

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 2024

OR

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

Commission file number 001-15555

Riley Exploration Permian, Inc.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

29 E. Reno Avenue, Suite 500 Oklahoma City, Oklahoma

(Address of Principal Executive Offices)

87-0267438

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

73104

(Zip Code)

Registrant's telephone number, including area code: (405) 415-8699

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 stock, par value \$0.001	REPX	NYSE American

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

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

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

The total number of shares of common stock, par value \$0.001 per share, outstanding as of August 2, 2024 was 21,575,276.

RILEY EXPLORATION PERMIAN, INC.
FORM 10-Q
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2024
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DEFINITIONS

As used in this Quarterly Report on Form 10-Q (the "Quarterly Report"), unless otherwise noted or the context otherwise requires, we refer to Riley Exploration Permian, Inc., together with its consolidated subsidiaries, as "Riley Permian," "REPX," "the Company," "Registrant," "we," "our," or "us." In addition, this Quarterly Report includes certain terms commonly used in the oil and natural gas industry, and the following are abbreviations and definitions of certain terms used within this Quarterly Report:

Measurements.

<i>Bbl</i>	One barrel or 42 U.S. gallons liquid volume of oil or other liquid hydrocarbons
<i>Boe</i>	One stock tank barrel equivalent of oil, calculated by converting gas volumes to equivalent oil barrels at a ratio of 6 thousand cubic feet of gas to 1 barrel of oil and by converting NGL volumes to equivalent oil barrels at a ratio of 1 barrel of NGL to 1 barrel of oil
<i>Boe/d</i>	Stock tank barrel equivalent of oil per day
<i>Btu</i>	British thermal unit. One British thermal unit is the amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit
<i>MBbl</i>	One thousand barrels of oil or other liquid hydrocarbons
<i>MBoe</i>	One thousand Boe
<i>MBoe/d</i>	One thousand Boe per day
<i>Mcf</i>	One thousand cubic feet of gas
<i>MMcf</i>	One million cubic feet of gas

Abbreviations.

<i>ARO</i>	Asset Retirement Obligation
<i>ATM</i>	At-the-market equity sales program
<i>CME</i>	Chicago Mercantile Exchange
<i>Credit Facility</i>	A credit agreement among Riley Exploration - Permian, LLC, as borrower, and Riley Exploration Permian, Inc, as parent guarantor, with Truist Bank and certain lenders party thereto, as amended
<i>CO₂</i>	Carbon Dioxide
<i>EOR</i>	Enhanced Oil Recovery
<i>ERCOT</i>	Electric Reliability Council of Texas
<i>FASB</i>	Financial Accounting Standards Board
<i>NGL</i>	Natural gas liquids
<i>NYSE</i>	NYSE American
<i>Oil</i>	Crude oil and condensate
<i>RRC</i>	Railroad Commission of Texas
<i>SEC</i>	Securities and Exchange Commission
<i>Senior Notes</i>	Unsecured 10.5% senior notes due April 2028
<i>U.S. GAAP</i>	Accounting principles generally accepted in the United States of America
<i>WTI</i>	West Texas Intermediate

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, contained in this Quarterly Report that include information concerning our possible or assumed future results of operations, business strategies, need for financing, competitive position and potential growth opportunities represent management's beliefs and assumptions based on currently available information and they do not consider the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believes," "intends," "may," "should," "anticipates," "expects," "could," "plans," "estimates," "projects," "targets" or comparable terminology or by discussions of strategy or trends. Such statements by their nature involve risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such forward-looking statements.

Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed under "Part II, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II, Item 1A. Risk Factors" in this Quarterly Report and in our Annual Report on Form 10-K for the year ended December 31, 2023 (the "2023 Annual Report"). We continue to face many risks and uncertainties including, but not limited to:

- the volatility of oil, natural gas and NGL prices;
- regional supply and demand factors, any delays, curtailment delays or interruptions of production, and any governmental order, rule or regulation that may impose production limits;
- cost and availability of gathering, pipeline, refining, transportation and other midstream and downstream activities, which could result in a prolonged shut-in of our wells that may adversely affect our reserves, financial condition and results of operations;
- severe weather and other risks that lead to a lack of any available markets;
- our ability to successfully complete mergers, acquisitions or divestitures;
- the inability or failure of the Company to successfully integrate the acquired assets into its operations and development activities;
- the potential delays in the development, construction or start-up of planned projects;
- failure to realize any of the anticipated benefits of our joint ventures or other equity investments;
- the risk that the Company's enhanced oil recovery ("EOR") or carbon capture, utilization and sequestration ("CCUS") projects may not perform as expected or produce the anticipated benefits;
- risks relating to our operations, including development drilling and testing results and performance of acquired properties and newly drilled wells;
- inability to prove up undeveloped acreage and maintain production on leases;
- any reduction in our borrowing base on our Credit Facility from time to time and our ability to repay any excess borrowings as a result of such reduction;
- the impact of our derivative strategy and the results of future settlement;
- our ability to comply with the financial covenants contained in our Credit Facility and in our Senior Notes;
- changes in general economic, business or industry conditions, including changes in inflation rates, interest rates, and foreign currency exchange rates;
- conditions in the capital, financial and credit markets and our ability to obtain capital needed for development and exploration operations on favorable terms or at all;
- the loss of certain tax deductions;
- risks associated with executing our business strategy, including any changes in our strategy;
- risks associated with concentration of operations in one major geographic area;
- legislative or regulatory changes, including initiatives related to hydraulic fracturing, regulation of greenhouse gases, water conservation, seismic activity, weatherization, or protection of certain species of wildlife, or of sensitive environmental areas;
- the ability to receive drilling and other permits or approvals and rights-of-way in a timely manner (or at all), which may be restricted by governmental regulation and legislation;
- restrictions on the use of water, including limits on the use of produced water and a moratorium on new produced water well permits recently imposed by the RRC in an effort to control induced seismicity in the Permian Basin;

- changes in government environmental policies and other environmental risks; the availability of drilling equipment and the timing of production; tax consequences of business transactions; public health crises, such as pandemics and epidemics, and any related government policies and actions and the effects of such public health crises on the oil and natural gas industry, pricing and demand for oil and natural gas and supply chain logistics;
- general domestic and international economic, market and political conditions, including the military conflict between Russia and Ukraine, the Israel-Hamas conflict, and the global response to such conflicts;
- risks related to litigation; and
- cybersecurity threats, technology system failures and data security issues.

In light of such risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date of this Quarterly Report, or if earlier, as of the date they were made. We do not intend to, and disclaim any obligation to, update or revise any forward-looking statements unless required by securities law.

Part I. FINANCIAL INFORMATION
Item 1. Financial Statements

RILEY EXPLORATION PERMIAN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	June 30, 2024	December 31, 2023
	(In thousands, except share amounts)	
Assets		
Current Assets:		
Cash	\$ 10,910	\$ 15,319
Accounts receivable	42,077	35,126
Prepaid expenses	1,766	1,625
Inventory	5,685	6,177
Current derivative assets	1,426	5,013
Total current assets	61,864	63,260
Oil and natural gas properties, net (successful efforts)	889,270	846,901
Other property and equipment, net	20,630	20,653
Non-current derivative assets	631	2,296
Equity method investment	20,757	5,620
Other non-current assets, net	9,805	6,981
Total Assets	\$ 1,002,957	\$ 945,711
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable	\$ 12,581	\$ 3,855
Accrued liabilities	19,156	33,159
Revenue payable	32,902	30,695
Current derivative liabilities	8,292	360
Current portion of long-term debt	20,000	20,000
Other current liabilities	4,691	6,276
Total Current Liabilities	97,622	94,345
Non-current derivative liabilities	2,527	—
Asset retirement obligations	31,503	19,255
Long-term debt	302,720	335,959
Deferred tax liabilities	78,418	73,345
Other non-current liabilities	1,135	1,212
Total Liabilities	513,925	524,116
Commitments and Contingencies (Note 14)		
Shareholders' Equity:		
Preferred stock, \$0.0001 par value, 25,000,000 shares authorized; 0 shares issued and outstanding	—	—
Common stock, \$0.001 par value, 240,000,000 shares authorized; 21,559,918 and 20,405,093 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	21	20
Additional paid-in capital	309,341	279,112
Retained earnings	179,670	142,463
Total Shareholders' Equity	489,032	421,595
Total Liabilities and Shareholders' Equity	\$ 1,002,957	\$ 945,711

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

RILEY EXPLORATION PERMIAN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
(In thousands, except per share amounts)				
Revenues:				
Oil and natural gas sales, net	\$ 105,343	\$ 99,312	\$ 204,767	\$ 165,724
Contract services - related parties	60	600	380	1,200
Total Revenues	105,403	99,912	205,147	166,924
Costs and Expenses:				
Lease operating expenses	16,492	17,514	33,261	26,389
Production and ad valorem taxes	7,174	7,221	14,405	11,331
Exploration costs	60	80	64	412
Depletion, depreciation, amortization and accretion	17,470	18,601	35,249	27,684
General and administrative:				
Administrative costs	6,644	6,500	11,983	11,967
Share-based compensation expense	3,281	1,225	4,973	2,339
Cost of contract services - related parties	—	109	363	219
Transaction costs	670	3,652	670	5,539
Total Costs and Expenses	51,791	54,902	100,968	85,880
Income from Operations	53,612	45,010	104,179	81,044
Other Income (Expense):				
Interest expense, net	(8,857)	(10,161)	(17,924)	(11,177)
Gain (loss) on derivatives, net	(359)	8,665	(17,436)	14,420
Loss from equity method investment	(192)	(4)	(25)	(236)
Total Other Income (Expense)	(9,408)	(1,500)	(35,385)	3,007
Net Income from Operations before Income Taxes	44,204	43,510	68,794	84,051
Income tax expense	(10,656)	(10,442)	(16,488)	(19,132)
Net Income	\$ 33,548	\$ 33,068	\$ 52,306	\$ 64,919
Net Income per Share:				
Basic	\$ 1.61	\$ 1.68	\$ 2.57	\$ 3.30
Diluted	\$ 1.59	\$ 1.65	\$ 2.55	\$ 3.25
Weighted Average Common Shares Outstanding:				
Basic	20,866	19,671	20,378	19,660
Diluted	21,087	19,985	20,539	19,951

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

RILEY EXPLORATION PERMIAN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(In Thousands)

	Shareholders' Equity				
	Common Stock		Additional Paid- in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
Balance, December 31, 2023	20,405	\$ 20	\$ 279,112	\$ 142,463	\$ 421,595
Share-based compensation expense	—	—	1,692	—	1,692
Repurchased shares for tax withholding	(5)	—	(106)	—	(106)
Dividends declared	—	—	—	(7,329)	(7,329)
Net income	—	—	—	18,758	18,758
Balance, March 31, 2024	20,400	\$ 20	\$ 280,698	\$ 153,892	\$ 434,610
Share-based compensation expense	147	—	3,281	—	3,281
Repurchased shares for tax withholding	(2)	—	(52)	—	(52)
Issuance of common shares, net	1,015	1	25,414	—	25,415
Dividends declared	—	—	—	(7,770)	(7,770)
Net income	—	—	—	33,548	33,548
Balance, June 30, 2024	21,560	\$ 21	\$ 309,341	\$ 179,670	\$ 489,032

	Shareholders' Equity				
	Common Stock		Additional Paid- in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
Balance, December 31, 2022	20,161	\$ 20	\$ 274,643	\$ 58,783	\$ 333,446
Share-based compensation expense	16	—	1,260	—	1,260
Repurchased shares for tax withholding	(8)	—	(234)	—	(234)
Dividends declared	—	—	—	(6,851)	(6,851)
Net income	—	—	—	31,851	31,851
Balance, March 31, 2023	20,169	\$ 20	\$ 275,669	\$ 83,783	\$ 359,472
Share-based compensation expense	14	—	1,225	—	1,225
Repurchased shares for tax withholding	(1)	—	(66)	—	(66)
Dividends declared	—	—	—	(6,846)	(6,846)
Net income	—	—	—	33,068	33,068
Balance, June 30, 2023	20,182	\$ 20	\$ 276,828	\$ 110,005	\$ 386,853

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

RILEY EXPLORATION PERMIAN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2024	2023
(In thousands)		
Cash Flows from Operating Activities:		
Net income	\$ 52,306	\$ 64,919
Adjustments to reconcile net income to net cash provided by operating activities:		
Exploratory well costs and lease expirations	—	388
Depletion, depreciation, amortization and accretion	35,249	27,684
(Gain) loss on derivatives, net	17,436	(14,420)
Settlements on derivative contracts	(1,725)	(7,391)
Amortization of deferred financing costs and discount	2,632	1,281
Share-based compensation expense	4,973	2,485
Deferred income tax expense	5,073	13,737
Loss from equity method investment	25	236
Other	(42)	—
Changes in operating assets and liabilities		
Accounts receivable	(6,951)	(7,033)
Prepaid expenses and other current assets	(186)	(1,318)
Other non-current assets	(302)	—
Accounts payable and accrued liabilities	(2,665)	1,074
Inventory	442	(1,715)
Revenue payable	1,931	6,098
Other current liabilities	(430)	2,695
Net Cash Provided by Operating Activities	107,766	88,720
Cash Flows from Investing Activities:		
Additions to oil and natural gas properties	(53,926)	(83,023)
Net assets acquired in business combination	—	(325,094)
Acquisitions of oil and natural gas properties	(18,138)	(5,443)
Contributions to equity method investment	(15,162)	(3,566)
Additions to other property and equipment	(430)	(277)
Net Cash Used in Investing Activities	(87,656)	(417,403)
Cash Flows from Financing Activities:		
Deferred financing costs	(69)	(6,214)
Proceeds from credit facility	15,000	178,000
Repayments under credit facility	(40,000)	(19,000)
Proceeds from Senior Notes, net of discount	—	188,000
Repayments of Senior Notes	(10,000)	(5,000)
Payment of common share dividends	(14,707)	(13,363)
Proceeds from issuance of common shares, net	25,415	—
Common stock repurchased for tax withholding	(158)	(300)
Net Cash (Used in) Provided by Financing Activities	(24,519)	322,123
Net Decrease in Cash	(4,409)	(6,560)
Cash, Beginning of Period	15,319	13,301
Cash, End of Period	\$ 10,910	\$ 6,741

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

RILEY EXPLORATION PERMIAN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)
(Unaudited)

	Six Months Ended June 30,	
	2024	2023
(In thousands)		
Supplemental Disclosure of Cash Flow Information		
Cash Paid For:		
Interest, net of capitalized interest	\$ 16,372	\$ 9,060
Income taxes, net of refunds	\$ 10,773	\$ 3,688
Non-cash Investing and Financing Activities:		
Changes in capital expenditures in accounts payable and accrued liabilities	\$ (2,699)	\$ (6,461)
Right of use assets obtained in exchange for operating lease liability	\$ 386	\$ (517)
Assets contributed to equity method investment	\$ —	\$ 2,272
Asset retirement obligations assumed in acquisitions	\$ 9,727	\$ 19,359

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

RILEY EXPLORATION PERMIAN, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Organization and Nature of Business

Riley Permian is a growth-oriented, independent oil and natural gas company focused on the acquisition, exploration, development and production of oil, natural gas and NGLs in Texas and New Mexico. Our activities primarily include the horizontal development of conventional reservoirs on the Northwest Shelf of the Permian Basin. Our acreage is primarily located on large, contiguous blocks in Yoakum County, Texas and Eddy County, New Mexico.

(2) Basis of Presentation

These unaudited condensed consolidated financial statements as of June 30, 2024 and for the three and six months ended June 30, 2024 and 2023 include the accounts of Riley Permian and its consolidated subsidiaries and have been prepared in accordance with U.S. GAAP. All intercompany balances and transactions have been eliminated upon consolidation.

Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC. 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, shareholders' equity, results of operations or cash flows. These condensed consolidated financial statements should be read in conjunction with the Company's 2023 Annual Report.

These condensed consolidated financial statements have not been audited by an independent registered public accounting firm. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary for fair presentation of the results of operations for the periods presented, which adjustments were of a normal recurring nature, except as disclosed herein. The results of operations for the three and six months ended June 30, 2024 are not necessarily indicative of the results to be expected for the full year ending December 31, 2024, for various reasons, including fluctuations in prices received for oil and natural gas, natural production declines, the uncertainty of exploration and development drilling results, fluctuations in the fair value of derivative instruments, the current and future impacts of the military conflicts between Russia and Ukraine and Israel and Hamas, the volatile inflationary environment in U.S. markets and other factors.

(3) Summary of Significant Accounting Policies

Significant Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. These estimates and assumptions may also affect disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

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. 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 carrying value of oil and natural gas properties, accounts receivable, accrued capital expenditures and operating expenses, ARO, the fair value determination of acquired assets and assumed liabilities, certain tax accruals and the fair value of derivatives.

RILEY EXPLORATION PERMIAN, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Accounts Receivable

Accounts receivable is summarized below:

	June 30, 2024	December 31, 2023
	(In thousands)	
Oil, natural gas and NGL sales	\$ 34,658	\$ 31,135
Joint interest accounts receivable	2,048	1,630
Allowance for credit losses	(30)	—
Other accounts receivable	5,401	2,361
Total accounts receivable	\$ 42,077	\$ 35,126

As of December 31, 2022, the Company had accounts receivables from oil, natural gas and NGL sales of \$24.1 million.

