

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 September 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 November 1, 2024, was 21,482,866.

**RILEY EXPLORATION PERMIAN, INC.**  
**FORM 10-Q**  
**QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2024**  
**TABLE OF CONTENTS**

	<b>Page</b>
<u>Part I. FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>6</u>
<u>Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets</u>	<u>6</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>7</u>
<u>Condensed Consolidated Statements of Changes in Shareholders' Equity</u>	<u>8</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>9</u>
<u>Notes to the Condensed Consolidated Financial Statements</u>	<u>11</u>
<u>Item 2.</u>	<u>28</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	
<u>Item 3.</u>	<u>38</u>
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	
<u>Item 4.</u>	<u>38</u>
<u>Controls and Procedures</u>	
<u>Part II. OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>39</u>
<u>Legal Proceedings</u>	
<u>Item 1A.</u>	<u>39</u>
<u>Risk Factors</u>	
<u>Item 2.</u>	<u>39</u>
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	
<u>Item 5.</u>	<u>39</u>
<u>Other Information</u>	
<u>Item 6.</u>	<u>40</u>
<u>Exhibits</u>	
<u>Signatures</u>	<u>40</u>

## 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>CO<sub>2</sub></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 I, 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;
- 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)	
	September 30, 2024	December 31, 2023
	(In thousands, except share amounts)	
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 13,322	\$ 15,319
Accounts receivable, net	41,034	35,126
Prepaid expenses	2,037	1,631
Inventory	6,738	6,177
Current derivative assets	12,195	5,013
<b>Total Current Assets</b>	<b>75,326</b>	<b>63,266</b>
Oil and natural gas properties, net (successful efforts)	871,996	846,901
Other property and equipment, net	19,189	20,653
Non-current derivative assets	2,475	2,296
Equity method investment	22,047	5,620
Other non-current assets, net	6,842	6,975
<b>Total Assets</b>	<b>\$ 997,875</b>	<b>\$ 945,711</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 14,213	\$ 3,855
Accrued liabilities	25,716	33,159
Revenue payable	33,745	30,695
Current derivative liabilities	—	360
Current portion of long-term debt	20,000	20,000
Other current liabilities	13,570	6,276
<b>Total Current Liabilities</b>	<b>107,244</b>	<b>94,345</b>
Non-current derivative liabilities	30	—
Asset retirement obligations	31,406	19,255
Long-term debt	268,620	335,959
Deferred tax liabilities	82,077	73,345
Other non-current liabilities	1,093	1,212
<b>Total Liabilities</b>	<b>490,470</b>	<b>524,116</b>
<b>Commitments and Contingencies (Note 14)</b>		
<b>Shareholders' Equity:</b>		
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; 21,541,393 and 20,405,093 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	21	20
Additional paid-in capital	310,155	279,112
Retained earnings	197,229	142,463
<b>Total Shareholders' Equity</b>	<b>507,405</b>	<b>421,595</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 997,875</b>	<b>\$ 945,711</b>

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
(In thousands, except per share amounts)				
<b>Revenues:</b>				
Oil and natural gas sales, net	\$ 102,339	\$ 107,694	\$ 307,106	\$ 273,418
Contract services - related parties	—	600	380	1,800
<b>Total Revenues</b>	<b>102,339</b>	<b>108,294</b>	<b>307,486</b>	<b>275,218</b>
<b>Costs and Expenses:</b>				
Lease operating expenses	18,532	16,898	51,793	43,287
Production and ad valorem taxes	7,002	7,242	21,407	18,573
Exploration costs	375	231	439	643
Depletion, depreciation, amortization and accretion	20,722	18,706	55,971	46,390
Other impairments	30,158	—	30,158	—
General and administrative:				
Administrative costs	5,879	5,530	17,862	17,497
Share-based compensation expense	1,720	1,109	6,693	3,448
Cost of contract services - related parties	—	128	363	347
Transaction costs	473	221	1,143	5,760
<b>Total Costs and Expenses</b>	<b>84,861</b>	<b>50,065</b>	<b>185,829</b>	<b>135,945</b>
<b>Income from Operations</b>	<b>17,478</b>	<b>58,229</b>	<b>121,657</b>	<b>139,273</b>
<b>Other Income (Expense):</b>				
Interest expense, net	(8,789)	(10,338)	(26,713)	(21,515)
Gain (loss) on derivatives, net	24,217	(35,345)	6,781	(20,925)
Income (loss) from equity method investment	(210)	23	(235)	(213)
<b>Total Other Income (Expense)</b>	<b>15,218</b>	<b>(45,660)</b>	<b>(20,167)</b>	<b>(42,653)</b>
<b>Net Income from Operations before Income Taxes</b>	<b>32,696</b>	<b>12,569</b>	<b>101,490</b>	<b>96,620</b>
Income tax expense	(7,033)	(3,922)	(23,521)	(23,054)
<b>Net Income</b>	<b>\$ 25,663</b>	<b>\$ 8,647</b>	<b>\$ 77,969</b>	<b>\$ 73,566</b>
<b>Net Income per Share:</b>				
Basic	\$ 1.22	\$ 0.44	\$ 3.79	\$ 3.74
Diluted	\$ 1.21	\$ 0.43	\$ 3.76	\$ 3.68
<b>Weighted Average Common Shares Outstanding:</b>				
Basic	20,992	19,680	20,584	19,667
Diluted	21,209	19,989	20,764	19,964

