding DER, which shall remain outstanding from the Grant Date until the earlier of the payment or forfeiture of the related Performance Unit and be subject to all of the terms and conditions contained in this Agreement and the Plan. Each DER shall entitle the Participant to receive a cash payment, in accordance with Section 5, in an amount equal to any distributions made by the Partnership with respect to a Unit during the period the underlying Performance Unit is outstanding. The Company shall establish, with respect to each Performance Unit, a separate DER bookkeeping account for such Performance Unit (a "**DER Account**"), which shall be credited (without interest) on the applicable distribution dates with an amount equal to any distributions made by the Partnership during the period that such Performance Unit remains outstanding with respect to the Unit underlying the Performance Unit to which such DER relates. Once a Performance Unit is earned, the DER (and the DER Account) with respect to such earned Performance Unit shall also become earned. Similarly, upon the forfeiture of a Performance Unit, the DER (and the DER Account) with respect to such forfeited Performance Unit shall also be forfeited. DERs shall not entitle the Participant to any payments relating to distributions occurring after the earlier to occur of the applicable Performance Unit payment date or the forfeiture of the Performance Unit underlying such DER. The DERs and any amounts that may become distributable in respect thereof shall be treated separately from the Performance Units and the rights arising in connection therewith for purposes of Section 409A of the Code (including for purposes of the designation of time and form of payments required by Section 409A).

4. **Treatment of Performance Units Upon Certain Events and Forfeiture**.

(a) Treatment of Performance Units Upon Certain Events.

(i) *Qualifying Termination Outside of a Change in Control Protection Period*. If the Participant incurs a Qualifying Termination outside of a Change in Control Protection Period, subject to the Participant's execution and non-revocation of a Release within 60 days following the termination date, a pro-rata portion of the outstanding Performance Units may become earned as of the end of the Applicable Performance Period (as defined in Exhibit A) and be paid in accordance with Section 5. Such pro-rata portion shall be equal to (A) the number of Performance Units that would have been earned at the end of the Applicable Performance Period based on actual performance as though the Participant's Service continued through such date, multiplied by (B) a fraction, the numerator of which is the number of days in the Applicable Performance Period that the Participant remained in continuous Service with the Partnership, the Company or one of their Affiliates and the denominator of which is the number of days in the Applicable Performance Period.

(ii) *Change in Control*.

(A) Upon a Change in Control, if this Award is not assumed by the successor or survivor entity, any outstanding and unearned Performance Units shall be deemed earned (I) if the Applicable Performance Period has commenced, at the greater of target performance and actual performance as of the CIC Effective Date (determined by calculating performance under Exhibit A as though the Applicable Performance Period for such Performance Units ends early on the CIC Effective Date ("**Actual Performance**")), and (II) if the Applicable Performance Period has not commenced, at target performance.

(B) If this Award is assumed by the successor or survivor entity in connection with a Change in Control, and the Participant subsequently incurs a Qualifying Termination during the Change in Control Protection Period, any outstanding and unearned Performance Units shall be deemed earned (I) if the Applicable Performance Period has commenced as of the CIC Effective Date, at the greater of target performance and Actual Performance, and (B) if the Applicable Performance Period has not commenced as of the CIC Effective Date, at target performance, in each case, subject to the Participant's execution and non-revocation of a Release within 60 days following the Participant's termination date.

(b) Forfeiture. In the event of a termination of the Participant's Service for Cause by the Partnership, the Company or any of their Affiliates, all Performance Units that have not been earned prior to such termination of Service shall thereupon automatically be forfeited by the Participant without further action and without payment of consideration therefor. In the event of a termination of the Participant's Service that is not governed by the preceding sentence or Sections 5(a), all Performance Units that have not been earned prior to or in connection with such termination of Service shall be forfeited by the Participant thirty (30) days after the termination date, unless the Committee determines in its discretion before the expiration of such 30-day period to deem earned all or a portion of the Award. Except for such action by the Committee in its discretion deeming all or a portion of the Performance Units earned, no Performance Units may otherwise be earned during the 30-day period after the Participant's termination date pursuant to Exhibit A or this Section 4, including, for the avoidance of doubt, due to the achievement of any performance conditions or in connection with a Change in Control as set forth in Section 4(a)(ii).