The Company estimates uncollectible amounts based on the length of time that the accounts receivable has been outstanding, historical collection experience and current and future economic and market conditions, to determine if failure to collect is expected to occur. Allowances for credit losses are recorded as reductions to the carrying values of the accounts receivables included in the Company's condensed consolidated balance sheets and are recorded in Administrative costs in the condensed consolidated statements of operations if failure to collect an estimable portion is determined to be probable. The Company had \$30 thousand and no allowance for credit losses at June 30, 2024 and December 31, 2023.

Other Non-Current Assets, Net

Other non-current assets consisted of the following:

	June 30, 2024	December 31, 2023
	(In thousands)	
Deferred financing costs, net ⁽¹⁾	\$ 3,083	\$ 3,844
Right of use assets	1,727	1,890
Other	4,995	1,247
Total other non-current assets, net	\$ 9,805	\$ 6,981

(1) Deferred financing costs, net reflects costs associated with the Company's Credit Facility which are amortized over the term of the Credit Facility.

Accrued Liabilities

Accrued liabilities consisted of the following:

	June 30, 2024	December 31, 2023
	(In thousands)	
Accrued capital expenditures	\$ 5,386	\$ 15,851
Accrued lease operating expenses	5,280	6,038
Accrued general and administrative costs	4,806	4,655
Accrued ad valorem tax	2,568	5,269
Other accrued expenditures	1,116	1,346
Total accrued liabilities	\$ 19,156	\$ 33,159

RILEY EXPLORATION PERMIAN, INC.
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Asset Retirement Obligations

Components of the changes in ARO for the six months ended June 30, 2024 and the year ended December 31, 2023 are shown below:

	June 30, 2024	December 31, 2023
	(In thousands)	
ARO, beginning balance	\$ 23,044	\$ 3,038
Liabilities incurred	12	45
Liabilities assumed in acquisitions	9,727	19,359
Liability settlements and disposals	(316)	(1,039)
Accretion	1,233	1,641
ARO, ending balance	33,700	23,044
Less: current ARO ⁽¹⁾	(2,197)	(3,789)
ARO, long-term	\$ 31,503	\$ 19,255

(1) Current ARO is included within other current liabilities on the accompanying condensed consolidated balance sheets.

Revenue Recognition

The following table presents oil and natural gas sales disaggregated by product:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Oil and natural gas sales:				
Oil	\$ 106,353	\$ 97,830	\$ 203,345	\$ 162,803
Natural gas ⁽¹⁾	(977)	40	(294)	564
NGLs ⁽¹⁾	(33)	1,442	1,716	2,357
Total oil and natural gas sales, net	\$ 105,343	\$ 99,312	\$ 204,767	\$ 165,724

(1) The Company's natural gas and NGL sales are presented net of gathering, processing, and transportation costs which at times exceed the price received and result in negative average realized prices.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which enhances the disclosures required for operating segments in the Company's annual and interim consolidated financial statements. This ASU is effective retrospectively for fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. The Company does not expect this standard to have a material impact on its disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this standard provide for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid. This ASU is effective for the Company prospectively to all annual periods beginning after December 15, 2024. The Company does not expect this standard to have a material impact on its disclosures.

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(4) Acquisitions of Oil and Natural Gas Properties*2023 New Mexico Acquisition*

On April 3, 2023, the Company completed an acquisition of oil and natural gas properties (the "2023 New Mexico Acquisition") from Pecos Oil & Gas, LLC for \$324.7 million, funded through a combination of proceeds from the issuance of \$200 million of Senior Notes and borrowings under the Company's Credit Facility. The assets acquired are located in Eddy County, New Mexico, and include approximately 10,600 total contiguous net acres of leasehold. The acquisition also included 18 net horizontal wells and 250 net vertical wells.

The 2023 New Mexico Acquisition qualified as a business combination using the acquisition method of accounting. The following table presents the allocation of the total purchase price of the 2023 New Mexico Acquisition to the identified assets acquired and liabilities assumed based on estimated fair value as of the Closing Date.

Purchase price allocation (in thousands):

Total cash consideration	\$	324,686
Assets acquired:		
Inventory	\$	2,980
Oil and natural gas properties		342,308
Other	\$	149
Amount attributable to assets acquired	\$	345,437
Liabilities assumed:		
Revenue payable	\$	1,475
Asset retirement obligations		19,276
Amount attributable to liabilities assumed	\$	20,751
Net assets acquired	\$	324,686

Transaction costs associated with the 2023 New Mexico Acquisition were approximately \$3.7 million and \$5.5 million for the three and six months ended June 30, 2023, respectively, and are included on the accompanying condensed consolidated statements of operations.

Pro Forma Operating Results

The following unaudited pro forma combined results for the three and six months ended June 30, 2023 reflect the consolidated results of operations of the Company as if the 2023 New Mexico Acquisition had occurred on January 1, 2022. The unaudited pro forma information includes adjustments for (i) amortization for the discount and deferred financing costs and interest expense related to the Senior Notes and Credit Facility, (ii) depletion, depreciation and amortization expense, and (iii) interest expense related to the financing for the 2023 New Mexico Acquisition. In addition, the pro forma information has been effected for income taxes with a 23% statutory tax rate for the three and six months ended June 30, 2023.

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	Three Months Ended		Six Months Ended	
	June 30, 2023		June 30, 2023	
(In thousands, except per share amounts)				
Total revenues	\$	99,912	\$	197,519
Net income	\$	36,956	\$	76,799
Basic net income per common share	\$	1.88	\$	3.91
Diluted net income per common share	\$	1.85	\$	3.85

The unaudited pro forma combined financial information is for informational purposes only and is not intended to represent or to be indicative of the combined results of operations that the Company would have reported had the 2023 New Mexico Acquisition been completed as of January 1, 2022, and should not be taken as indicative of the Company's future combined results of operations. The actual results may differ significantly from that reflected in the unaudited pro forma combined financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited pro forma combined financial information and actual results.

2024 New Mexico Asset Acquisition

On May 7, 2024, the Company closed on the previously announced acquisition of oil and natural gas properties in Eddy County, New Mexico ("2024 New Mexico Asset Acquisition"), which included 13,900 contiguous net acres to the Company's existing acreage in Eddy County, for a cash purchase price of approximately \$17.6 million plus \$0.5 million in transaction costs. The 2024 New Mexico Asset Acquisition was accounted for as an asset acquisition, with the final purchase price and transaction costs being capitalized to oil and natural gas properties and was funded through a combination of proceeds from the 2024 equity issuance ("2024 Equity Offering") discussed in Note 11 and cash on hand.

(5) Oil and Natural Gas Properties

Oil and natural gas properties are summarized below:

	June 30, 2024		December 31, 2023	
	(In thousands)			
Proved	\$	974,081	\$	895,783
Unproved		112,110		100,216
Work-in-progress		42,744		57,004
		<u>1,128,935</u>		<u>1,053,003</u>
Accumulated depletion, amortization and impairment		<u>(239,665)</u>		<u>(206,102)</u>
Total oil and natural gas properties, net	\$	<u>889,270</u>	\$	<u>846,901</u>

Depletion and amortization expense for proved oil and natural gas properties was \$16.5 million and \$17.9 million, respectively, for the three months ended June 30, 2024 and 2023 and \$33.5 million and \$26.8 million, respectively, for the six months ended June 30, 2024 and 2023.

(6) Derivative Instruments

Oil and Natural Gas Contracts

The Company uses commodity based derivative contracts to reduce exposure to fluctuations in oil and natural gas prices. While the use of these contracts partially limits the downside risk for adverse price changes, their use can also partially limit future revenues from favorable price changes. We have not designated our derivative contracts as hedges for accounting

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purposes, and therefore changes in the fair value of derivatives are included and recognized in other income (expense) in the accompanying condensed consolidated statements of operations.

As of June 30, 2024, the Company's oil and natural gas derivative instruments consisted of fixed price swaps, costless collars, and basis swaps. The following table summarizes the open financial derivative positions as of June 30, 2024, related to our future oil and natural gas production:

Calendar Quarter / Year	Notional Volume	Weighted Average Price		
		Fixed	Put	Call
		(\$ per unit)		
Oil Swaps (Bbl)				
Q3 2024	405,000	\$	74.35	
Q4 2024	360,000	\$	73.94	
2025	570,000	\$	72.86	
Natural Gas Swaps (Mcf)				
Q3 2024	600,000	\$	3.21	
Q4 2024	450,000	\$	3.67	
2025	1,470,000	\$	3.71	
2026	555,000	\$	4.02	
Oil Collars (Bbl)				
Q3 2024	366,000	\$	61.00	\$ 83.61
Q4 2024	390,000	\$	61.92	\$ 83.39
2025	1,635,000	\$	63.41	\$ 76.42
2026	265,000	\$	60.61	\$ 80.71
Natural Gas Collars (Mcf)				
Q3 2024	405,000	\$	3.01	\$ 3.68
Q4 2024	405,000	\$	3.50	\$ 4.45
2025	1,395,000	\$	3.29	\$ 4.30
Oil Basis (Bbl)				
Q3 2024	330,000	\$	0.97	
Q4 2024	330,000	\$	0.97	

Interest Rate Contracts

The Company entered into floating-to-fixed interest rate swaps, in which it will receive a floating market rate equal to one-month CME Term Secured Overnight Financing Rate and will pay a fixed interest rate, to manage future interest rate exposure related to the Company's Credit Facility. In March 2024, the Company entered into a fixed-to-floating interest rate swap for the period from May 2024 to December 2024, to reduce our interest rate exposure, which resulted in a gain of approximately \$1 million on a notional amount of \$80 million. This gain will be realized upon settlement of the contracts in 2024.

At the time of settlement of these interest rate derivative contracts, gain or loss on settlement will be included in interest expense on the condensed consolidated statements of operations. Gains on interest rate swaps were \$0.2 million for the three and six months ended June 30, 2024.

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The following table summarizes the open interest rate derivative positions as of June 30, 2024:

Open Coverage Period	Position	Notional Amount (In thousands)	Fixed Rate
July 2024 - April 2026	Long	\$ 30,000	3.180 %
July 2024 - April 2026	Long	\$ 50,000	3.039 %
July 2024 - December 2024	Short	\$ 80,000	4.910 %

Balance Sheet Presentation of Derivatives

The following tables present the location and fair value of the Company's derivative contracts included in the condensed consolidated balance sheets as of June 30, 2024 and December 31, 2023:

Balance Sheet Classification	June 30, 2024		
	Gross Fair Value	Amounts Netted (In thousands)	Net Fair Value
Current derivative assets	\$ 5,345	\$ (3,919)	\$ 1,426
Non-current derivative assets	5,761	(5,130)	631
Current derivative liabilities	(12,211)	3,919	(8,292)
Non-current derivative liabilities	(7,657)	5,130	(2,527)
Total	<u>\$ (8,762)</u>	<u>\$ —</u>	<u>\$ (8,762)</u>

Balance Sheet Classification	December 31, 2023		
	Gross Fair Value	Amounts Netted (In thousands)	Net Fair Value
Current derivative assets	\$ 8,948	\$ (3,935)	\$ 5,013
Non-current derivative assets	6,687	(4,391)	2,296
Current derivative liabilities	(4,295)	3,935	(360)
Non-current derivative liabilities	(4,391)	4,391	—
Total	<u>\$ 6,949</u>	<u>\$ —</u>	<u>\$ 6,949</u>

The following table presents the components of the Company's gain (loss) on derivatives, net for the periods presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Settlements on derivative contracts	\$ (1,829)	\$ (2,303)	\$ (1,725)	\$ (7,391)
Non-cash gain (loss) on derivatives	1,470	10,968	(15,711)	21,811
Gain (loss) on derivatives, net	<u>\$ (359)</u>	<u>\$ 8,665</u>	<u>\$ (17,436)</u>	<u>\$ 14,420</u>

(7) Fair Value Measurements

The FASB has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels. Level 1 inputs are the highest priority and consist of unadjusted quoted prices in active markets for identical assets and liabilities. Level 2 are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 are unobservable inputs for an asset or liability.

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The carrying values of financial instruments comprising cash, payables, receivables, and advances from joint interest owners approximate fair values due to the short-term maturities of these instruments and are classified as Level 1 in the fair value hierarchy. The carrying value reported for the Credit Facility approximates fair value because the underlying instruments are at interest rates which approximate current market rates. The fair value of the Senior Notes is based on estimates of current rates available for similar issuances with similar maturities and is classified as Level 2 in the fair value hierarchy. The oil and natural gas properties acquired and ARO assumed in both the 2023 New Mexico Acquisition and the 2024 New Mexico Asset Acquisition are considered Level 3 measurements.

Assets and Liabilities Measured on a Recurring Basis

The fair value of commodity derivatives and interest rate swaps is estimated using discounted cash flow calculations based upon forward curves and are classified as Level 2 in the fair value hierarchy. The following table presents the Company's financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2024 and December 31, 2023, by level within the fair value hierarchy:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Financial assets:				
Commodity derivative assets	\$ —	\$ 9,124	\$ —	\$ 9,124
Interest rate assets	\$ —	\$ 1,982	\$ —	\$ 1,982
Financial liabilities:				
Commodity derivative liabilities	\$ —	\$ (19,868)	\$ —	\$ (19,868)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Financial assets:				
Commodity derivative assets	\$ —	\$ 14,766	\$ —	\$ 14,766
Interest rate assets	\$ —	\$ 869	\$ —	\$ 869
Financial liabilities:				
Commodity derivative liabilities	\$ —	\$ (8,686)	\$ —	\$ (8,686)

The following table summarizes the fair value and carrying amount of the Company's financial instruments.

	June 30, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Credit Facility (Level 2)	\$ 160,000	\$ 160,000	\$ 185,000	\$ 185,000
Senior Notes (Level 2) ⁽¹⁾	\$ 162,720	\$ 182,638	\$ 170,959	\$ 185,346

(1) The carrying value reported for the Senior Notes is shown net of unamortized discount and unamortized deferred financing costs.

The carrying value reported for the Credit Facility approximates fair value because the underlying instruments are at interest rates which approximate current market rates. The fair value of the Senior Notes was determined utilizing a discounted cash flow approach.

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(8) Equity Method Investment

In January 2023, the Company formed a joint venture, RPC Power LLC, a Delaware limited liability company ("RPC Power"), for the purpose of constructing, owning and operating power generation assets which are expected to be fully operational in the third quarter of 2024. These assets will use the Company's produced natural gas to power its oilfield operations in Yoakum County, Texas. In May 2024, the Company entered into the Second Amended and Restated Limited Liability Company Agreement ("A&R LLC Agreement") to expand the scope of its joint venture to include the constructing, owning, and operating of additional new power generation and storage assets which are expected to be operational in 2025, for the sale of energy and ancillary services to ERCOT ("Merchant Deal"). Upon signing the A&R LLC Agreement, the Company invested an additional \$9.5 million and also increased its equity ownership in RPC Power from 35% to 50%. The Company also committed to invest up to an additional \$21.5 million, if required, to fund its portion of the capital budget for 2024 and 2025 for the RPC Power joint venture. As the Company has significant influence due to its ownership percentage, but lacks control, RPC Power is accounted for as an equity method investment. As of June 30, 2024, the Company had invested \$21 million in the joint venture, comprised of \$18.7 million in cash and \$2.3 million of contributed assets, which was reduced by the Company's share of losses and increased by its share of income in the joint venture.

See Note 9 - Transactions with Related Parties for further discussion of the contractual agreements between the Company and RPC Power and its affiliates and Note 14 - Commitments and Contingencies for additional information on future commitments.

The following table presents the Company's equity method investment activity:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Equity method investment, beginning balance	\$ 11,406	\$ 3,880	\$ 5,620	\$ —
Contributions	9,543	1,726	15,162	5,838
Loss from equity method investment	(192)	(4)	(25)	(236)
Equity method investment, ending balance	<u>\$ 20,757</u>	<u>\$ 5,602</u>	<u>\$ 20,757</u>	<u>\$ 5,602</u>

(9) Transactions with Related Parties

RPC Power

In January 2023, the Company entered into a 10-year agreement with RPC Power, which provides for the conversion of specified quantities of the Company's produced natural gas to electricity in order to power its oilfield operations in Yoakum County, Texas ("Tolling Agreement"). The Tolling Agreement was amended and restated in June 2024 ("A&R Tolling Agreement") primarily to reflect the new in-service date in the third quarter of 2024. The Company also entered into a 10-year agreement ("Asset Optimization Agreement") in January 2023 that requires RPC Power to provide operational expertise on the implementation and management of the power generating assets subject to the A&R Tolling Agreement for a monthly fee of \$20 thousand.

In May 2024, the Company entered into a 10-year natural gas supply agreement ("Supply Agreement") with RPC Merchant LLC, a wholly owned subsidiary of RPC Power ("RPC Merchant"), to supply natural gas to fuel the natural gas generators under the Merchant Deal. The Company's commitment under the Supply Agreement is contingent upon project start-up which is expected to occur throughout 2025.

At June 30, 2024, and December 31, 2023, the Company had no amounts accrued or in accounts payable related to these agreements.

See additional information related to RPC Power in Note 8 - Equity Method Investment and Note 14 - Commitments and Contingencies for additional information on future commitments.