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			
<b>Balance, December 31, 2023</b>	<b>20,405</b>	<b>\$ 20</b>	<b>\$ 279,112</b>	<b>\$ 142,463</b>	<b>\$ 421,595</b>
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
<b>Balance, March 31, 2024</b>	<b>20,400</b>	<b>\$ 20</b>	<b>\$ 280,698</b>	<b>\$ 153,892</b>	<b>\$ 434,610</b>
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
<b>Balance, June 30, 2024</b>	<b>21,560</b>	<b>\$ 21</b>	<b>\$ 309,341</b>	<b>\$ 179,670</b>	<b>\$ 489,032</b>
Share-based compensation expense	15	—	1,720	—	1,720
Repurchased shares for tax withholding	(34)	—	(906)	—	(906)
Dividends declared	—	—	—	(8,104)	(8,104)
Net income	—	—	—	25,663	25,663
<b>Balance, September 30, 2024</b>	<b>21,541</b>	<b>\$ 21</b>	<b>\$ 310,155</b>	<b>\$ 197,229</b>	<b>\$ 507,405</b>

  

	Shareholders' Equity				
	Common Stock		Additional Paid-in Capital	Retained Earnings	Total Shareholders' Equity
	Shares	Amount			
<b>Balance, December 31, 2022</b>	<b>20,161</b>	<b>\$ 20</b>	<b>\$ 274,643</b>	<b>\$ 58,783</b>	<b>\$ 333,446</b>
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
<b>Balance, March 31, 2023</b>	<b>20,169</b>	<b>\$ 20</b>	<b>\$ 275,669</b>	<b>\$ 83,783</b>	<b>\$ 359,472</b>
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
<b>Balance, June 30, 2023</b>	<b>20,182</b>	<b>\$ 20</b>	<b>\$ 276,828</b>	<b>\$ 110,005</b>	<b>\$ 386,853</b>
Share-based compensation expense	(6)	—	1,109	—	1,109
Repurchased shares for tax withholding	(39)	—	(1,179)	—	(1,179)
Issuance of common shares under ATM	9	—	87	—	87
Dividends declared	—	—	—	(6,737)	(6,737)
Net income	—	—	—	8,647	8,647
<b>Balance, September 30, 2023</b>	<b>20,146</b>	<b>\$ 20</b>	<b>\$ 276,845</b>	<b>\$ 111,915</b>	<b>\$ 388,780</b>