(c) Payment. Performance Units earned or deemed earned hereunder shall be subject to the payment provisions set forth in Section 5.

(d) Definitions. The following terms used herein shall have the meanings set forth in this Section 4(d):

(i) "**Change in Control Protection Period**" has the meaning set forth in the Severance Plan.

(ii) "**CIC Effective Date**" means the date upon which a Change in Control occurs.

(iii) "**Qualifying Termination**" has the meaning set forth in the Severance Plan.

(iv) "**Release**" has the meaning set forth in the Severance Plan.

(v) "**Severance Plan**" means the Mach Natural Resources LP Executive Change in Control and Severance Plan.

5. **Payment of Performance Units and DERs**.

(a) Performance Units. Unpaid, earned Performance Units shall be paid to the Participant (or in the event of the Participant's death, to the Participant's estate) in the form of Units in a lump-sum in accordance with this Section 5 within sixty (60) days following the Certification Date (as defined in Exhibit A) for the Applicable Performance Period or, if applicable, the date of the Participant's termination of Service.

(b) DERs. Within sixty (60) days following the Certification Date for the Applicable Performance Period or, if applicable, the date of the Participant's termination of Service, the Participant shall be paid an aggregate amount in cash for all of the DERs earned on such date equal to the product of (i) the amount then-credited to a single DER Account maintained with respect to a Performance Unit earned on such date, *multiplied by* (ii) the total number of Performance Units earned on such date.

6. **Tax Withholding**. The Company and/or its Affiliates shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company and/or its Affiliates, an amount sufficient

to satisfy all applicable federal, state, local and foreign taxes (including the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event arising in connection with the Performance Units and the DERs. In satisfaction of the foregoing requirement, unless otherwise determined by the Committee, the Company and/or its Affiliates shall withhold (or provide for the purchase by an Affiliate of the Company of) from any cash or equity remuneration (including, if applicable, any of the Units otherwise deliverable under this Agreement) then or thereafter payable to the Participant an amount equal to the aggregate amount of taxes required to be withheld with respect to such event. If such tax obligations are satisfied through the withholding or surrender of Units pursuant to this Agreement, the maximum number of Units that may be so withheld (or surrendered) shall be the number of Units that have an aggregate Fair Market Value on the date of withholding (or surrender) equal to the aggregate amount of taxes required to be withheld, determined based on the greatest withholding rates for federal, state, local and foreign income tax and payroll tax purposes that may be used without resulting in adverse accounting, tax or other consequences to the Partnership, the Company or any of their respective Affiliates (other than immaterial administrative, reporting or similar consequences), as determined by the Committee.

7. **Rights as Unit Holder**. Neither the Participant nor any person claiming under or through the Participant shall have any of the rights or privileges of a holder of Units in respect of any Units that may become deliverable hereunder unless and until certificates representing such Units shall have been issued or recorded in book entry form on the records of the Partnership or its transfer agents or registrars, and delivered in certificate or book entry form to the Participant or any person claiming under or through the Participant.

8. **Non-Transferability**. Neither the Performance Units nor any right of the Participant under the Performance Units may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Participant (or any permitted transferee) other than by will or the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company, the Partnership and any of their Affiliates.

9. **Distribution of Units**. Unless otherwise determined by the Committee or required by any applicable law, rule or regulation, neither the Company nor the Partnership shall deliver to the Participant certificates evidencing Units issued pursuant to this Agreement and instead such Units shall be recorded in the books of the Partnership (or, as applicable, its transfer agent or equity plan administrator). All certificates for Units issued pursuant to this Agreement and all Units issued pursuant to book entry procedures hereunder shall be subject to such stop transfer orders and other restrictions as the Company may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Units are then listed, and any applicable federal or state laws, and the Company may cause a legend or legends to be inscribed on any such certificates or book entry to make appropriate reference to such restrictions. In addition to the terms and conditions provided herein, the Company may require that the Participant make such covenants, agreements, and representations as the Company, in its sole discretion, deems advisable in order to comply with any such laws, regulations, or requirements. No fractional Units shall be issued or delivered pursuant to the Performance Units and the Committee shall determine, in its discretion, whether such fractional Units or any rights thereto shall be canceled, terminated, or otherwise eliminated.