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Contract Services

The Company and Combo Resources, LLC ("Combo") own interests in six established units in Lee and Fayette Counties, Texas, which were jointly developed by the parties pursuant to participation agreements (collectively, the "Combo PA") and are currently operated by Riley Permian Operating Company, LLC ("RPOC"). RPOC also provided certain administrative and operational services to Combo pursuant to a management services agreement (the "Combo MSA") for a monthly fee of \$100 thousand and reimbursement of all third party expenses until the Combo MSA was terminated on January 31, 2024. Upon termination of the Combo PA as of December 31, 2023 and pursuant to a letter agreement effective as of December 31, 2023, the Company agreed to relinquish its right to acquire additional working interests within a specified area. The rights of the Company in the six jointly owned units are not affected by this letter agreement and remain subject to the existing joint operating agreements between the parties.

The Company also provided certain administrative services pursuant to a services agreement (the "REG MSA") with Riley Exploration Group, LLC ("REG") for a monthly fee of \$100 thousand through January 2024 and \$60 thousand through April 2024, and reimbursement of all third party expenses until the REG MSA was terminated effective May 31, 2024. The \$60 thousand fee was waived for the month of May 2024.

The following table presents revenues from and related cost for contract services for related parties:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Combo	\$ —	\$ 300	\$ 100	\$ 600
REG	60	300	280	600
Contract services - related parties	<u>\$ 60</u>	<u>\$ 600</u>	<u>\$ 380</u>	<u>\$ 1,200</u>
Cost of contract services	\$ —	\$ 109	\$ 363	\$ 219

The Company had no amounts payable to Combo at June 30, 2024 and \$0.7 million payable at December 31, 2023, which is reflected in other current liabilities on the accompanying condensed consolidated balance sheets. Amounts due to Combo reflect the revenue, net of any expenditures for Combo's net working interest in wells that RPOC operates on Combo's behalf.

The Company had a \$0.2 million receivable from REG at June 30, 2024 and no amounts receivable at December 31, 2023, which is reflected in accounts receivable on the accompanying condensed consolidated balance sheets. Amounts receivable from REG reflect administrative services provided by the Company to REG.

Consulting and Legal Fees

The Company has an engagement agreement with di Santo Law PLLC ("di Santo Law"), a law firm owned by Beth di Santo, a member of our Board of Directors, pursuant to which di Santo Law's attorneys provide legal services to the Company.

The Company incurred legal fees from di Santo Law of approximately \$0.5 million and \$0.1 million for the three months ended June 30, 2024 and 2023, respectively, and approximately \$0.8 million and \$0.4 million for the six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and December 31, 2023, the Company had approximately \$0.2 million and \$0.6 million, respectively, in amounts accrued for di Santo Law, which was included in other current liabilities in the accompanying condensed consolidated balance sheets.

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(10) Long-Term Debt

The following table summarizes the Company's outstanding debt:

	June 30, 2024	December 31, 2023
	(In thousands)	
Credit Facility	\$ 160,000	\$ 185,000
Senior Notes		
Principal	175,000	185,000
Less: Unamortized discount ⁽¹⁾	8,835	10,117
Less: Unamortized deferred financing costs ⁽²⁾	3,445	3,924
Total Senior Notes	162,720	170,959
Total debt	322,720	355,959
Less: Current portion of long-term debt ⁽³⁾	20,000	20,000
Total long-term debt	\$ 302,720	\$ 335,959

(1) Unamortized discount on long-term debt is amortized over the term of the respective debt.

(2) Unamortized deferred financing costs are attributable to and amortized over the term of the Senior Notes.

(3) As of June 30, 2024 and December 31, 2023, the current portion of long-term debt reflects \$20 million due on the Senior Notes over the next twelve months.

Credit Facility

As of June 30, 2024, Riley Exploration - Permian, LLC ("REP LLC"), as borrower, and the Company, as parent guarantor, are parties to a credit agreement with Truist Bank and certain lenders party thereto, as amended, which provides for a Credit Facility with a borrowing base of \$375 million. On February 22, 2023, the Company amended its Credit Facility to, among other things, allow for the issuance of unsecured senior notes of up to \$200 million. On April 3, 2023, and concurrent with the closing of the 2023 New Mexico Acquisition, the Company entered into the fourteenth amendment to the Credit Facility to, among other things, increase the maximum facility amount to \$1.0 billion and the borrowing base from \$225 million to \$325 million, resulting in the addition of new lenders to the lending group. On November 14, 2023, through the semi-annual redetermination process, the Credit Facility was amended to increase the borrowing base from \$325 million to \$375 million, which was reaffirmed in April 2024.

The Credit Facility contains certain covenants, which, among other things, require the maintenance of (i) a total leverage ratio of not greater than 3.00 to 1.00. The Credit Facility also contains a total leverage ratio for Restricted Payments, as defined in the credit agreement. The leverage ratio, after giving pro forma effect to such Restricted Payments, cannot exceed 2.50 to 1.00. If the pro forma leverage ratio is between 2.00 to 2.50, the Restricted Payments cannot exceed trailing twelve month free cash flow. In addition to and after giving effect to such Restricted Payments, the availability of funds under on the Company's Credit Facility must be greater than or equal to 20% of the elected commitments. The Company must maintain a minimum hedging requirement included within the credit agreement for oil and natural gas based on its proved developed producing projected volumes for oil and natural gas on a rolling 24-month basis.

The Credit Facility is set to mature in April 2026. Substantially all of the Company's assets are pledged to secure the Credit Facility. The following table summarizes the Credit Facility balances:

	June 30, 2024	December 31, 2023
	(In thousands)	
Outstanding borrowings	\$ 160,000	\$ 185,000
Available under the borrowing base	\$ 215,000	\$ 190,000

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Senior Notes

On April 3, 2023, and concurrent with the closing of the 2023 New Mexico Acquisition, the Company (as issuer) completed its issuance of \$200 million aggregate principal amount of 10.50% senior unsecured notes with final maturity in April 2028 pursuant to a note purchase agreement (the "Note Purchase Agreement"), with the Senior Notes issued at a 6% discount. The net proceeds from the Senior Notes were used to fund a portion of the purchase price and related fees, costs and expenses for the 2023 New Mexico Acquisition.

Interest is due and payable at the end of each quarter. In addition to interest, the Company will repay 2.50% of the original principal amount each quarter resulting in \$5 million quarterly principal payments until the maturity of the Senior Notes. As of June 30, 2024, the Company had \$20 million in current liabilities on the accompanying condensed consolidated balance sheets related to the quarterly principal payments due within the next 12 months.

The Company may, at its option, redeem, at any time and from time to time on or prior to April 3, 2026, some or all of the Senior Notes at 100% of the principal amount thereof plus the make-whole amount plus a premium of 5.25% as set forth in the Note Purchase Agreement plus accrued and unpaid interest, if any. After April 3, 2026, but on or prior to October 3, 2026, the Company may, at its option, redeem, at any time and from time to time some or all of the Senior Notes at 100% of the principal amount thereof plus a premium of 5.25% as set forth in the Note Purchase Agreement plus accrued and unpaid interest, if any. After October 3, 2026, the Company may redeem some or all of the Senior Notes at 100% of the principal amount thereof plus accrued and unpaid interest, if any. The principal remaining outstanding at the time of maturity is required to be paid in full by the Company. Certain note features, including those discussed above, were evaluated and deemed to be remote. Due to the remote nature, the fair value of these features was estimated to be approximately zero.

The Senior Notes contain certain covenants, which, among other things, require the maintenance of (i) a total leverage ratio of not greater than 3.00 to 1.00 and (ii) an asset coverage ratio greater than 1.50 to 1.00. The Senior Notes also contain a total leverage ratio and an asset coverage ratio for Restricted Payments, as defined in the Note Purchase Agreement. The leverage ratio, after giving pro forma effect to such Restricted Payments, cannot exceed 2.00 to 1.00, and the asset coverage ratio, after giving effect to such Restricted Payments, must be greater than or equal to 1.50 to 1.00. In addition to and after giving effect to such Restricted Payments, the availability of funds under the Company's Credit Facility must be greater than or equal to 15% of the Aggregate Elected Commitment Amount, as defined in the Note Purchase Agreement. Upon issuance of the Senior Notes, the Company must maintain a minimum hedging requirement included within the Senior Notes for oil and natural gas based on its proved developed producing projected volumes for oil and natural gas on a rolling 18-month basis.

The Senior Notes are general unsecured obligations ranking equally in right of payment with all other senior unsecured indebtedness of the Company and are senior in right of payment to all existing and future subordinated indebtedness of the Company. The Note Purchase Agreement contains customary terms and covenants, including limitations on the Company's ability to incur additional secured and unsecured indebtedness.

The following table summarizes the Company's interest expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Interest expense	8,409	9,771	\$ 17,152	\$ 11,065
Interest income	(236)	—	(443)	—
Capitalized interest	(834)	(835)	(1,798)	(1,450)
Amortization of deferred financing costs	680	450	1,351	643
Amortization of discount on Senior Notes	637	638	1,281	638
Unused commitment fees on Credit Facility	201	137	381	281
Total interest expense, net	\$ 8,857	\$ 10,161	\$ 17,924	\$ 11,177

As of June 30, 2024 and December 31, 2023, the weighted average interest rate on outstanding borrowings under the Credit Facility was 8.50% and 8.68%, respectively.

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As of June 30, 2024, the Senior Notes had \$8.8 million of unamortized discount and \$3.4 million of unamortized deferred financing costs, resulting in an effective interest rate of 13.38% during the six months ended June 30, 2024. As of December 31, 2023, the Senior Notes had \$10.1 million of unamortized discount and \$3.9 million of unamortized deferred financing costs, resulting in an effective interest rate of 13.38% during the year ended December 31, 2023.

As of June 30, 2024, the Company was in compliance with all covenants contained in the credit agreement for the Credit Facility and in the Note Purchase Agreement.

(11) Shareholders' Equity

Dividends

For the three months ended June 30, 2024 and 2023, the Company declared quarterly dividends on its common stock totaling approximately \$7.8 million and \$6.8 million, respectively. For the six months ended June 30, 2024 and 2023, the Company declared quarterly dividends on its common stock totaling approximately \$15.1 million and \$13.7 million, respectively.

Share-Based Compensation

In April 2023, the Company's stockholders approved the Amended and Restated 2021 Long Term Incentive Plan (the "A&R LTIP"), which increased the total number of shares of common stock that may be utilized for awards pursuant to the A&R LTIP by 950,000 shares, from 1,387,022 to 2,337,022. The A&R LTIP had 929,374 shares available for future awards as of June 30, 2024.

2021 Long-Term Incentive Plan

The following table presents the Company's restricted stock activity during the six months ended June 30, 2024 under the A&R LTIP:

Amended and Restated 2021 Long-Term Incentive Plan			
	Restricted Shares	Weighted Average Grant Date Fair Value	
Unvested at December 31, 2023	521,997	\$	24.37
Granted	167,929	\$	28.83
Vested	(98,299)	\$	26.78
Forfeited	(21,677)	\$	28.11
Unvested at June 30, 2024	<u>569,950</u>	\$	25.41

For the three months ended June 30, 2024 and 2023, the total share-based compensation expense was \$3.3 million and \$1.2 million, respectively. For the six months ended June 30, 2024 and 2023, the total share-based compensation expense was \$5.0 million and \$2.5 million, respectively. Share-based compensation expense is included in general and administrative costs on the Company's condensed consolidated statements of operations for the restricted share awards granted under the A&R LTIP. Approximately \$10.7 million of additional share-based compensation expense will be recognized over the weighted average life of 25 months for the unvested restricted share awards as of June 30, 2024.

ATM Program

On September 1, 2023, the Company entered into an Equity Distribution Agreement in connection with an at-the-market equity sales program ("ATM") pursuant to which the Company may offer and sell from time to time up to an aggregate \$50 million in shares of the Company's common stock through its agents. During the three and six months ended June 30, 2024,

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the Company did not execute any sales under the ATM program. As of June 30, 2024, the Company had remaining capacity to sell up to an additional \$49.7 million of common stock under the ATM program.

2024 Equity Offering

On April 8, 2024, the Company issued and sold 1,015,000 shares of common stock at a price of \$27.00 per share. Net proceeds from the 2024 Equity Offering were approximately \$25.4 million, after deducting underwriting discounts and commissions and expenses. The proceeds were used for financing an acquisition, repayment of outstanding debt and general corporate purposes.

(12) Income Taxes

The components of the Company's consolidated provision for income taxes from operations are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Current income tax expense:				
Federal	\$ 6,952	\$ 1,574	\$ 10,529	\$ 4,781
State	517	414	886	614
Total current income tax expense	7,469	1,988	\$ 11,415	\$ 5,395
Deferred income tax expense:				
Federal	2,541	7,207	\$ 4,054	\$ 12,295
State	646	1,247	1,019	1,442
Total deferred income tax expense	3,187	8,454	\$ 5,073	\$ 13,737
Total income tax expense	\$ 10,656	\$ 10,442	\$ 16,488	\$ 19,132

A reconciliation of the statutory federal income tax rate to the Company's effective income tax rate is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Tax at statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
Nondeductible compensation	0.8 %	— %	0.7 %	— %
Share-based compensation	0.1 %	(0.1)%	0.1 %	(0.2)%
State income taxes, net of federal benefit	2.1 %	3.0 %	2.2 %	1.9 %
Effective income tax rate	24.0 %	23.9 %	24.0 %	22.7 %

The Company's federal income tax returns for the years subsequent to December 31, 2019 remain subject to examination. The Company's income tax returns in major state income tax jurisdictions remain subject to examination for various periods subsequent to December 31, 2018. The Company currently believes that all other significant filing positions are highly certain and that all of its other significant income tax positions and deductions would be sustained under audit or the final resolution would not have a material effect on the consolidated financial statements. Therefore, the Company has not established any significant reserves for uncertain tax positions.

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(13) Net Income Per Share

The Company calculated net income per share using the treasury stock method. The table below sets forth the computation of basic and diluted net income per share for the periods presented below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands, except per share amounts)			
Net income	\$ 33,548	\$ 33,068	\$ 52,306	\$ 64,919
Basic weighted-average common shares outstanding	20,866	19,671	20,378	19,660
Restricted shares	221	314	161	291
Diluted weighted average common shares outstanding	21,087	19,985	20,539	19,951
Basic net income per share	\$ 1.61	\$ 1.68	\$ 2.57	\$ 3.30
Diluted net income per share	\$ 1.59	\$ 1.65	\$ 2.55	\$ 3.25

The following shares were excluded from the calculation of diluted net income per share due to their anti-dilutive effect for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Restricted shares	363,331	186,079	423,377	209,564

(14) Commitments and Contingencies

Legal Matters

Due to the nature of the Company's business, the Company may at times be subject to claims and legal actions. 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. The Company did not recognize any material liability for legal matters as of June 30, 2024 or December 31, 2023. Management believes it is remote 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 had no material environmental liabilities as of June 30, 2024 or December 31, 2023.

Contractual Commitments

In October 2021, the Company executed an agreement related to its EOR project. This agreement is a CO₂ purchase agreement that has a daily contract quantity with Kinder Morgan CO₂ Company, LLC with a primary term extending through the earlier of the total contract quantity delivered or December 31, 2025.

In August 2022, the Company entered into a second amendment on its gas gathering and processing agreement with its primary midstream counterparty, Stakeholder Midstream LLC ("Stakeholder"). Stakeholder committed to expand its gathering

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and processing system with a commitment from the Company to deliver an annual minimum volume to Stakeholder's gathering system for a minimum of seven years beginning on the in-service date of the expanded plant, July 1, 2024.

In October 2023, the Company entered into a purchase agreement for pipe related to its 2024 drilling program. As of June 30, 2024, the Company had commitments to purchase approximately \$8.3 million of pipe by December 2024.

In January 2023, the Company entered into the Tolling Agreement which will use the Company's produced natural gas to power its oilfield operations in Yoakum County, Texas. Under the Tolling Agreement, the Company has committed to provide specified quantities of its natural gas for 10 years following the in-service date, for a fee based on a per MMBtu basis adjusted for contractual usage factors. In June 2024, the Company entered into the A&R Tolling Agreement which superseded the Tolling Agreement to change the new in-service date to the third quarter of 2024. The Company also entered into the Asset Optimization Agreement that requires RPC Power to provide operational expertise on the implementation and management of the power generating assets subject to the A&R Tolling Agreement for a monthly fee of \$20 thousand.

In May 2024, the Company entered into a 10-year natural gas supply agreement ("Supply Agreement") with RPC Merchant LLC to supply natural gas to fuel the natural gas generators under the Merchant Deal. The Company's commitment under the Supply agreement is contingent upon project start-up which is expected to occur throughout 2025.

In May 2024, the Company increased its ownership interest in RPC Power from 35% to 50%. The Company also committed to invest up to an additional \$21.5 million if required, to fund its portion of the 2024 and 2025 capital budget for the RPC Power joint venture.

See Note 8 - Equity Method Investment and Note 9 - Transactions with Related Parties for additional information related to RPC Power.

(15) Subsequent Events

Dividend Declaration

On July 11, 2024, the Board of Directors of the Company declared a cash dividend of \$0.36 per share of common stock payable on August 8, 2024 to its shareholders of record at the close of business on July 25, 2024.