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

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

	Nine Months Ended September 30,	
	2024	2023
(In thousands)		
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 77,969	\$ 73,566
Adjustments to reconcile net income to net cash provided by operating activities:		
Exploratory well costs and lease expirations	404	619
Depletion, depreciation, amortization and accretion	55,971	46,390
Other impairments	30,158	—
(Gain) loss on derivatives, net	(6,781)	20,925
Settlements on derivative contracts	(910)	(13,660)
Amortization of deferred financing costs and discount	3,975	2,470
Share-based compensation expense	6,693	3,594
Deferred income tax expense	8,732	17,602
Loss from equity method investment	235	213
Other	—	(25)
Changes in operating assets and liabilities		
Accounts receivable	(5,908)	(19,771)
Prepaid expenses and other current assets	(438)	(1,279)
Other non-current assets	(1,235)	(937)
Accounts payable and accrued liabilities	1,790	6,720
Inventory	(1,114)	(2,108)
Revenue payable	2,959	9,423
Other current liabilities	7,396	(2,370)
<b>Net Cash Provided by Operating Activities</b>	<b>179,896</b>	<b>141,372</b>
<b>Cash Flows from Investing Activities:</b>		
Additions to oil and natural gas properties	(76,372)	(114,298)
Net assets acquired in business combination	—	(324,686)
Acquisitions of oil and natural gas properties	(19,597)	(5,443)
Contributions to equity method investment	(16,662)	(3,566)
Additions to other property and equipment	(694)	(499)
<b>Net Cash Used in Investing Activities</b>	<b>(113,325)</b>	<b>(448,492)</b>
<b>Cash Flows from Financing Activities:</b>		
Deferred financing costs	(80)	(6,250)
Proceeds from credit facility	15,000	178,000
Repayments under credit facility	(70,000)	(24,000)
Proceeds from Senior Notes, net of discount	—	188,000
Repayments of Senior Notes	(15,000)	(10,000)
Payment of common share dividends	(22,839)	(20,173)
Proceeds from issuance of common shares, net	25,415	87
Common stock repurchased for tax withholding	(1,064)	(1,479)
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(68,568)</b>	<b>304,185</b>
<b>Net Decrease in Cash</b>	<b>(1,997)</b>	<b>(2,935)</b>
<b>Cash, Beginning of Period</b>	<b>15,319</b>	<b>13,301</b>
<b>Cash, End of Period</b>	<b>\$ 13,322</b>	<b>\$ 10,366</b>

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)*

	Nine Months Ended September 30,	
	2024	2023
(In thousands)		
<b>Supplemental Disclosure of Cash Flow Information</b>		
<b>Cash Paid For:</b>		
Interest, net of capitalized interest	\$ 24,709	\$ 18,140
Income taxes, net of refunds	\$ 16,043	\$ 4,633
<b>Non-cash Investing and Financing Activities:</b>		
Changes in capital expenditures in accounts payable and accrued liabilities	\$ (790)	\$ (9,662)
Right of use assets obtained in exchange for operating lease liability	\$ 632	\$ (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 ("Champions field") and Eddy County, New Mexico ("Redlake field").

**(2) Basis of Presentation**

These unaudited condensed consolidated financial statements as of September 30, 2024, and for the three and nine months ended September 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 nine months ended September 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, 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, net**

Accounts receivable is summarized below:

	September 30, 2024	December 31, 2023
	(In thousands)	
Oil, natural gas and NGL sales	\$ 32,097	\$ 31,135
Joint interest accounts receivable	3,990	1,630
Allowance for credit losses	(45)	—
Other accounts receivable	4,992	2,361
<b>Total accounts receivable, net</b>	<b>\$ 41,034</b>	<b>\$ 35,126</b>

As of December 31, 2022, the Company had accounts receivables, net 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.

**Other Non-Current Assets, net**

Other non-current assets consisted of the following:

	September 30, 2024	December 31, 2023
	(In thousands)	
Deferred financing costs, net <sup>(1)</sup>	\$ 2,674	\$ 3,844
Right of use assets	1,686	1,890
Other	2,482	1,241
<b>Total other non-current assets, net</b>	<b>\$ 6,842</b>	<b>\$ 6,975</b>

(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:

	September 30, 2024	December 31, 2023
	(In thousands)	
Accrued capital expenditures	\$ 7,564	\$ 15,851
Accrued lease operating expenses	6,470	6,038
Accrued general and administrative costs	5,491	4,655
Accrued ad valorem tax	3,852	5,269
Other accrued expenditures	2,339	1,346
<b>Total accrued liabilities</b>	<b>\$ 25,716</b>	<b>\$ 33,159</b>

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

**Other Current Liabilities**

Other current liabilities consisted of the following:

	September 30, 2024	December 31, 2023
	(In thousands)	
Advances from joint interest owners	\$ 8,324	\$ 259
Income taxes payable	1,177	561
Current ARO liabilities	2,996	3,789
Other	1,073	1,667
<b>Total other current liabilities</b>	<b>\$ 13,570</b>	<b>\$ 6,276</b>