10. **Partnership Agreement**. Units issued upon payment of the Performance Units shall be subject to the terms of the Plan and the Partnership Agreement. Upon the issuance of Units to the Participant, the Participant shall, automatically and without further action on the Participant's part, (i) be admitted to the Partnership as a Limited Partner (as defined in the Partnership Agreement) with respect to the Units, and (ii) become bound, and be deemed to have agreed to be bound, by the terms of the Partnership Agreement.

11. **No Effect on Service; No Right to Continued Awards**. Nothing in this Agreement or in the Plan shall be construed as giving the Participant the right to be retained in the employ or service of the Company or any Affiliate thereof. Furthermore, the Company and its Affiliates may at any time dismiss the Participant from employment, service or consulting free from any liability or any claim under the Plan or this Agreement, unless otherwise expressly provided in the Plan, this Agreement or any other written agreement between the Participant and the Company or an Affiliate thereof. Any question as to whether and when there has been a termination of such

employment, service or consulting relationship, and the cause of such termination, shall be determined by the Committee, and such determination shall be final, conclusive and binding for all purposes. The grant of the Performance Units and DERs is a one-time Award and does not create any contractual or other right to receive a grant of Awards or benefits in lieu of Awards in the future. Future Awards will be at the sole discretion of the Committee.

12. **Severability**. If any provision of this Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, such provision shall be construed or deemed amended to conform to the applicable law or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Agreement, such provision shall be stricken as to such jurisdiction, and the remainder of this Agreement shall remain in full force and effect.

13. **Tax Consultation**. None of the Board, the Committee, the Company, the Partnership nor any Affiliate of any of the foregoing has made any warranty or representation to the Participant with respect to the tax consequences of the issuance, holding, vesting, earning, payment, settlement or other occurrence with respect to the Performance Units, the DERs, the Units or the transactions contemplated by this Agreement, and the Participant represents that he or she is in no manner relying on such entities or their representatives for tax advice or an assessment of such tax consequences. The Participant understands that the Participant may suffer adverse tax consequences in connection with the Performance Units and DERs granted pursuant to this Agreement. The Participant represents that the Participant has consulted with the Participant's tax consultants that the Participant deems advisable in connection with the Performance Units and DERs.

14. **Entire Agreement; Amendments, Suspension and Termination**. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Performance Units and DERs granted hereunder; *provided, however*, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment and/or severance agreement between the Partnership, the Company or any of their respective Affiliates, on the one hand, and the Participant, on the other hand, in effect as of the date a determination is to be made under this Agreement. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee. Except as provided in the preceding sentence, this Agreement cannot be modified, altered or amended, except by an agreement, in writing, signed by both the Partnership and the Participant.

15. **Conformity to Securities Laws**. The Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act, any and all regulations and rules promulgated by the SEC thereunder, and all applicable state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Performance Units and DERs are granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations. No Units will be issued hereunder if such issuance would constitute a violation of any applicable law or regulation or the requirements of any securities exchange or market system upon which the Units may then be listed. In addition, Units will not be issued hereunder unless (a) a registration statement under the Securities Act is in effect at the time of such issuance with respect to the Units to be issued or (b) in the opinion of legal counsel to the Company or the Partnership, the Units to be issued are permitted to be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's or the Partnership's legal counsel to be necessary for the lawful issuance and sale of any Units hereunder will relieve the Company, the Partnership and any of their respective Affiliates of any liability in respect of the failure to issue such Units as to which such requisite authority has not been obtained. As a condition to any issuance of Units hereunder, the Company or the Partnership may require the Participant to satisfy any requirements that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company or the Partnership.

16. **Code Section 409A**. None of the Performance Units, the DERs or any amounts paid pursuant to this Agreement are intended to constitute or provide for a deferral of compensation that is subject to Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, to the extent that the Committee determines that any payment or benefit hereunder constitutes non-exempt "nonqualified deferred compensation" for purposes of Section 409A of the Code, and such payment or benefit would otherwise be payable or distributable hereunder by reason of the Participant's termination of Service, (a) all references to the Participant's termination of Service shall be construed to mean a "separation from service" (within the meaning of Treasury Regulation Section 1.409A-1(h)) (a "**Separation from Service**"), and the Participant shall not be considered to have a termination of Service unless such termination constitutes a Separation from Service with respect to the Participant and (b) if the Participant is deemed to be a "specified employee" within the meaning of Section 409A of the Code, as determined by the Committee, then to the extent necessary to prevent any accelerated or additional tax under Section 409A of the Code, such payment or benefit will be delayed until the earlier of: (i) the date that is six months following the Participant's Separation from Service and (ii) the Participant's death.