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

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with the Company's condensed consolidated financial statements and related notes thereto presented in this report as well as the Company's audited consolidated financial statements and related notes included in the Company's 2023 Annual Report. The following discussion contains "forward-looking statements" that reflect the Company's future plans, estimates, beliefs and expected performance. The Company's actual results could differ materially from those discussed in these forward-looking statements. See "Cautionary Statement Regarding Forward-Looking Statements" and "Part II. Item 1A. Risk Factors" below and the information set forth in the Risk Factors under Part I. Item 1A of the Company's 2023 Annual Report.

Overview

We operate in the upstream segment of the oil and natural gas industry and are focused on steadily growing conventional reserves, production and cash flow through the acquisition, exploration, development and production of oil, natural gas and NGLs primarily in the Permian Basin in West Texas and Southeastern New Mexico. We intend to continue to develop our reserves through development drilling and exploration activities and through acquisitions that meet our strategic and financial objectives.

Recent Developments

Market Conditions, Commodity Prices and Interest Rates

Over the past several years, the U.S. and global economies and markets have experienced heightened volatility following impactful geopolitical events, the effects of widespread inflation and the impact of significantly higher interest rates. Prices for oil and natural gas are determined primarily by prevailing market conditions, which have been and could continue to be volatile.

The combination of geopolitical events, inflation and the higher interest rate environment has led to numerous forecasts of a U.S. or global recession. Any such recession could prolong market volatility or cause a decline in commodity prices, among other potential impacts.

The Company cannot estimate the length or gravity of the future impact these events will have on the Company's results of operations, financial position, liquidity and the value of oil and natural gas reserves.

2024 New Mexico Asset Acquisition

On May 7, 2024, the Company closed on the previously announced acquisition of oil and natural gas properties in Eddy County, New Mexico ("2024 New Mexico Asset Acquisition"), which included 13,900 contiguous net acres to the Company's existing acreage in Eddy County, for a cash purchase price of approximately \$17.6 million plus \$0.5 million in transaction costs. The 2024 New Mexico Asset Acquisition was accounted for as an asset acquisition, with the final purchase price and transaction costs being capitalized to oil and natural gas properties. The acquisition was funded through a combination of proceeds from the 2024 Equity Offering and cash on hand.

RPC Power

In January 2023, the Company formed a joint venture, RPC Power, for the purpose of constructing, owning and operating power generation assets which are expected to be fully operational in the third quarter of 2024. These assets will use the Company's produced natural gas to power its oilfield operations in Yoakum County, Texas. In May 2024, the Company entered into the A&R LLC Agreement to expand the scope of its joint venture to include the constructing, owning, and operating of additional new power generation and storage assets, which are expected to be operational throughout 2025, for the sale of energy and ancillary services to ERCOT.

2024 Equity Offering

On April 8, 2024, the Company issued and sold 1,015,000 shares of common stock at a price of \$27.00 per share. Net proceeds from the issuance were approximately \$25.4 million, after deducting underwriting discounts and commissions and expenses.

Results of Operations

Comparison for the three and six months ended June 30, 2024 and 2023.

The following table sets forth selected operating data 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
Revenues (in thousands):				
Oil sales	\$ 106,353	\$ 97,830	\$ 203,345	\$ 162,803
Natural gas sales ⁽¹⁾	(977)	40	(294)	564
NGLs ⁽¹⁾	(33)	1,442	1,716	2,357
Oil and natural gas sales, net	\$ 105,343	\$ 99,312	\$ 204,767	\$ 165,724
Production Data, net:				
Oil (MBbls)	1,342	1,370	2,631	2,263
Natural gas (MMcf)	1,608	1,677	3,239	2,626
NGLs (MBbls)	330	283	623	417
Total (MBoe)	1,940	1,933	3,794	3,118
Daily combined volumes (Boe/d)	21,319	21,236	20,846	17,225
Daily oil volumes (Bbls/d)	14,747	15,055	14,456	12,503
Average Realized Prices:				
Oil (\$ per Bbl)	\$ 79.25	\$ 71.41	\$ 77.29	\$ 71.94
Natural gas (\$ per Mcf)	(0.61)	0.02	(0.09)	0.21
NGLs (\$ per Bbl)	(0.10)	5.10	2.75	5.65
Average Realized Prices, including derivative settlements:⁽²⁾				
Oil (\$ per Bbl)	\$ 76.96	\$ 69.46	\$ 75.68	\$ 68.51
Natural gas (\$ per Mcf)	0.16	0.24	0.69	0.35
NGLs (\$ per Bbl)	(0.10)	5.10	2.75	5.65

(1) The Company's natural gas and NGL sales are presented net of gathering, processing, and transportation costs which at times exceed the price received and result in negative average realized prices.

(2) The Company's calculation of the effects of derivative settlements includes gains and losses on the settlement of its commodity derivative contracts. These gains and losses are included under other income (expense) on the Company's condensed consolidated statements of operations.

Oil and Natural Gas Revenues

Our revenues are derived from the sale of our oil and natural gas production, including the sale of NGLs that are extracted from our natural gas during processing. Realized prices and revenues from product sales are a function of the volumes produced, product quality, market prices, and gas Btu content as well as gathering and processing costs. Our revenues from oil, natural gas and NGL sales do not include the effects of derivatives. Our revenues may vary significantly from period to period as a result of changes in the volumes of production sold or changes in commodity prices.

Three months ended June 30, 2024 compared to three months ended June 30, 2023

The Company's total oil and natural gas revenue, net increased \$6.0 million, or 6%, for the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

Oil revenues

- For the three months ended June 30, 2024, oil revenues increased by \$8.5 million, or 9%, compared to the three months ended June 30, 2023. Of the increase, \$10.5 million was attributable to an increase in realized prices, partially offset by a \$2.0 million decrease attributable to modestly lower volume. Realized prices increased by 11%, while volumes decreased by 2%, compared to the three months ended June 30, 2023.
- The average WTI price increased by \$8.27 per Bbl during the three months ended June 30, 2024 when compared to the three months ended June 30, 2023.

Natural gas revenues

- For the three months ended June 30, 2024, natural gas revenues decreased by \$1.0 million, compared to the three months ended June 30, 2023. All of the decrease was attributable to a decrease in realized prices. Realized prices were negative during the three months ended June 30, 2024 primarily due to weak Permian Basin natural gas prices that did not provide for full recovery of the Company's allocated gathering and processing costs.

NGL revenues

- For the three months ended June 30, 2024, NGL revenues decreased by \$1.5 million compared to the three months ended June 30, 2023. The decrease was due to higher allocated gathering and processing costs to the Company's NGLs due to weak Permian Basin natural gas prices, which did not provide for full recovery of the Company's costs.

Six months ended June 30, 2024 compared to six months ended June 30, 2023

The Company's total oil and natural gas revenue, net increased \$39.0 million, or 24%, for the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Oil revenues

- For the six months ended June 30, 2024, oil revenues increased by \$40.5 million, or 25%, compared to the six months ended June 30, 2023. Of the increase, \$26.5 million was attributable to an increase in volume and \$14.0 million to an increase in realized price. Volumes increased by 16%, while realized prices increased by 7% compared to the six months ended June 30, 2023.
- Oil volumes increased during the six months ended June 30, 2024 due to a full six months of volumes contributed from the properties acquired in the 2023 New Mexico Acquisition.
- The average WTI price increased by \$4.96 per Bbl during the six months ended June 30, 2024 when compared to the six months ended June 30, 2023.

Natural gas revenues

- For the six months ended June 30, 2024, natural gas revenues decreased by \$0.9 million, compared to the six months ended June 30, 2023. All of the decrease was attributable to a decrease in realized prices. Realized prices were negative for the first half of 2024 primarily due to weak Permian Basin natural gas prices that did not provide for full recovery of the Company's allocated gathering and processing costs.

NGL revenues

- For the six months ended June 30, 2024, NGL revenues decreased by \$0.6 million compared to the six months ended June 30, 2023. Of the decrease, \$1.8 million was attributable to a decrease in realized price, partially offset by \$1.2 million attributable to an increase in volume. Realized prices decreased by 51%, while volumes increased by 49%. The lower realized price was due to higher allocated gathering and processing costs to the Company's NGLs due to weak Permian Basin natural gas prices while the volume increase was due to higher production from properties acquired in the 2023 New Mexico Acquisition.

Contract Services - Related Party

The following table presents the Company's revenue and costs associated with its contract services - related party transactions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Contract services - related parties ⁽¹⁾	\$ 60	\$ 600	\$ 380	\$ 1,200
Cost of contract services - related parties ⁽²⁾	—	109	363	219
Gross profit from contract services	\$ 60	\$ 491	\$ 17	\$ 981

(1) The Company's contract services - related parties revenue was derived from master service agreements with related parties to provide certain administrative support services.

(2) The Company's cost of contract services - related parties represented costs specifically attributable to the master service agreements the Company had in place with the respective related parties.

The REG MSA was terminated effective May 31, 2024, and the Combo MSA was terminated effective January 31, 2024. See Note 9 - Transactions with Related Parties for more information.

Costs and Expenses

The following table presents the Company's operating costs and expenses and other (income) expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Costs and Expenses:	(In thousands)			
Lease operating expenses	\$ 16,492	\$ 17,514	\$ 33,261	\$ 26,389
Production and ad valorem taxes	\$ 7,174	\$ 7,221	\$ 14,405	\$ 11,331
Exploration costs	\$ 60	\$ 80	\$ 64	\$ 412
Depletion, depreciation, amortization and accretion	\$ 17,470	\$ 18,601	\$ 35,249	\$ 27,684
Administrative costs	\$ 6,644	\$ 6,500	\$ 11,983	\$ 11,967
Share-based compensation	\$ 3,281	\$ 1,225	\$ 4,973	\$ 2,339
General and administrative expense	\$ 9,925	\$ 7,725	\$ 16,956	\$ 14,306
Transaction costs	\$ 670	\$ 3,652	\$ 670	\$ 5,539
Interest expense, net	\$ 8,857	\$ 10,161	\$ 17,924	\$ 11,177
(Gain) loss on derivatives, net	\$ 359	\$ (8,665)	\$ 17,436	\$ (14,420)
Loss from equity method investment	\$ 192	\$ 4	\$ 25	\$ 236
Income tax expense	\$ 10,656	\$ 10,442	\$ 16,488	\$ 19,132

Lease Operating Expenses ("LOE")

LOE are the costs incurred in the operation and maintenance of producing properties. Expenses for electricity, compression, direct labor, saltwater disposal and materials and supplies comprise the most significant portion of our lease operating expenses. Certain operating cost components, such as direct labor and materials and supplies, generally remain relatively fixed across broad production volume ranges, but can fluctuate depending on activities performed during a specific period. For instance, repairs to our pumping equipment or surface facilities or subsurface maintenance result in increased production expenses in periods during which they are performed. Certain operating cost components, such as saltwater disposal associated with produced water, are variable and increase or decrease as hydrocarbon production levels and the volume of completion water disposal increases or decreases.

The Company's LOE decreased by \$1.0 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This decrease was driven by a decrease in workover expense.

The Company's LOE increased by \$6.9 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This increase was driven by a \$5.7 million increase due to higher production volume and a \$2.6 million increase due to higher workover expense, both primarily driven by the 2023 New Mexico Acquisition. These increases were partially offset by a decrease in expenses related to electricity and chemical costs.

Production and Ad Valorem Tax Expense

Production taxes are paid on produced oil, natural gas and NGLs based on a percentage of revenues at fixed rates established by federal, state or local taxing authorities. In general, the production taxes we pay correlate to changes in our oil, natural gas and NGL revenues. We are also subject to ad valorem taxes in the counties where our production is located. Ad valorem taxes are generally based on the valuation of our oil and natural gas properties, which also trend with oil and natural gas prices and vary across the different counties in which we operate.

Production and ad valorem taxes remained flat for the three months ended June 30, 2024 compared to the three months ended June 30, 2023, and increased \$3.1 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023. For the six months ended June 30, 2024, production taxes increased primarily due to higher oil revenues for the period.

Depletion, Depreciation, Amortization and Accretion Expense

Depletion, depreciation and amortization is the systematic expensing of the capitalized costs incurred to acquire, explore and develop oil, natural gas and NGLs. All costs incurred in the acquisition, exploration and development of properties (excluding costs of surrendered and abandoned leaseholds, delay lease rentals, dry holes and overhead related to exploration activities) are capitalized. Capitalized costs are depleted using the units of production method.

Accretion expense relates to ARO. We record the fair value of the liability for ARO in the period in which the liability is incurred (at the time the wells are drilled or acquired) with the offset to property cost. The liability accretes each period until it is settled or the well is sold, at which time the liability is removed.

Depletion, depreciation, amortization and accretion expense decreased by \$1.1 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. This decrease was primarily due to lower volumes produced from fields with higher depletion rates in the current period. Depletion, depreciation, amortization and accretion expense increased \$7.6 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023, which was primarily due to a full six months of DD&A contributed from the properties acquired in the 2023 New Mexico Acquisition.

General and Administrative Expense ("G&A")

G&A expenses include corporate overhead such as payroll and benefits for our corporate staff, share-based compensation expense, office rent for our headquarters, audit and other fees for professional services and legal compliance. G&A expenses are reported net of overhead recoveries.

Total G&A expense increased by \$2.2 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 and \$2.7 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 primarily due to an increase in share-based compensation due to accelerated vestings.

Transaction Costs

Transaction costs represent costs incurred on successful or unsuccessful business combinations or unsuccessful acquisitions. The transaction costs of \$0.7 million for the three and six months ended June 30, 2024 primarily related to the RPC Power Joint Venture. During the six months ended June 30, 2023, the transaction costs of \$5.5 million primarily related to the 2023 New Mexico Acquisition.

Interest Expense

Interest expense decreased by \$1.3 million for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 primarily due to lower principal balances on outstanding debt as well as settlements on our interest rate derivatives. Interest expense increased \$6.7 million for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 primarily due to the higher debt balances associated with the financing for the 2023 New Mexico Acquisition.

Gain (Loss) on Derivatives

The Company recognizes settlements and changes in the fair value of its derivative contracts as a single component within other income (expense) on its condensed consolidated statements of operations. We have oil and natural gas derivative contracts, including fixed price swaps, basis swaps and collars, that settle against various indices. The following table presents the components of the Company's gain (loss) on derivatives, net 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
	(In thousands)			
Settlements on derivative contracts	\$ (1,829)	\$ (2,303)	\$ (1,725)	\$ (7,391)
Non-cash gain (loss) on derivatives	1,470	10,968	(15,711)	21,811
Gain (loss) on derivatives, net	<u>\$ (359)</u>	<u>\$ 8,665</u>	<u>\$ (17,436)</u>	<u>\$ 14,420</u>

Cash gains or losses on settled derivative contracts related to contracts that settle during the period and are a function of the difference in settled versus contractual prices and the associated hedged volumes for each underlying commodity. Non-cash gains or losses on derivatives relate to unsettled contracts and are a function of changes in derivative fair values associated with fluctuations in the forward price curves for the commodities relative to contractual pricing for our derivative contracts outstanding.

Income Tax Expense

Deferred income taxes are provided to reflect the future tax consequences or benefits of differences between the tax basis of assets and liabilities and their reported amounts in the financial statements using enacted tax rates. See Note 12 - Income Taxes for further discussion of income taxes.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	(In thousands)			
Current income tax expense	\$ 7,469	\$ 1,988	\$ 11,415	\$ 5,395
Deferred income tax expense	3,187	8,454	5,073	13,737
Total income tax expense	<u>\$ 10,656</u>	<u>\$ 10,442</u>	<u>\$ 16,488</u>	<u>\$ 19,132</u>
Effective income tax rate	24.0 %	23.9 %	24.0 %	22.7 %

Liquidity and Capital Resources

The business of exploring for, developing and producing oil and natural gas is capital intensive. Because oil, natural gas and NGL reserves are a depleting resource, like all upstream operators, we must make capital investments to grow and even sustain production. The Company's principal liquidity requirements are to finance its operations, fund capital expenditures and acquisitions, make cash distributions and satisfy any indebtedness obligations. Cash flows are subject to a number of variables, including the level of oil and natural gas production and prices, and the significant capital expenditures required to more fully develop the Company's oil and natural gas properties. Historically, our primary sources of capital funding and liquidity have been our cash on hand, cash flow from operations, borrowings under our Credit Facility, and the issuance of our Senior Notes. At times and as needed, we may also issue debt or equity securities, including through transactions under our shelf registration statement filed with the SEC. In April 2024, the Company issued equity securities and used the proceeds to finance an acquisition, repay outstanding debt and for general corporate purposes. We estimate the combination of the sources of capital discussed above will continue to be adequate to meet our short and long-term liquidity needs.

Cash on hand and operating cash flow can be subject to fluctuations due to trends and uncertainties that are beyond our control. Likewise, our ability to issue equity and obtain debt financing on favorable terms may be impacted by a variety of market factors as well as fluctuations in our results of operations.

Beginning in late July 2024, a portion of the Company's oil, natural gas and NGL sales in New Mexico have been negatively impacted due to an operational disruption encountered by the midstream provider we rely on to process our oil and natural gas production. As a result of this disruption, the Company temporarily shut-in or curtailed production from affected wells in the west portion of the Company's New Mexico field to prevent flaring until volumes could be processed again. Management will be actively monitoring this situation as our midstream provider works towards resolving the operational disruption, which could take from several weeks to several months. Management believes the impact of this disruption can be significantly mitigated by shifting development to unaffected areas and/or by accelerating development in unaffected areas. While Management is unable to forecast the financial impact of a prolonged disruption, we anticipate that the Company's daily production for each of the third and fourth quarters will remain consistent with our second quarter.