**Asset Retirement Obligations**

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

	September 30, 2024	December 31, 2023
	(In thousands)	
ARO, beginning balance	\$ 23,044	\$ 3,038
Liabilities incurred	27	45
Liabilities assumed in acquisitions	9,727	19,359
Liability settlements and disposals	(416)	(1,039)
Accretion	2,020	1,641
ARO, ending balance	34,402	23,044
Less: current ARO <sup>(1)</sup>	(2,996)	(3,789)
ARO, long-term	\$ 31,406	\$ 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Oil and natural gas sales:				
Oil	\$ 105,303	\$ 104,490	\$ 308,648	\$ 267,293
Natural gas	(1,170)	983	(1,464)	1,547
NGLs	(1,794)	2,221	(78)	4,578
<b>Total oil and natural gas sales, net <sup>(1)</sup></b>	<b>\$ 102,339</b>	<b>\$ 107,694</b>	<b>\$ 307,106</b>	<b>\$ 273,418</b>

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

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

***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.

**(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):**

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

Transaction costs associated with the 2023 New Mexico Acquisition were approximately \$0.2 million and \$5.8 million for the three and nine months ended September 30, 2023, respectively, and are included on the accompanying condensed consolidated statements of operations.

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

***Pro Forma Operating Results***

The following unaudited pro forma combined results for the three and nine months ended September 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 nine months ended September 30, 2023.

	<u>Three Months Ended</u>	<u>Nine Months Ended</u>
	<u>September 30, 2023</u>	<u>September 30, 2023</u>
	(In thousands, except per share amounts)	
Total revenues	\$ 108,294	\$ 305,813
Net income	\$ 10,745	\$ 87,545
Basic net income per common share	\$ 0.55	\$ 4.45
Diluted net income per common share	\$ 0.54	\$ 4.39

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 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 \$19.1 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. This acquisition was funded through a combination of proceeds from the 2024 equity issuance ("2024 Equity Offering") discussed in Note 11 - Shareholders' Equity and cash on hand.

**(5) Oil and Natural Gas Properties**

Oil and natural gas properties are summarized below:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	(In thousands)	
Proved	\$ 999,637	\$ 895,783
Unproved	113,372	100,216
Work-in-progress	17,387	57,004
	<u>1,130,396</u>	<u>1,053,003</u>
Accumulated depletion, amortization and impairment	(258,400)	(206,102)
Total oil and natural gas properties, net	<u>\$ 871,996</u>	<u>\$ 846,901</u>

Depletion and amortization expense for proved oil and natural gas properties was \$18.8 million and \$17.8 million, respectively, for the three months ended September 30, 2024, and 2023, and \$52.3 million and \$44.6 million, respectively, for the nine months ended September 30, 2024, and 2023.

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

***Impairment of EOR Project***

The cost of proved and unproved oil and natural gas properties are assessed for impairment at least annually or whenever events and circumstances indicate that a decline in the recoverability of their carrying value may have occurred. We compare the undiscounted future cash flows of the oil, natural gas and NGL properties to the carrying amount of the oil, natural gas and NGL properties to determine if the carrying amount is recoverable. If the carrying amount exceeds the estimated undiscounted future cash flows, we adjust the carrying amount of the oil, natural gas and NGL properties to their estimated fair value which is considered a Level 3 measurement. As part of the impairment review during the third quarter, the Company made the decision to discontinue its EOR Project, which was in work-in-process, in favor of redeploying the required future capital and salvaging the assets for use in its conventional vertical and horizontal development programs. As a result of this decision, the remaining fair value for the EOR Project was determined to be zero and the Company recorded a non-cash impairment charge of \$28.9 million and a cash impairment charge of \$1.3 million related to the termination of the Kinder Morgan CO<sub>2</sub> contract. The total \$30.2 million impairment is included in other impairments in the accompanying condensed consolidated statements of operations.

**(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 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.

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

As of September 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 September 30, 2024, related to our future oil and natural gas production:

Calendar Quarter / Year	Notional Volume	Weighted Average Price		
		Fixed	Put	Call
(\$ per unit)				
<b>Oil Swaps (Bbl)</b>				
Q4 2024	435,000	\$	74.90	
2025	645,000	\$	73.63	
<b>Natural Gas Swaps (Mcf)</b>				
Q4 2024	510,000	\$	3.62	
2025	1,875,000	\$	3.60	
2026	555,000	\$	4.02	
<b>Oil Collars (Bbl)</b>				
Q4 2024	390,000	\$	61.92	\$ 83.39
2025	1,700,000	\$	63.28	\$ 76.59
2026	600,000	\$	59.99	\$ 78.74
<b>Natural Gas Collars (Mcf)</b>				
Q4 2024	405,000	\$	3.50	\$ 4.45
2025	1,445,000	\$	3.30	\$ 4.30
2026	1,975,000	\$	3.08	\$ 3.79
<b>Oil Basis (Bbl)</b>				
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. The remaining gain of \$0.4 million 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 \$0.4 million and \$0.6 million for the three and nine months ended September 30, 2024.