17. **Adjustments; Clawback**. The Participant acknowledges that the Performance Units are subject to modification and forfeiture in certain events as provided in this Agreement and Section 7 of the Plan. The Participant further acknowledges that the Performance Units, DERs and Units issuable hereunder, whether earned or unearned and whether or not previously issued, are subject to clawback as provided in Section 8(o) of the Plan.

18. **Successors and Assigns**. The Company or the Partnership may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company and the Partnership. Subject to the restrictions on transfer contained herein, this Agreement shall be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

19. **Governing Law**. The validity, construction, and effect of this Agreement and any rules and regulations relating to this Agreement shall be determined in accordance with the laws of the State of Delaware without regard to its conflicts of laws principles.

20. **Headings**. Headings are given to the sections and subsections of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

21. **Electronic Delivery; Electronic Acceptance**. In lieu of receiving documents in paper format, the Participant agrees, to the fullest extent permitted by applicable law, to accept electronic delivery of any documents that the Company, the Partnership or any of their Affiliates may be required to deliver (including prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports, and all other forms of communications) in connection with this and any other award made or offered by the Company or the Partnership. Electronic delivery may be made via the electronic mail system of the Company, the Partnership or one of their Affiliates or by reference to a location on an intranet site to which the Participant has access. The Participant hereby consents to any and all procedures the Company or the Partnership has established or may establish for an electronic signature system for delivery and acceptance of any such documents, including any process by which the Participant must click to accept (or otherwise electronically indicate acceptance of) the Participant's rights and obligations under the terms and conditions of the Plan and this Agreement. By accepting this Agreement in accordance with the Company's or the Partnership's procedures in effect from time to time, the Participant acknowledges and agrees that such acceptance will constitute the Participant's electronic signature and is intended to have the same force and effect as the Participant's manual signature.

[*Signature page follows*]

The Participant's signature below (or other method of acceptance in accordance with Section 21) indicates the Participant's agreement with and understanding that this Award is subject to all of the terms and conditions contained in the Plan and in this Agreement, and that, in the event that there are any inconsistencies between the terms of the Plan and the terms of this Agreement, the terms of the Plan shall control. The Participant further acknowledges that the Participant has read and understands the Plan and this Agreement, which contains the specific terms and conditions of this grant of Performance Units and DERs. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

Mach Natural Resources GP LLC
a Delaware limited liability company

By: __
Name:
Title:

Mach Natural Resources LP
a Delaware limited partnership

By: Mach Natural Resources GP LLC

Its: General Partner

By: __
Name:
Title:

PARTICIPANT

____

Print Name: __

Exhibit A

PERFORMANCE CONDITIONS

CERTIFICATION

I, Tom L. Ward, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mach Natural Resources LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Reserved];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2024

/s/ Tom L. Ward
Tom L. Ward
Chief Executive Officer
Mach Natural Resources GP, LLC, its general partner

Exhibit 31.2

CERTIFICATION

I, Kevin R. White, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Mach Natural Resources LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) [Reserved];

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

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

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 13, 2024

/s/ Kevin R. White
Kevin R. White
Chief Financial Officer
Mach Natural Resources GP, LLC, its general partner

Exhibit 32.1

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

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Mach Natural Resources LP (the “Company”) hereby certifies, to such officer’s knowledge, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2024

/s/ Tom L. Ward
Tom L. Ward
Chief Executive Officer
Mach Natural Resources GP, LLC, its general partner

Exhibit 32.2

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

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Mach Natural Resources LP (the "Company") hereby certifies, to such officer's knowledge, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 13, 2024

/s/ Kevin R. White
Kevin R. White
Chief Financial Officer
Mach Natural Resources GP, LLC, its general partner