For further discussion of risks related to our liquidity and capital resources, see "Item 1A. Risk Factors."

Working Capital

Working capital is the difference in our current assets and our current liabilities. Working capital is an indication of liquidity and potential need for short-term funding. The change in our working capital requirements is driven generally by changes in accounts receivable, accounts payable, commodity prices, credit extended to, and the timing of collections from

customers, the level and timing of spending for expansion activity, and the timing of debt maturities. As of June 30, 2024, we had a working capital deficit of \$35.8 million compared to a deficit of \$31.1 million as of December 31, 2023. The current portion of our Senior Notes, which includes our regularly scheduled principal payments of \$5 million per quarter, accounts for \$20 million of our working capital deficit as of June 30, 2024 and December 31, 2023. The working capital deficit at June 30, 2024 reflects \$8.3 million in current derivative liabilities compared to \$0.4 million at December 31, 2023 and \$1.4 million in current derivative assets at June 30, 2024 compared to \$5.0 million at December 31, 2023. We utilize our Credit Facility and cash on hand to manage the timing of cash flows and fund short-term working capital deficits. Our current derivative assets and liabilities represent the mark-to-market value as of June 30, 2024 of future commodity production which will settle on a monthly basis through the end of their contractual terms. This aligns with the receipt of oil and natural gas revenues on a monthly basis.

Cash Flows

The following table summarizes the Company's cash flows:

	Six Months Ended June 30,	
	2024	2023
	(In thousands)	
Net cash provided by operating activities	\$ 107,766	\$ 88,720
Net cash used in investing activities	\$ (87,656)	\$ (417,403)
Net cash provided by (used in) financing activities	\$ (24,519)	\$ 322,123

Operating Activities

The Company's net cash provided by operating activities increased by \$19.1 million, or 22%, to \$107.8 million for the six months ended June 30, 2024 from \$88.7 million for the six months ended June 30, 2023. The increase was primarily driven by a \$38.2 million increase in revenues and a \$5.7 million decrease in payments to settle commodity derivative contracts, partially offset by a \$7.3 million increase in interest paid, a \$7.1 million increase in tax liabilities paid, and a \$5.2 million increase in certain expenses, including LOE and production and ad valorem taxes.

Investing Activities

The Company's cash flows used in investing activities decreased by \$329.7 million to \$87.7 million for the six months ended June 30, 2024 from \$417.4 million for the six months ended June 30, 2023. The decrease was primarily due to the Company's 2023 New Mexico Acquisition of \$325.1 million, prior to post-closing adjustments, for the six months ended June 30, 2023, compared to the Company's 2024 New Mexico Asset Acquisition of \$18.1 million for the six months ended June 30, 2024. Additionally, the Company incurred lower capital spending of \$29.1 million, partially offset by an \$11.6 million increase in contributions to the Company's equity investment.

Financing Activities

Net cash flows used in financing activities were \$24.5 million for the six months ended June 30, 2024 compared to net cash flows provided by financing activities of \$322.1 million for the six months ended June 30, 2023. During the six months ended June 30, 2024, the Company had net repayments to its Credit Facility of \$25 million and \$10 million to its Senior Notes, compared to net proceeds from its Credit Facility of \$159 million and \$183 million from its Senior Notes for the six months ended June 30, 2023. The Company paid cash dividends of \$14.7 million during the six months ended June 30, 2024, a 10% increase compared to the six months ended June 30, 2023, and received \$25.4 million in net proceeds, after underwriting discounts and commissions and expenses, from the issuance of common stock during the six months ended June 30, 2024.

Credit Facility and Senior Notes

The borrowing base under the Company's Credit Facility was \$375 million with outstanding borrowings of \$160 million on June 30, 2024, representing available borrowing capacity of \$215 million.

During 2023, the Company issued \$200 million in principal amount of Senior Notes with a maturity date of April 2028. The proceeds from the Senior Notes were used to finance the 2023 New Mexico Acquisition. The principal balance of the Senior Notes as of June 30, 2024 was \$175 million.

See further discussion in Note 10 - Long-Term Debt for additional information.

Distributions

For the six months ended June 30, 2024, the Company recognized quarterly dividends totaling approximately \$15.1 million, with \$14.7 million paid in cash and \$0.4 million payable to restricted shareholders upon vesting.

2024 Equity Offering

On April 8, 2024, the Company issued and sold 1,015,000 shares of common stock at a price of \$27.00 per share (the "2024 Equity Offering"). Net proceeds from the 2024 Equity Offering were approximately \$25.4 million, after deducting underwriting discounts and commissions and expenses. See Note 11 - Shareholders' Equity for additional information.

Contractual Obligations

As of June 30, 2024, the Company had a seven-year (7) remaining minimum volume commitment with its primary midstream service provider in Texas, drilling pipe purchase commitments related to its drilling program through the remainder of 2024 totaling \$8.3 million, and CO₂ purchase commitments that extend through December 2025. The Company also had natural gas delivery commitments under the A&R Tolling Agreement and future equity commitments under the A&R LLC Agreement. See Note 14 - Commitments and Contingencies for additional information.

Critical Accounting Estimates

The Company's critical accounting estimates are described in "Critical Accounting Estimates" within "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 1 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report. The accounting estimates used in preparing our interim condensed consolidated financial statements for the three and six months ended June 30, 2024 are the same as those described in the 2023 Annual Report.

See Note 3 - Summary of Significant Accounting Policies in the Company's consolidated financial statements in "Item 15. Exhibits and Financial Statement Schedules" in the 2023 Annual Report for a full discussion of our significant accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management establishes and maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. We evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2024, with the participation of our CEO and CFO, as well as other key members of our management. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of June 30, 2024.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the three months 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

From time to time, we may be involved in various legal proceedings and claims in the ordinary course of business. The ultimate outcome of any such proceedings or claims, and any resulting impact on us, cannot be predicted with certainty. The Company believes that the amount of the liability, if any, ultimately incurred with respect to any such proceedings or claims will not have a material adverse effect on our financial condition, liquidity, capital resources, results of operations or cash flows.

Refer to "Part I. Item 3 - Legal Proceedings" of the 2023 Annual Report, and "Part I. Item 1. Note 14 - Commitments and Contingencies" in the notes to the unaudited condensed consolidated financial statements set forth in this Quarterly Report (which is incorporated by reference herein) for additional information.

Item 1A. Risk Factors

In addition to the information set forth in this Quarterly Report, the risks that are discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, under the headings "Part I. Item 1. and Item 2. Business and Properties," "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part II. Item 1A. Risk Factors," should be carefully considered, as such risks could materially affect the Company's business, financial condition or future results. There has been no material change in the Company's risk factors from those that were described in the Company's 2023 Annual Report.

Effective December 31, 2024, we will no longer qualify as a "smaller reporting company" which will impose additional reporting requirements that may increase our costs and demands on management time.

Based on the market value of our common stock held by our non-affiliates as of June 30, 2024, we determined that we will no longer qualify as a "smaller reporting company" effective December 31, 2024 and, as a result, will be unable to take advantage of certain exemptions and relief from various reporting requirements that are applicable to smaller reporting companies. We will be required to comply with larger company disclosure obligations beginning with our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025. The loss of smaller reporting company status and compliance with such larger company disclosure obligations may increase our legal and financial compliance costs.

Our joint ventures may not perform as expected, and conducting a portion of our operations through joint ventures in which we do not have 100% ownership interest exposes us to risks and uncertainties, many of which are outside of our control.

In January 2023, we formed a joint venture, RPC Power, in which we initially held a 35% interest and increased our equity ownership to 50% in May 2024. We may also enter into additional joint ventures or other equity investments in the future in which we may not have 100% ownership interest. We may not realize any of the anticipated benefits of our joint ventures or other equity investments. Challenges and risks presented by joint venture structures not otherwise present with respect to our wholly-owned subsidiaries and direct operations, include:

- our joint ventures may fail to generate the expected financial results, and the return may be insufficient to justify our investment of effort and/or funds;
- we may not control the joint ventures or our venture partners may hold veto rights over certain actions;
- the level of oversight, control and access to management information we are able to exercise with respect to these operations may be lower compared to our wholly-owned businesses, which may increase uncertainty relating to the financial condition of these operations, including the credit risk profile;
- we may experience impasses or disputes with our joint venture partners on certain decisions, which could require us to expend additional resources to resolve such impasses or disputes, including litigation or arbitration;
- we may not have control over the timing or amount of distributions from the joint ventures;
- our joint venture partners may have business or economic interests that are inconsistent with ours and may take actions contrary to our interests;
- our joint venture partners may become insolvent or bankrupt, or may otherwise fail to fund capital contributions or fail to fulfill their obligations as partners, which may require us to infuse our own capital into the venture or seek additional financing;
- the arrangements governing our joint ventures may contain restrictions on the conduct of our business and may contain certain conditions or milestone events that may never be satisfied or achieved;

- we may suffer losses as a result of actions taken by our venture partners with respect to our joint ventures;
- Our joint venture partners may experience a change of control or a change in management, which could adversely impact the relationship between the joint venture partners and us;
- it may be difficult for us to exit joint ventures if an impasse arises or if we desire to sell our interest for any reason; and
- we may be forced to sell our interest or acquire our partner's interest at time we otherwise would not have elected to do so as a result of the arrangements governing our joint ventures.

Joint venture partners, controlling equity holders, management or other persons or entities who control them may have economic or business interests, strategies or goals that are inconsistent with ours. Business decisions or other actions or omissions of the joint venture partners, controlling equity holders, management or other persons or entities who control them may adversely affect the value of our investment, result in litigation or regulatory action against us and otherwise damage our reputation. Any such circumstance could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

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

Issuer Repurchases of Equity Securities

Our common stock repurchase activity during the second quarter of 2024 was as follows:

Month Ended	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plan or Programs
April 30	1,835	\$ 28.68	—	—
May 31	—	\$ —	—	—
June 30	—	\$ —	—	—

(1) These amounts reflect the shares received by us from employees for the payment of personal income tax withholding on vesting transactions. The acquisition of the surrendered shares was not part of a publicly announced program to repurchase shares of our common stock. Any shares repurchased by the Company for personal tax withholdings are immediately retired upon repurchase.

Item 5. Other Information

During the quarter ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Description
3.1	First Amended and Restated Certificate of Incorporation of Riley Exploration Permian, Inc. (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 filed with the Securities and Exchange Commission on March 1, 2021, Registration No. 333-253750).
3.2	Third Amended and Restated Bylaws of Riley Exploration Permian, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 23, 2022).
4.1	Description of Registrant's Securities (incorporated by reference to Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission on March 6, 2024).
4.2	Note Purchase Agreement, dated as of April 3, 2023, among Riley Exploration - Permian, LLC, as Issuer, Riley Exploration Permian, Inc., as Parent, each of the subsidiaries of the Issuer party thereto as guarantors, each of the holders from time to time party thereto, and U.S. Bank Trust Company, National Association, as agent for the holders (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 4, 2023).
10.1†	Employment Agreement, dated as of June 1, 2024, by and between the Company and Jeffrey M. Gutman (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 3, 2024)
10.2*†	Employment Agreement, dated as of June 20, 2024, by and between the Company and John Suter
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C., Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C., Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Definition Linkbase Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Presentation Linkbase Document

* Filed herewith.

† Compensatory plan or arrangement.

SIGNATURES

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

RILEY EXPLORATION PERMIAN, INC.

Date: August 7, 2024

By: /s/ Bobby D. Riley
Bobby D. Riley
Chief Executive Officer and President

By: /s/ Philip Riley
Philip Riley
Chief Financial Officer and Executive Vice President of Strategy

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement"), signed and effective as of June 20, 2024 (the "Effective Date"), is by and between Riley Exploration Permian, Inc., a Delaware corporation (the "Company"), and John Suter ("Employee").

RECITALS

WHEREAS, the Company and its current and future subsidiaries and Affiliates (as defined below) in which the Company, directly or indirectly, has an interest (such subsidiaries and Affiliates, the "Company Group") are engaged in oil and natural gas exploration and production, including owning, operating, leasing, acquiring, exploring, marketing, developing, producing, and otherwise disposing of oil and gas interests involving oil, natural gas, and natural gas liquid reserves in the Permian Basin (the "Business"); and

WHEREAS, the Company desires to employ Employee to provide services to the Business, and Employee desires to be employed by the Company, in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the following terms:

TERMS

1. Employment and Position. During the Term (as defined below), the Company shall employ Employee as its Chief Operating Officer and Employee shall serve in such capacity, subject to the terms and conditions of this Agreement. Employee shall during the Term continue to report directly to the Company's Chief Executive Officer (the "CEO").

2. Duties.

(a) Duties for the Company and the Company Group. During the Term (as defined below), Employee shall have such duties, responsibilities, and authorities as may be lawfully assigned by the CEO in his reasonable discretion, including without limitation duties, responsibilities, and authorities with respect to the Company Group and their Affiliates.

(b) Working Time and Best-Effort Requirements and Permitted Outside Activities. During the Term (as defined below), Employee shall devote his full working time as well as his best efforts, abilities, knowledge, and experience to the Business and affairs of the Company and the Company Group as necessary to faithfully perform his duties, responsibilities, and authorities under this Agreement. As long as such service and investments do not prevent Employee from fulfilling his duties, responsibilities, and authorities under this Agreement or directly or indirectly compete with the Company or the Company Group, in each case as determined by the Company's Board of Directors

(the “Board”) in its sole discretion, Employee may, without violating this Agreement, (i) serve as an officer or director of any civic or charitable organization, (ii) passively own securities in publicly traded companies if the aggregate amount owned by him and all family members and Affiliates does not exceed 2% of any such company’s outstanding securities, and (iii) passively invest his personal assets in such form or manner as will not require any services by Employee in the operation of the entities in which such investments are made.

(c) Compliance with Company Policies. During the Term (as defined below), Employee shall comply with all applicable Company rules and policies as a condition of employment.

(d) Duty of Loyalty. During the Term (as defined below), Employee shall owe a fiduciary duty of loyalty, fidelity, and allegiance to act in the best interests of the Company and each member of the Company Group, and to not act in a manner that would materially injure their business, interests, or reputations. In keeping with these duties, Employee shall make full disclosure to the Board of all opportunities pertaining to the Business of the Company and the Company Group that come to his attention during the Term and shall not appropriate for his own benefit any such Business opportunities concerning the subject matter of the fiduciary relationship.

3. Primary Work Location Although Employee shall be expected to travel from time to time as necessary to perform his duties, responsibilities, and authorities under this Agreement, his primary work location during the Term (as defined below) shall be at the Company’s headquarters in Oklahoma City, Oklahoma.

4. Term of Agreement and Employment.

(a) Initial Term. This Agreement shall be in full force and effect for an “Initial Term” of two (2) years commencing on the Effective Date and expiring on the second anniversary of the Effective Date (the “Expiration Date”), unless terminated before the Expiration Date in accordance with Section 6.

(b) Renewal Term. Notwithstanding Section 4(a), the effectiveness of this Agreement shall automatically be extended for an additional one-year term on the Expiration Date (each, a “Renewal Term”) and on each successive anniversary of the Expiration Date (each, a “Renewal Date”), unless and until (i) either party gives written notice of non-renewal at least 90 days before the Expiration Date or any Renewal Date; or (ii) the Agreement is terminated earlier in accordance with Section 6. The Company’s non-renewal of this Agreement pursuant to this Section 4(b) shall be deemed a “termination without Cause” for purposes of this Agreement.

(c) Term. For all purposes in this Agreement, the Initial Term and any Renewal Terms are referred to collectively as the “Term” of this Agreement.

5. Compensation and Employment Benefits. In consideration of the performance of Employee's duties, responsibilities, and authorities under this Agreement, the Company shall provide Employee with the following compensation and employment benefits during the Term:

(a) Base Salary. The Company shall provide Employee with an annualized base salary of no less than \$425,000.00 (the "Base Salary"), prorated for any partial period of employment and payable in accordance with the Company's ordinary payroll policies and procedures for employee compensation. The Board may review the Base Salary in good faith during the Term and may delegate its authority under this Agreement to the Compensation Committee of the Company (the "Compensation Committee"), *provided that*, except as provided in Section 15(c) below, such delegation shall not constitute authority to modify or amend the terms of this Agreement without the consent of the Employee, as provided by Section 21 below.

(b) Discretionary Bonuses and Other Discretionary Incentive Compensation.

(i) Annual Bonus. Beginning with fiscal year 2024, Employee shall be eligible to receive annual discretionary bonuses in cash (each, an "Annual Bonus") during each fiscal year of his employment with the Company prorated for any partial period of employment in accordance with this Section to the same extent similarly situated executives of the Company; *provided, however*, that, notwithstanding any other provision of this Agreement, the Annual Bonus for fiscal year 2024 shall not be prorated. The amount of any Annual Bonus shall be determined by the Board in its sole discretion based on its assessment of Employee's performance against applicable performance objectives as well as Company performance. Factors such as whether Annual Bonuses are paid, eligibility for Annual Bonuses, when such Annual Bonuses are paid, and the amount of Annual Bonuses are at the sole discretion of the Board. Although the amount of any Annual Bonuses is determined by the Board in its sole discretion, the annual target for Annual Bonuses shall be 50% of Employee's then-current Base Salary for full achievement of performance goals and objectives as determined by the Board in its sole discretion. Except as provided below in this Agreement, Employee shall not be eligible to receive an Annual Bonus unless she remains employed by the Company through the date on which such Annual Bonus is paid.

(ii) Annual Equity Award. Employee shall be eligible to receive an annual performance-based equity award under the Company's then-existing incentive equity plan based on a 3-year graded vesting schedule with an expected target grant date fair value equal to 100% of Employee's Base Salary (the "Annual Equity Award"). Employee's entitlement to the Annual Equity Award remains subject to approval by the Board and shall be granted pursuant to, and subject to, the Company's 2021 Long Term Incentive Plan (as it may be amended from time to time, the "LTIP") and a Restricted Stock Agreement or Stock Option Award Agreement, as applicable (each, an "Award Agreement"), in the form

established by the Board in its sole discretion, *provided that* the terms and conditions of any such Award Agreement shall be consistent with the terms and conditions of this Section 5(b)(ii), including without limitation, the vesting schedule thereof.

(iii) Initial Equity Award. On July 1, 2024, the Company shall grant to Employee an initial time-based restricted stock award ("Initial RSA") in an amount determined by dividing \$425,000 by the 10 day volume weighted average sale price of the Company's Common Stock just prior to the Effective Date. The Initial RSA shall be granted under and shall be subject to the terms and provisions of the Company's LTIP as duly approved and adopted by the Board from time to time and shall be granted subject to the execution and delivery of an Award Agreement in substantially the same form as may, from time to time, be approved by the Board, setting forth such terms and conditions as may be required by the Board or by the LTIP.

(iv) Other Benefits. Employee shall also be eligible to participate in all of the Company's discretionary short-term and long-term incentive compensation plans, programs, and arrangements, if any, generally made available to other similarly situated senior executive officers of the Company.

(v) Payment. All Annual Bonuses earned and payable to Employee by the Company shall be paid to Employee in a lump sum as soon as practicable following the end of the Company's fiscal year but in no event later than 5 months following the end of the taxable year during which the applicable Annual Bonus was earned. All Annual Equity Awards earned by Employee shall be granted to Employee as soon as practicable following the end of the Company's fiscal year but in no event later than 5 months following the end of the taxable year during which the applicable Annual Equity Award was earned. Notwithstanding any other provision of this Agreement, and for the avoidance of doubt, Employee shall be eligible to receive the Annual Bonus for any completed fiscal year and for the fiscal year in which such Employee's employment is terminated if such termination is: (i) by the Company without Cause, or (ii) by Employee for Good Reason; *provided, however*, that such Annual Bonus shall be paid on the date that Annual Bonuses are paid to other senior executive officers of the Company but in no event later than 5 months after the end of the taxable year in which any substantial risk of forfeiture with respect to such Annual Bonuses lapses and the Annual Bonus amount shall be determined by the Board in its sole discretion based on its assessment of the Annual Bonus amount that Employee would have received based on achievement of performance goals for the applicable fiscal year.

(c) Welfare, Pension and Incentive Benefit. During the Term, Employee (and Employee's spouse and/or eligible dependents to the extent provided in the applicable plans and programs) will be eligible to participate in and be covered under all the welfare

benefit plans or programs maintained by the Company for the benefit of its senior executive officers, including, without limitation, all medical, life, hospitalization, dental, disability, accidental death and dismemberment, and travel accident insurance plans and programs. In addition, during the Term, Employee will be eligible to participate in all 401(k), retirement, savings and other employee benefit plans and programs maintained from time to time by the Company for the benefit of its senior executive officers. Such benefits shall be governed by the applicable plan documents, insurance policies, or employment policies, and may be modified, suspended, or revoked in accordance with the terms of the applicable documents or policies without violating this Agreement.

(h) Vacation. Employee shall be entitled to 6 weeks per year of paid vacation in accordance with the Company's vacation policy during the Term. Employee may use his vacation in a reasonable manner based upon the business needs of the Company. Unless otherwise specifically permitted under the Company's vacation policy applicable to similarly situated employees, any accrued and unused vacation shall not be carried over from year to year. Unless required by such vacation policy or applicable law, any amounts accrued and owing for the applicable year shall not be paid to Employee upon the termination of his employment with the Company, regardless of the reason for such termination.

(i) Fringe Benefits. During the Term, the Company will provide Employee with such other fringe benefits as commensurate with Employee's position as determined by the Board in its sole discretion.

(j) Reimbursement of Business Expenses. Employee shall be authorized to incur ordinary, necessary, and reasonable business and travel expenses while performing his duties, responsibilities, and authorities under this Agreement and promoting the Company's Business and activities during the Term. The Company shall reimburse Employee for all such expenses incurred in accordance with the Company's policies and practices concerning reimbursement of business expenses that are submitted to the Company for reimbursement no later than 60 days after the applicable expense was incurred. Any such reimbursement shall be made as soon as reasonably practicable but in no event later than 2½ months following the end of the taxable year in which the applicable expense was incurred.

(k) Payroll Deductions. With respect to any compensation or benefits required to be paid under this Agreement, the Company shall withhold any amounts authorized by Employee and all amounts required to be withheld by applicable federal, state, or local law.

6. Termination of Agreement. This Agreement may be terminated as follows and any termination of this Agreement shall also constitute a termination of Employee's employment with the Company:

(a) Death; Inability to Perform. This Agreement shall terminate immediately if the Employee dies and may be terminated upon notice to the Employee by the

Company of his Inability to Perform (as defined below). If Employee's employment hereunder shall terminate on account of his death or Inability to Perform (as defined below), then all compensation and all benefits to Employee hereunder shall terminate contemporaneously with such termination of employment, except that Employee (or Employee's legal representative, estate, and/or beneficiaries, as the case may be) shall be entitled to receive the Accrued Obligations (as defined below). "Inability to Perform" shall be deemed to occur when: (i) Employee receives disability benefits under the Company's applicable long-term-disability plan; or (ii) the Board, upon the written report of a qualified physician designated by the Company or its insurer, has determined in its sole discretion (after a complete physical examination of Employee at any time after she has been absent for a period of at least 90 consecutive calendar days or 120 calendar days in any 12-month period) that Employee has become physically or mentally incapable of performing his essential job functions with or without reasonable accommodation as required by law.

(b) By the Company for Cause. The Company may terminate this Agreement for any Cause. For purposes of this Agreement, "Cause" shall mean any act or omission of Employee that constitutes any: (i) material breach of this Agreement, (ii) Employee's failure or refusal to perform Employee's duties, including, but not limited to, the failure or refusal to follow any lawful directive of the CFO or the Board within the reasonable scope of Employee's duties, (iii) material violation of any written employment policy or rule of the Company or the Company Group, which results, or is likely to result in, any material reputational, financial, or other harm to the Company or the Company Group, (iv) misappropriation of any funds, property, or business opportunity of the Company or the Company Group, (v) illegal use or distribution of drugs or any abuse of alcohol in any manner that adversely affects Employee's performance, (vi) fraud upon the Company or the Company Group or bad faith, dishonest, or disloyal acts or omissions toward the Company or the Company Group, (vii) commission, indictment, or conviction of any felony or any misdemeanor involving moral turpitude, or (viii) other acts or omissions contrary to the best interests of the Company or the Company Group which has caused, or is likely to cause, material harm to them. If the Board determines in its sole discretion that a cure is possible and appropriate, the Company shall give Employee written notice of the acts or omissions constituting Cause and no termination of this Agreement shall be for Cause unless and until Employee fails to cure such acts or omissions within 30 days following receipt of such written notice. If the Board determines in its sole discretion that a cure is not possible and appropriate, Employee shall have no notice or cure rights before this Agreement is terminated for Cause.

(c) By the Company Without Cause. The Company may terminate this Agreement for no reason or any reason other than death, Inability to Perform, or for Cause by providing advance written notice to Employee that the Company is terminating the Agreement without Cause. For purposes of this Agreement, a "termination without Cause" by the Company shall include the Company's non-renewal of this Agreement in accordance with Section 4(b).

(d) By Employee with Good Reason. Employee shall be permitted to terminate this Agreement for any Good Reason. For purposes of this Agreement, “Good Reason” shall exist in the event any of the following actions are taken without Employee’s consent: (i) a material diminution in Employee’s Base Salary, duties, responsibilities, or authorities; (ii) a requirement that Employee report to an officer or employee other than the CFO or the Company’s Chief Executive Officer; (iii) a material relocation of Employee’s primary work location more than 50 miles away from the Company’s corporate headquarters; (iv) any other action or inaction by the Company that constitutes a material breach of its obligations under this Agreement. To exercise his right to terminate for Good Reason, Employee must provide written notice to the Company of his belief that Good Reason exists within 90 days of the initial existence of the condition(s) giving rise to Good Reason, and that notice shall describe the condition(s) believed to constitute Good Reason. The Company shall have 30 days to remedy the Good Reason condition(s). If not remedied within that 30-day period, Employee may terminate this Agreement; *provided, however*, that such termination must occur no later than 180 days after the date of the initial existence of the condition(s) giving rise to the Good Reason; *otherwise*, Employee shall be deemed to have accepted the condition(s), or the Company’s correction of such condition(s), that may have given rise to the existence of Good Reason.

(e) By Employee Without Good Reason. Employee may terminate this Agreement for no reason or any reason other than for Good Reason by providing at least 30 days’ written notice to the Company that Employee is terminating the Agreement without Good Reason.

(f) Expiration of Term; Non-Renewal. Either party may terminate this Agreement by providing a proper notice of non-renewal to the other party in accordance with Section 4(b). For purposes of this Agreement, including without limitation Section 4(b) and Section 6(c) hereto, a “termination without Cause” shall include the Company’s non-renewal of this Agreement.

(g) Termination Date. For purposes of this Agreement, the “Termination Date” shall mean (i) if this Agreement is terminated because of Employee’s death, the date of death, (ii) if this Agreement is terminated because of Employee’s Inability to Perform, the date the Company notifies Employee of the termination, (iii) if this Agreement is terminated by the Company for Cause, by the Company without Cause, by Employee for Good Reason, or by Employee without Good Reason, the applicable effective date of such termination set forth in the required notice of such termination, and (iv) if this Agreement is terminated by either party giving a proper notice of non-renewal as permitted in Section 4(b) above, the last day of the Term.

1. Payments and Benefits Due Upon Termination of Agreement.

(a) Accrued Obligations. Upon any termination of this Agreement, the Company shall have no further obligation to Employee under this Agreement, except for

(i) payment to Employee of all earned but unpaid Base Salary through the Termination Date, prorated as provided above, and all earned but unpaid Annual Bonus due as of the Termination Date, (ii) provision to Employee, in accordance with the terms of the applicable benefit plan of the Company or to the extent required by law, of any benefits to which Employee has a vested entitlement as of the Termination Date, (iii) payment to Employee of any accrued unused vacation owed to Employee as of the Termination Date if such payment is required under the Company's vacation policy or applicable law, (iv) payment to Employee of any un-reimbursed business expenses incurred through the Termination Date in accordance with applicable Company policy and this Agreement, and (v) if applicable, the Separation Benefits (as defined below). The payments and benefits just described in (i)-(iv) shall constitute the "Accrued Obligations" and shall be paid when due under this Agreement, the Company's plans and policies, and/or applicable law.

(b) Separation Benefits. If this Agreement is terminated either by the Company without Cause in accordance with Section 6(c) (including the Company's non-renewal of this Agreement) or by Employee resigning his employment for Good Reason in accordance with Section 6(d), the Company shall have no further obligation to Employee under this Agreement, except the Company shall provide the Accrued Obligations to Employee in accordance with Section 7(a) plus the following payments and benefits (collectively, the "Separation Benefits") to Employee: (i) an amount equal to one (1) times the sum of the Base Salary in effect immediately before the Termination Date plus the Annual Bonus received by Employee for the fiscal year preceding the Termination Date (until the Annual Bonus for fiscal year 2024 is determined, the Annual Bonus for purposes of this Section 7 shall be the target Annual Bonus for fiscal 2024 as provided above, and thereafter shall be the Annual Bonus determined for fiscal year 2024 or the Annual Bonus received by Employee for any future fiscal year) (together, the "Separation Pay"); and (ii) during the six-month period commencing on the Termination Date that Employee is eligible to elect and elects to continue coverage for himself and his eligible dependents under the Company's group health insurance plan pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), or similar state law, the Company shall reimburse Employee on a monthly basis for the difference between the amount Employee pays to effect and continue such coverage under COBRA and the employee contribution amount that active employees of the Company pay for the same or similar coverage; *provided, however*, that Employee shall notify the Company in writing within five days after she becomes eligible after the Termination Date for group health insurance coverage, if any, through subsequent employment or otherwise and the Company shall have no further reimbursement obligation after Employee becomes eligible for group health insurance coverage due to subsequent employment or otherwise. The Separation Pay shall be paid to Employee in a lump sum within 60 days of the Termination Date; *provided, however*, that no Separation Pay shall be paid to Employee unless the Company receives, on or within 55 days after the Termination Date, an executed and fully effective copy of the Release (as defined below). Any reimbursements due under this Section shall be made by the last day of the month following the month in which the applicable premiums were paid by Employee.

For the avoidance of doubt, Employee shall not be entitled to the Separation Benefits if this Agreement is terminated (i) due to Employee's death; (ii) by the Company due to Employee's Inability to Perform; (iii) by the Company for Cause; (iv) by Employee without Good Reason; or (v) by non-renewal by Employee in accordance with Sections 4(b) and 6(f).

(c) Impact of Termination of Employment on Annual Equity Awards. Notwithstanding any other provision of this Agreement, the treatment of Employee's Annual Equity Awards, and any other awards received by Employee during the Term pursuant to the LTIP, shall be exclusively governed by the terms and conditions of the LTIP and the applicable Award Agreement or Award Agreements as a result of and following the termination of Employee's employment with the Company, regardless of the reason for such termination.

2. Payments and Benefits Due Upon Certain Change-in-Control Events. The parties acknowledge that Employee has entered into this Agreement based on his confidence in the current stockholders of the Company and the support of the Board. Accordingly, if the Company should undergo a Change in Control the parties agree as follows:

(a) Definitions. For purposes of this Agreement, the following terms shall have the following definitions:

(i) Affiliate: except as otherwise provided in this Agreement, for purposes of this Agreement, Affiliate means, with respect to the Company, any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company; *provided, however*, that a natural person shall not be considered an Affiliate.

(ii) Change in Control: a Change in Control has the same meaning as assigned by the LTIP. Notwithstanding the foregoing, a Change in Control shall not include the IPO or a public offering of the Company's common stock or a transaction with its sole purpose to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(iii) CIC Effective Date: means the date upon which a Change in Control occurs.

(iv) Code: means Internal Revenue Code of 1986, as amended from time to time.

(b) Change-in-Control Benefits. If Employee is employed by the Company on the CIC Effective Date and this Agreement is terminated on or before the six-month anniversary of the CIC Effective Date by the Company without Cause in accordance with Section 6(c) or by Employee for Good Reason in accordance with Section 6(d), then the

Company shall have no further obligation to Employee under this Agreement or otherwise, except the Company shall provide Employee with the Accrued Obligations in accordance with Section 7(a) plus the following payments and benefits (collectively, the “Change-in-Control Benefits”) in lieu of any Separation Benefits that may otherwise be due under Section 7(b): (i) an amount equal to 200% of the Base Salary in effect immediately before the Termination Date plus 200% of the Annual Bonus received by Employee for the fiscal year preceding the Termination Date (until the Annual Bonus for fiscal year 2024 is determined, the Annual Bonus for purposes of this Section 8 shall be the target Annual Bonus for fiscal 2024 as provided above, and thereafter shall be the Annual Bonus determined for fiscal year 2024 or the Annual Bonus received by Employee for any future fiscal year) (together, the “CIC Pay”); and (ii) during the 6-month period commencing on the Termination Date that Employee is eligible to elect and elects to continue coverage for himself and his eligible dependents under the Company’s group health insurance plan pursuant to COBRA or similar state law, the Company shall reimburse Employee on a monthly basis for the difference between the amount Employee pays to effect and continue such coverage under COBRA and the employee contribution amount that active employees of the Company pay for the same or similar coverage; *provided, however*, that Employee shall notify the Company in writing within five days after she becomes eligible after the Termination Date for group health insurance coverage, if any, through subsequent employment or otherwise and the Company shall have no further reimbursement obligation after the Employee becomes eligible for group health insurance coverage due to subsequent employment or otherwise. The CIC Pay shall be paid to the Employee in a lump sum within 60 days of the Termination Date; *provided, however*, that no CIC Pay shall be paid to the Employee unless the Company receives, on or within 55 days after the Termination Date, an executed and fully effective copy of the Release (as defined below). Any reimbursements due under this Section shall be made by the last day of the month following the month in which the applicable premiums were paid by the Employee.

For the avoidance of doubt, Employee shall not be entitled to the Change-in-Control Benefits if this Agreement is terminated (i) due to Employee’s death; (ii) by the Company due to Employee’s Inability to Perform; (iii) by the Company for Cause; (iv) by Employee without Good Reason; or (v) by non-renewal by Employee in accordance with Sections 4(b) and 6(f).

3. Parachute Payment Limitation. Notwithstanding any contrary provision in this Agreement, if Employee is a “disqualified individual” (as defined in Section 280G of the Code), and any of the payments and benefits described herein, together with any other payments which Employee has the right to receive from the Company, would, in the aggregate, constitute a “parachute payment” (as defined in Section 280G of the Code), then such payments and benefits shall be either (a) reduced (but not below zero) so that the aggregate present value of such payments and benefits received by Employee from the Company shall be \$1.00 less than three times Employee’s “base amount” (as defined in Section 280G of the Code) and so that no portion of such payments received by Employee shall be subject to the excise tax imposed by Section 4999 of the Code, or (b) paid in full, whichever produces the better net after-tax result for

Employee (taking into account any applicable excise tax under Section 4999 of the Code and any applicable income tax). The determination as to whether any such reduction in the amount of the payments and benefits is necessary shall be made by the Board in its sole discretion and such determination shall be conclusive and binding on Employee; provided, however, that any such reduction shall be made in the manner that is most beneficial to Employee. If a reduced payment is made to Employee pursuant to clause (a) above and through error or otherwise that payment, when aggregated with other payments from the Company (or its affiliates) used in determining if a parachute payment exists, exceeds \$1.00 less than three times Employee's base amount, Employee shall immediately repay such excess to the Company upon notification that an overpayment has been made.

4. Conditions on Receipt of Separation Benefits and Change-in-Control Benefits.

(a) Execution and Non-Revocation of General Release Agreement. Notwithstanding any other provision in this Agreement, the Company's payment to Employee of the Separation Benefits or the Change-in-Control Benefits, as applicable, is subject to the conditions that (i) the Employee fully complies with all applicable restrictive covenants under Sections 11-13 of this Agreement; and (ii) within 55 days after the Termination Date, the Employee executes, delivers to the Company, and does not revoke as permitted by applicable law a General Release Agreement in a form attached hereto as Exhibit A (the "Release") that, among other things, fully and finally releases and waives any and all claims, demands, actions, and suits whatsoever which she has or may have against the Company, the Company Group, and their Affiliates, whether under this Agreement or otherwise, that arose before the Release was executed. For purposes of this Agreement, the Release shall not become fully enforceable and irrevocable until Employee has timely executed the Release and not revoked his acceptance of the Release within seven days after its execution.

(b) Separation from Service Requirement. Notwithstanding any other provision of this Agreement, Employee shall be entitled to the Separation Benefits or the Change-in-Control Benefits, as applicable, only if the termination of this Agreement constitutes Employee's "Separation from Service" within the meaning of Code Section 409A and Treasury Regulation Section 1.409A-1(h).

5. Confidential Information.

(a) Scope and Definition of Confidential Information. Employee acknowledges that the Company and the Company Group have developed substantial goodwill with their employees, customers, and others with which they do business and competitively valuable information in connection with the Business. Employee further acknowledges and agrees that the following items shall be entitled to trade secret protection and constitute "Confidential Information" under this Agreement regardless of when such Confidential Information was disclosed to Employee: any information used in the Business that gives the Company, the Company Group, or their Affiliates an advantage over competitors and is not generally known by competitors or readily

ascertainable by independent investigation, and includes without limitation all trade secrets (as defined by applicable law); technical information, including all ideas, prospects, proposals, and other opportunities pertaining to exploring, producing, gathering, transporting, marketing, treating, or processing of hydrocarbons and related products and services, inventions, computer programs, computer processes, computer codes, software, website structure and content, databases, formulae, designs, compilations of information, data, proprietary processes, and know-how related to operations; financial information, including margins, earnings, accounts payable, and accounts receivable; business information, including business plans, expansion plans, business proposals, pending projects, pending proposals, sales data, and contracts; advertising information, including costs and strategies; customer information, including customer contacts, customer lists, customer identities, customer preferences and needs, customer purchasing or service terms, and specially negotiated terms with customers; supplier information, including supplier lists, supplier identities, contact information, capabilities, services, prices, costs, and specially negotiated terms with suppliers; information about future plans, including marketing strategies, target markets, promotions, sales plans, projects and proposals, research and development, and new materials research; inventory information, including quality-control procedures, inventory ordering practices, inventory lists, and inventory storage and shipping methods; information regarding personnel and employment policies and practices, including employee lists, contact information, performance information, compensation data and incentive information (including any bonus or commission plan terms), benefits, and training programs; and information regarding independent contractors and subcontractors, including independent contractor and subcontractor lists, contact information, compensation, and agreements. Confidential Information shall also include all information contained in any manual or electronic document or file created by the Company, the Company Group, or their Affiliates and provided or made available to Employee. Confidential Information shall not include any information in the public domain, through no disclosure or wrongful act of Employee, to such an extent as to be readily available to competitors.

(b) Agreement to Provide Confidential Information to Employee. In exchange for Employee's promises in this Agreement, the Company agrees during the Term to provide Employee with access to previously undisclosed Confidential Information related to his duties, responsibilities, and authorities under this Agreement.

(c) Agreement to Return Company Property and Confidential Information. At any time during employment upon demand by the Company, and immediately upon termination of this Agreement, regardless of the reason for such termination, Employee shall return to the Company all property of the Company or the Company Group in his possession or under his control, including without limitation all Confidential Information.

(d) Agreement not to Use or Disclose Confidential Information in Unauthorized Manner. Employee acknowledges and agrees that (i) due to their Business, the Company and the Company Group will continue to develop new and additional Confidential Information after the Effective Date that has not been previously disclosed

to him; (ii) all Confidential Information is considered confidential and proprietary to the Company and the Company Group; and (iii) she has no right, other than under this Agreement, to receive any Confidential Information. Employee shall at all times hold in strictest confidence, and shall not disclose or use, any Confidential Information (regardless of whether received before or after the Effective Date) except for the exclusive benefit of the Company and the Company Group in the ordinary course of performing his duties, responsibilities, and authorities under this Agreement, and otherwise only with the prior written consent of the Board. Employee shall promptly advise the Board in writing of any unauthorized release or use of any Confidential Information, and shall take reasonable measures to prevent unauthorized persons or entities from having access to, obtaining, being furnished with, disclosing, or using any Confidential Information.

(e) Protected Activities. Nothing in this Agreement is intended to, or does, prohibit Employee from (i) filing a charge or complaint with, providing truthful information to, or cooperating with an investigation being conducted by a governmental agency (such as the Equal Employment Opportunity Commission, another other fair employment practices agency, the National Labor Relations Board, the Department of Labor, or the Securities Exchange Commission (the “SEC”)); (ii) engaging in other legally-protected concerted activities (such as discussing information about the terms, conditions, wages, and benefits of employment with other employees or third parties for the purpose of collective bargaining or other mutual aid or protection of employees); (iii) giving truthful testimony or making statements under oath in response to a subpoena or other valid legal process or in any legal proceeding; (iv) otherwise making truthful statements as required by law or valid legal process; or (v) disclosing a trade secret in confidence to a governmental official, directly or indirectly, or to an attorney, if the disclosure is made solely for the purpose of reporting or investigating a suspected violation of law. Accordingly, Employee understands that she shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Employee likewise understands that, in the event she files a lawsuit for retaliation by the Company for reporting a suspected violation of law, she may disclose the trade secret(s) of the Company or the Company Group to his attorney and use the trade secret information in the court proceeding, if she (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. In accordance with applicable law, and notwithstanding any other provision of this Agreement, nothing in this Agreement or any of any policies or agreements of the Company or the Company Group applicable to Employee (i) impedes his right to communicate with the SEC or any other governmental agency about possible violations of federal securities or other laws or regulations or (ii) requires him to provide any prior notice to the Company or the Company Group or obtain their prior approval before engaging in any such communications.

6. Non-Solicitation Restrictive Covenants.

(a) Covenant not to Solicit. Beginning on the Effective Date and continuing for 12 months after the termination of Employee's employment with the Company, regardless of the reason for such termination (the "Restricted Period"), Employee shall not directly or indirectly, on behalf of himself or any third party (including without limitation through any family member or Affiliate), (i) solicit the sale of goods, services, or a combination of goods and services from the established customers of the Company Group on behalf of himself or any other entity that competes against the Company Group in the Business in the United States or (ii) solicit, hire, or otherwise engage as an employee, independent contractor, or otherwise, any person who is an employee or non-employee service provider of the Company or the Company Group or was an employee or non-employee service provider of the Company or the Company Group at any time in the one-year period preceding the proposed solicitation. For avoidance of doubt, it shall not be a breach of this section for Employee to post general job listings or similar broad-based advertisement for employment or other services as long as such listings or advertisements are not directly or indirectly targeted at the Company's employees or service providers.

(b) Permitted Exception. Employee shall be permitted without violating Sections 2(b), 2(d), or 12(a) of this Agreement to make passive personal investments in securities that are registered on a national stock exchange if the aggregate amount owned by him and all family members and Affiliates does not exceed 2% of such company's outstanding securities as long as (i) these activities do not prevent Employee from fulfilling his duties, responsibilities, and authorities under this Agreement, and (ii) Employee fully complies with his otherwise applicable obligations under this Agreement.

7. Inventions. Any and all Confidential Information and other discoveries, inventions, improvements, trade secrets (as defined by applicable law), know-how, works of authorship, or other intellectual property conceived, created, written, developed, or first reduced to practice by Employee before or after the Effective Date, alone or jointly, in the performance of his duties, responsibilities, or authorities for the Company or the Company Group (the "Inventions") shall be the sole and exclusive property of the Company and the Company Group, as applicable. Employee acknowledges that all original works of authorship protectable by copyright that are produced by Employee in the performance of his duties, responsibilities, or authorities for the Company and the Company Group are "works made for hire" as defined in the United States Copyright Act (17 U.S.C. § 101). In addition, to the extent that any such works are not works made for hire under the United States Copyright Act, Employee hereby assigns without further consideration all right, title, and interest in such works to the Company and the Company Group. Employee shall promptly and fully disclose to the Company all Inventions, shall treat all Inventions as Confidential Information, and hereby assigns to the Company and the Company Group without further consideration all of his right, title, and interest in and to any and all Inventions, whether or not copyrightable or patentable. Employee shall execute all papers, including applications, invention assignments, and copyright assignments, and shall otherwise assist the Company and the Company Group as reasonably required to memorialize, confirm, and

perfect in them the rights, title, and other interests granted to the Company and the Company Group under this Agreement.

8. Duties of Confidentiality and Loyalty Under the Common Law. Employee's obligations under this Agreement shall supplement, rather than supplant, his common-law duties of confidentiality and loyalty owed to the Company and the Company Group.

9. Survival and Enforcement of Covenants; Remedies.

(a) Survival of Covenants. Employee's covenants in Sections 11-13 shall survive the termination of this Agreement according to their terms, regardless of the reason for such termination, and shall be construed as agreements independent of any other provision of this Agreement, and the existence of any claim or cause of action of Employee against the Company or the Company Group (whether under this Agreement or otherwise), shall not constitute a defense to the enforcement by the Company or the Company Group of those covenants.

(b) Enforcement of Covenants. Employee acknowledges and agrees that his covenants in Sections 12 and 13 are ancillary to the otherwise enforceable agreements by the Company under Section 5(b) to provide him with equity awards and under Section 11 to provide him with previously undisclosed Confidential Information and by his agreement not to disclose such Confidential Information, and are supported by independent, valuable consideration. Employee further acknowledges and agrees that the limitations as to time, geographical area, and scope of activity to be restrained by those covenants are reasonable and acceptable to him and do not include any greater restraint than is reasonably necessary to protect the Confidential Information, goodwill, and other legitimate business interests of the Company and the Company Group. Employee further agrees that, if at some later date, a court of competent jurisdiction determines that any of the covenants in Sections 11-13 are unreasonable, any such covenants shall be reformed by the court and enforced to the maximum extent permitted under applicable law.

(c) Remedies. In the event of breach or threatened breach by Employee of any of his covenants in Sections 11, 12, or 13, the Company and the Company Group shall be irreparably damaged in amounts difficult to ascertain and therefore entitled to equitable relief (without the need to post a bond or prove actual damages) by temporary restraining order, temporary injunction, or permanent injunction or otherwise, in addition to all other legal and equitable relief to which they may be entitled, including any and all monetary damages, which it may incur as a result of such breach, violation, or threatened breach or violation. The Company and the Company Group may pursue any remedy available to them concurrently or consecutively in any order as to any breach, violation, or threatened breach or violation, and the pursuit of one of such remedies at any time shall not be deemed an election of remedies or waiver of the right to pursue any other of such remedies as to such breach, violation, or threatened breach or violation, or as to any other breach, violation, or threatened breach or violation. If Employee breaches any of his covenants in Section 12, the time periods pertaining to such covenants shall also be

suspended and shall not run in favor of him from the time he first breached such covenants until the time when he ceases such breach. Notwithstanding anything to the contrary in this Agreement, the Company may amend the provisions of Sections 11, 12, or 13 without the approval of Employee or any other person to provide for less restrictive limitations as to time, geographical area, or scope of activity to be restrained. Any such less restrictive limitations may, in the Company's sole discretion, apply only with respect to the enforcement of this Agreement in certain jurisdictions specified in any such amendment. At the request of the Company, Employee shall consent to any such amendment and shall execute and deliver to the Company a counterpart signature page to such amendment.

(d) After-Acquired Evidence. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that Employee is eligible to receive the Separation Benefits or the Change-in-Control Benefits, as applicable, but, after such determination, the Company subsequently acquires evidence and determines that (i) Employee has materially breached the terms Sections 2, 11, or 12; or (ii) a Cause condition existed prior to the Termination Date that, if curable, was not cured prior to the Termination Date, and that, had the Company been fully aware of such condition, would have given the Company the right to terminate Employee's employment for Cause pursuant to Section 6(b), then the Company shall have the right to cease the payment of any future installments of any such payments, as applicable, and Employee shall promptly return to the Company all installments of such payments, as applicable, received by Employee prior to the date that the Company determines that the conditions of this Section 15(d) have been satisfied.

(e) Clawback. To the extent required by applicable law or any applicable securities exchange listing standards, or as otherwise determined by the Board (or a committee thereof), amounts paid or payable under this Agreement shall be subject to the provisions of any applicable clawback policies or procedures adopted by the Company, which clawback policies or procedures may provide for forfeiture and/or recoupment of amounts paid or payable under this Agreement. Notwithstanding any provision of this Agreement to the contrary, the Company reserves the right, without the consent of Employee, to adopt any such clawback policies and procedures, including such policies and procedures applicable to this Agreement with retroactive effect.

10. Successors and Assigns. Employee's duties, responsibilities, and authorities under this Agreement are personal to him and shall not be assigned to any person or entity without written consent from the Board. The Company may assign this Agreement without Employee's further consent to any Affiliate (including without limitation to Riley Permian Operating Company, LLC), any successor of the Business of the Company or the Company Group (whether by merger, consolidation, reorganization, reincorporation, or sale of stock or equity interests), or any purchaser of the majority of the assets of the Company or the Company Group; *provided, however*, that in the event of a Change in Control, the Company shall cause the surviving entity in any such Change in Control to assume the Company's obligations under Sections 7 and 8 to the extent such obligations have not yet been fully performed. The Company

may not transfer Employee's employment to any Affiliate (including without limitation to Riley Permian Operating Company, LLC) unless the Company also assigns this Agreement to the Affiliate and the Affiliate expressly agrees to honor this Agreement in all respects. In the event of Employee's death, this Agreement shall be enforceable by his estate, executors, or legal representatives and any payment owed to Employee hereunder after the date of Employee's death shall be paid to Employee's estate. This Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors, and permitted assigns.

11. Waiver of Right to Jury Trial. NOTWITHSTANDING ANY OTHER PROVISION IN THIS AGREEMENT, EACH PARTY SHALL, AND HEREBY DOES, IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY DISPUTE, CONTROVERSY, CLAIM, OR CAUSE OF ACTION AGAINST THE OTHER PARTY OR ITS AFFILIATES, INCLUDING ANY ARISING OUT OF OR RELATING TO EMPLOYEE'S EMPLOYMENT WITH THE COMPANY, THE TERMINATION OF THAT EMPLOYMENT, OR THIS AGREEMENT (EITHER ALLEGED BREACH OR ENFORCEMENT).

12. Attorneys' Fees and Other Costs. If either party breaches this Agreement, or if a dispute arises between the parties based on or involving this Agreement, the party that enforces its rights under this Agreement against the breaching party in a court of competent jurisdiction as determined by such court, or that prevails in the resolution of such dispute as determined by the court, shall be entitled to recover from the other party its or his reasonable attorneys' fees, court costs, and expenses incurred in enforcing such rights or resolving such dispute.

13. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties concerning its subject matters and supersedes all prior and contemporaneous agreements and understandings, both written and oral, between the parties with respect to such subject matters, including without limitation, any other agreement or policy relating to severance or similar benefits that would be payable to Employee upon termination of employment with the Company. Employee acknowledges and agrees that the Company has not made any promise or representation to him concerning this Agreement not expressed in this Agreement, and that, in signing this Agreement, she is not relying on any prior oral or written statement or representation by the Company or its representatives outside of this Agreement but is instead relying solely on his own judgment and his legal and tax advisors, if any. Notwithstanding anything to the contrary in this Section 19, nothing in this Agreement shall impair or otherwise limit Employee's rights and/or the Company's obligations under any indemnification agreement by and between the Company and Employee that may be entered into during the Term.

14. Inconsistencies. Notwithstanding anything to the contrary, if any provision of this Agreement is inconsistent with any provision of the Company's applicable benefit plan documents, insurance policies, or employment policies, the applicable provision of this Agreement shall govern.

15. Amendment. Any modification to or waiver of this Agreement will be effective only if it is in writing and signed by the parties to this Agreement. Notwithstanding the previous sentence, the Company may modify or amend this Agreement in its sole discretion at any time without the further consent of the Employee in any manner necessary to comply with applicable law and regulations or the listing or other requirements of any stock exchange upon which the Company or its Affiliate is listed; provided, however, that (i) any such amendment shall preserve the rights and benefits of Employee hereunder as reasonably possible, and (ii) the Company shall use reasonable efforts to consult with Employee prior to and regarding any such proposed amendment.

16. Waiver. The waiver by either party of a breach of any term of this Agreement shall not operate or be construed as a waiver of a subsequent breach of the same provision by either party or of the breach of any other term or provision of this Agreement.

17. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable by a court of competent jurisdiction, (a) this Agreement shall be considered divisible, (b) such provision shall be deemed inoperative to the extent it is deemed illegal, invalid, or unenforceable, and (c) in all other respects this Agreement shall remain in full force and effect; *provided, however*, that, if any such provision may be made enforceable by such court by limitation, then such provision shall be so limited by such court and shall be enforceable to the maximum extent permitted by applicable law.

18. Governing Law; Venue. This Agreement shall be governed by the laws of the State of Delaware, without regard to its conflict-of-laws principles. The parties hereby irrevocably consent to the binding and exclusive venue for any dispute, controversy, claim, or cause of action between them arising out of or related to this Agreement being in the state or federal court of competent jurisdiction that regularly conducts proceedings or has jurisdiction in the State of Delaware. Nothing in this Agreement, however, precludes either party from seeking to remove a civil action from any state court to federal court.

19. Third-Party Beneficiaries. The Company Group and the Company's other Affiliates shall be included within the definition of "Company" for purposes of this Agreement, are intended to be third-party beneficiaries of this Agreement, and therefore may enforce this Agreement.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall be considered one and the same agreement. The delivery of this Agreement in the form of a clearly legible facsimile or electronically scanned version by e-mail shall have the same force and effect as delivery of the originally executed document.

21. Code Section 409A.

(a) Code Section 409A. The parties intend for all payments provided to Employee under this Agreement to be exempt from or comply with the provisions of Code Section 409A and not be subject to the tax imposed by Code Section 409A. In

addition, and without limiting the generality of the foregoing, it is the intent of the parties that the Severance Pay, CIC Pay, and COBRA benefits set forth in Sections 7 and 8 of this Agreement be exempt from Code Section 409A as “short-term deferrals,” as “involuntary separation pay,” or under any other 409A exemption that may be applicable. The provisions of this Agreement shall be interpreted in a manner consistent with the foregoing intents. For purposes of Section 409A, each payment amount or benefit due under this Agreement shall be considered a separate payment and Employee’s entitlement to a series of payments or benefits under this Agreement is to be treated as an entitlement to a series of separate payments.

(b) Specified Employee Postponement. Notwithstanding the previous Section or any other provision of this Agreement to the contrary, if the Company or an Affiliate that is treated as a “service recipient” (as defined in Section 409A) is publicly traded on an established securities market (or otherwise) and Employee is a “specified employee” (as defined below) and is entitled to receive a payment that is subject to Section 409A on account of Employee’s Separation from Service, such payment may not be made earlier than six months following the date of his Separation from Service if required by Section 409A, in which case, the accumulated postponed amount shall be paid in a lump sum payment on the Section 409A Payment Date. The “Section 409A Payment Date” is the earlier of (i) the date of Employee’s death or (ii) the date that is six months and one day after Employee’s Separation from Service. The determination of whether Employee is a “specified employee” shall be made in accordance with Section 409A using the default provisions in the Section 409A unless another permitted method has been prescribed for such purpose by the Company.

(c) Reimbursement of In-Kind Benefits. Any reimbursement or in-kind benefit provided under this Agreement which constitutes a “deferral of compensation” within the meaning of Treasury Regulation Section 1.409A-1(b) shall be made or provided in accordance with the requirements of Code Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

22. Right to Consult an Attorney and Tax Advisor. Notwithstanding any contrary provision in this Agreement, Employee shall be solely responsible for any risk that the tax treatment of all or part of any payments provided by this Agreement may be affected by Code Section 409A, which may impose significant adverse tax consequences on him, including accelerated taxation, a 20% additional tax, and interest. Employee therefore has the right, and is encouraged by this Section, to consult with a tax advisor of his choice before signing this

Agreement. Employee is also encouraged by this Section to consult with an attorney of his choice before signing this Agreement.

23. Representations of Employee. Employee represents and warrants that (a) she has not previously assumed any obligations inconsistent with those in this Agreement; (b) his execution of this Agreement, and his employment with the Company, shall not violate any other contract or obligation between Employee and any former employer or other third party; and (c) during the Term, she shall not use or disclose to anyone within the Company any other member of the Company Group any proprietary information or trade secrets of any former employer or other third party. Employee further represents and warrants that she has entered into this Agreement pursuant to his own initiative and that the Company did not induce him to execute this Agreement in contravention of any existing commitments. Employee further acknowledges that the Company has entered into this Agreement in reliance upon the foregoing representations of Employee.

24. Cooperation. The parties agree that certain matters in which Employee will be involved during the Term may necessitate Employee's cooperation in the future. Accordingly, following the termination of Employee's employment for any reason, to the extent reasonably requested by the Board, Employee shall cooperate with the Company in connection with matters arising out of Employee's service to the Company; *provided that*, the Company shall make reasonable efforts to minimize disruption of Employee's other activities. The Company shall reimburse Employee for reasonable expenses incurred in connection with such cooperation and, to the extent that Employee is required to spend substantial time on such matters as determined by the Board in its sole discretion, the Company shall compensate Employee at an hourly rate based on Employee's Base Salary on the Termination Date.

25. Survival. The following shall provisions shall survive the termination of Employee's employment and/or the expiration or termination of this Agreement, regardless of the reasons for such expiration or termination: Section 7 ("Payments and Benefits Due Upon Termination of Agreement"), Section 8 ("Payments and Benefits Due Upon Certain Change-in-Control Events"), Section 9 ("Parachute Payment Limitation"), Section 10 ("Conditions on Receipt of Separation Benefits and Change-in-Control Benefits"), Section 11 ("Confidential Information"), Section 12 ("Non-Solicitation Restrictive Covenants"), Section 15 ("Survival and Enforcement of Covenants; Remedies"), Section 17 ("Waiver of Right to Jury Trial"), Section 18 ("Attorneys' Fees and Other Costs"), Section 19 ("Entire Agreement"), Section 20 ("Inconsistencies"), Section 24 ("Governing Law; Venue"), Section 30 ("Cooperation"), and Section 32 ("Notices").

26. Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given (a) when received or rejected if delivered personally or by courier; or (b) on the date receipt is acknowledged if delivered by certified mail, postage prepaid, return receipt requested:

If to Employee, addressed to:

2305 Summerhaven Way
Edmond, OK 73013
or the last known residential address
reflected in the Company's records

If to the Company, addressed to:

Riley Permian Exploration, Inc.
29 East Reno, Suite 500
Oklahoma City, OK 73104
Attention: Susan Prejean

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

[Signature Page Follows]

AGREED and SIGNED as of the date set forth above:

RILEY PERMIAN EXPLORATION, INC.

EMPLOYEE

By: /s/Bobby D. Riley
Bobby D. Riley
Chief Executive Officer

/s/ John Suter
John Suter

EXHIBIT A
GENERAL RELEASE AGREEMENT
[To be completed when employment terminates]

This General Release Agreement (this "Agreement") constitutes the Release referred to in that certain Employment Agreement (the "Employment Agreement") executed and agreed to as of [•], by and among Riley Exploration Permian, Inc. (the "Company") and [•] ("Employee").

(a) Capitalized words used but not defined in this Agreement shall have the same meaning as such terms are assigned by the Employment Agreement. In exchange for the Separation Benefits or Change-in-Control Benefits, as applicable, to be provided to Employee by the Company in accordance with the Employment Agreement, the Employee releases, waives, acquits, and forever discharges to the maximum extent permitted by law any and all rights, claims, and demands of whatever kind or character, whether presently known to me or unknown, and whether vicarious, derivative, or direct or indirect, that he may have or assert against (i) the Company; (ii) any parent, subsidiary, or affiliate of the Company, including without limitation Riley Permian Operating Company, LLC; (iii) any past or present officer, director, or employee of the entities just referred to in (i)-(ii), in their individual and official capacities; and (iv) any past or present predecessors, parents, subsidiaries, affiliates, owners, shareholders, members, managers, benefit plans, operating units, divisions, agents, representatives, officers, directors, partners, employees, fiduciaries, insurers, attorneys, successors, and assigns of the entities just named in (i)-(iii) (the "Released Parties"). This release includes without limitation any claims arising under federal, state, or local laws prohibiting employment discrimination, **[including without limitation the Age Discrimination in Employment Act ("ADEA")]**; any claims growing out of any legal restrictions, contractual or otherwise, on the Company's right to terminate the employment of its employees; any claims arising out of Employee's employment with the Company or the termination of that employment; any claims relating to or arising out of any agreement or contract between Employee and any of the Released Parties; and any claims arising out of or based on any other act, conduct, or omission of any of the Released Parties (collectively, the rights, claims, and demands referenced above are referred to as the "Released Claims"). This release does not prevent Employee from filing any administrative claims for unemployment compensation or workers' compensation benefits. This Agreement is not intended to indicate that any Released Claims exist or that, if they do exist, they are meritorious. Rather, Employee is simply agreeing that, in exchange for the Separation Payments, any and all potential claims of this nature that Employee may have against the Released Parties, regardless of whether they actually exist, are expressly settled, compromised, and waived.

In no event shall the Released Claims include **[(a) any claim under the ADEA which arises after the date this Agreement is signed by Employee]**, (b) any claim to vested benefits under an employee benefit plan, (c) any claims for **[describe any indemnification rights that survive termination under any applicable agreements or at law]**, or (d) any claim relating to Employee's status as **[a director (other than claims for unpaid director compensation, claims for indemnification, and claims for**

coverage under D&O insurance) if Employee remains a director following the termination of his employment or] a stockholder of the Company or any other Released Party. Further, the parties expressly acknowledge that Employee retains the following equity interests, which are not waived by this Agreement, and which continue to be governed by the agreement and/or plan through which they were awarded: [summary of equity ownership and agreement(s)/plan(s) that is/are source(s) of entitlement (including any applicable restricted unit agreements and the rights therein that survive such termination)].

By signing this Agreement, Employee is bound by it. Anyone who succeeds to Employee's rights and responsibilities, such as heirs or the executor of Employee's estate, is also bound by this Agreement. The release set forth in this Agreement also applies to any claims brought by any person or agency or class action under which Employee may have a right or benefit.

Notwithstanding the release in this Agreement, nothing in this Agreement prevents Employee from (i) contacting, filing a charge or complaint with, providing information to, or cooperating with an investigation conducted by, any governmental agency, (ii) making disclosures or giving truthful testimony as required by law or valid legal process (such as by a subpoena), or (iii) engaging in other legally-protected activities. Employee acknowledges and agrees, however, that he forever waives any right to recover, and he will not request or accept, anything of monetary value from any of the Released Parties arising out of or connected in any way with his employment or the ending of his employment with the Company, the employment practices of the Company, or with any other act, conduct, or omission of any of the Released Parties, other than the Separation Payments, whether sought directly by him or by any governmental agency, individuals, or group of individuals on his behalf.

THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE RELEASED PARTIES.

(b) Employee agrees not to bring or join any lawsuit, arbitration, or other proceeding against any of the Released Parties in any court relating to any of the Released Claims. Employee represents that Employee has not brought or joined any lawsuit or filed any charge or claim against any of the Released Parties in any court or before any government agency and has made no assignment of any rights Employee has asserted or may have against any of the Released Parties to any person (including any entity), in each case, with respect to any Released Claims.

(c) Employee further agrees to (i) keep confidential and not to disclose to anyone the terms of this Agreement, except as permitted below or by law and except that he may disclose the terms to his family, attorney, or tax or financial advisor, if any, provided such persons have agreed to keep such information confidential, (ii) not make any disparaging remarks to any third party about the Released Parties or their operations,

practices, officers, directors, members, managers, employees, or contractors, (iii) not use or disclose any Confidential Information of the Released Parties he received during his employment and to comply with his continuing post-termination obligations owed to the Company under the Employment Agreement and otherwise, and (iv) promptly return to the Company all property of any Released Party in his possession or under his control. [With respect to (iii), the Restricted Area is as follows: _____.]

(d) Employee's covenants in Sections 11-13 of the Employment Agreement (and those provisions necessary to enforce and interpret them) remain in full force and effect, and Employee promises to abide by such covenants. Notwithstanding the foregoing, nothing in this Agreement or the Employment Agreement shall prohibit or restrict Employee from lawfully (a) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental agency regarding a possible violation of any law; (b) responding to any inquiry or legal process directed to the Employee from any governmental agency; (c) testifying, participating or otherwise assisting in an action or proceeding by any governmental agency relating to a possible violation of law or (d) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Further, nothing herein or in the Employment Agreement shall prevent Employee from, nor shall Employee be criminally or civilly liable under any federal or state trade secret law for, making a disclosure of trade secrets or other confidential information that is: (a) made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of applicable law; (b) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (c) protected under the whistleblower provisions of applicable law.

(e) By executing and delivering this Agreement, Employee acknowledges that: (i) Employee has carefully read this Agreement; (ii) Employee has had at least 55 days to consider this Agreement before the execution and delivery hereof to the Company; (iii) Employee has been and hereby is advised in writing that Employee may, at Employee's option, discuss this Agreement with an attorney of Employee's choice and that Employee has had adequate opportunity to do so; (iv) Employee fully understands the final and binding effect of this Agreement and agrees that the only promises made to Employee to sign this Agreement are those stated in the Employment Agreement and herein; (v) Employee is signing this Agreement voluntarily and of Employee's own free will and Employee understands and agrees to each of the terms of this Agreement; and (vi) Employee has been paid all wages and other compensation to which Employee is entitled pursuant to his employment with the Company and received all leaves (paid and unpaid) to which Employee was entitled during such employment.

Employee further acknowledges and agrees that (1) he has been given a reasonable period to read and consider this Agreement before signing it; (2) this Agreement and the Employment Agreement contain the entire understandings and agreements between the Company and him regarding their subject matters and supersede all prior agreements and understandings between them; (3) he has read this Agreement

and fully understands the effect of his signing this Agreement; (4) in signing this Agreement, she is not relying on any written or oral statement or promise from the Company other than in this Agreement and the Employment Agreement; (5) this Agreement shall be governed by Delaware law and exclusive venue for any claim between the parties or their affiliates arising out of or related this Agreement is in any state or federal court of competent jurisdiction in the State of Delaware; and (6) nothing in this Agreement constitutes any sort of admission of liability.

[Notwithstanding the initial effectiveness of this Agreement, Employee may revoke the delivery (and therefore the effectiveness) of this Agreement within the seven-day period beginning on the date Employee delivers this Agreement to the Company (such seven day period being referred to herein as the “Release Revocation Period”). To be effective, such revocation must be in writing signed by Employee and must be delivered to the Company’s Chief Executive Officer on or before 11:59 p.m., E.S.T., on the last day of the Release Revocation Period. If an effective revocation is delivered in the foregoing manner and timeframe, this Agreement shall be of no force or effect and shall be null and void ab initio. No Separation Benefits or Change-in-Control Benefits, as applicable, shall be paid if this Agreement is revoked by Employee in the foregoing manner.]

Executed on this _____ day of _____, _____.

[Employee]

CERTIFICATION

I, Bobby D. Riley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Riley Exploration Permian, Inc. for the quarter ended June 30, 2024.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2024

By: /s/ Bobby D. Riley

Bobby D. Riley

Chief Executive Officer and President

CERTIFICATION

I, Philip Riley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Riley Exploration Permian, Inc. for the quarter ended June 30, 2024.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: August 7, 2024

By: /s/ Philip Riley

Philip Riley

Chief Financial Officer and Executive
Vice President of Strategy

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 I hereby certify that:

I have reviewed the Quarterly Report on Form 10-Q of Riley Exploration Permian, Inc. (the “Company”) for the quarter ended June 30, 2024 (the “Report”).

To the best of my knowledge the Report (i) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m (a) or 78o (d)); and, (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2024

By: /s/ Bobby D. Riley

Bobby D. Riley

Chief Executive Officer and President

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 I hereby certify that:

I have reviewed the Quarterly Report on Form 10-Q of Riley Exploration Permian, Inc. (the “Company”) for the quarter ended June 30, 2024 (the “Report”).

To the best of my knowledge the Report (i) fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m (a) or 78o (d)); and, (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 7, 2024

By: /s/ Philip Riley

Philip Riley

Chief Financial Officer and Executive Vice
President of Strategy