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

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

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

***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 September 30, 2024, and December 31, 2023:

Balance Sheet Classification	September 30, 2024		
	Gross Fair Value	Amounts Netted	Net Fair Value
	(In thousands)		
Current derivative assets	\$ 15,774	\$ (3,579)	\$ 12,195
Non-current derivative assets	7,262	(4,787)	2,475
Current derivative liabilities	(3,579)	3,579	—
Non-current derivative liabilities	(4,817)	4,787	(30)
Total	<u>\$ 14,640</u>	<u>\$ —</u>	<u>\$ 14,640</u>

Balance Sheet Classification	December 31, 2023		
	Gross Fair Value	Amounts Netted	Net Fair Value
	(In thousands)		
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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Settlements on derivative contracts	\$ 815	\$ (6,269)	\$ (910)	\$ (13,660)
Non-cash gain (loss) on derivatives	23,402	(29,076)	7,691	(7,265)
Gain (loss) on derivatives, net	<u>\$ 24,217</u>	<u>\$ (35,345)</u>	<u>\$ 6,781</u>	<u>\$ (20,925)</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.

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 and the fair value of assets and liabilities when assessed for impairment are considered Level 3 measurements.

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

*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 September 30, 2024, and December 31, 2023, by level within the fair value hierarchy:

	September 30, 2024			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
<b>Financial assets:</b>				
Commodity derivative assets	\$ —	\$ 22,399	\$ —	\$ 22,399
Interest rate assets	\$ —	\$ 637	\$ —	\$ 637
<b>Financial liabilities:</b>				
Commodity derivative liabilities	\$ —	\$ (8,366)	\$ —	\$ (8,366)
Interest rate liabilities	\$ —	\$ (30)	\$ —	\$ (30)

  

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

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

	September 30, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
Credit Facility (Level 2)	\$ 130,000	\$ 130,000	\$ 185,000	\$ 185,000
Senior Notes (Level 2) <sup>(1)</sup>	\$ 158,620	\$ 178,054	\$ 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.

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

**(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. RPC Power's initial scope and assets use the Company's produced natural gas to power a portion of our operations in Yoakum County, Texas which became fully operational in September 2024. 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, 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%. 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 September 30, 2024, the Company had invested \$22.5 million in the joint venture, comprised of \$20.2 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. The Company also has a remaining commitment to invest up to an additional \$20.0 million, if required, to fund its portion of the remaining capital budget for 2024 and 2025 for the RPC Power 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Equity method investment, beginning balance	\$ 20,757	\$ 5,602	\$ 5,620	\$ —
Contributions	1,500	—	16,662	5,838
Income (loss) from equity method investment	(210)	23	(235)	(213)
Equity method investment, ending balance	<u>\$ 22,047</u>	<u>\$ 5,625</u>	<u>\$ 22,047</u>	<u>\$ 5,625</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 to power a portion of 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 of September 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.

The Company incurred lease operating expenses ("LOE") from RPC Power of approximately \$1.3 million and \$0.1 million for the three months ended September 30, 2024, and 2023, respectively, and approximately \$2.4 million and \$0.2 million for the nine months ended September 30, 2024, and 2023, respectively. As of September 30, 2024, and December 31, 2023, the Company had approximately \$0.6 million and zero accrued for RPC Power, which was included in accrued liabilities in the accompanying condensed consolidated balance sheets.

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

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.

***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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Combo	\$ —	\$ 300	\$ 100	\$ 900
REG	—	300	280	900
Contract services - related parties	<u>\$ —</u>	<u>\$ 600</u>	<u>\$ 380</u>	<u>\$ 1,800</u>
Cost of contract services - related parties	\$ —	\$ 128	\$ 363	\$ 347

The Company had no amounts payable to Combo at September 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 \$0.1 million and no amounts receivable from Combo at September 30, 2024, and December 31, 2023, respectively.

The Company had no amounts receivable from REG at September 30, 2024, and December 31, 2023.

***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 \$0.3 million for the three months ended September 30, 2024 and 2023, and approximately \$1.1 million and \$0.7 million for the nine months ended September 30, 2024, and 2023, respectively. As of September 30, 2024, and December 31, 2023, the Company had approximately \$0.1 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.

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

**(10) Long-Term Debt**

The following table summarizes the Company's outstanding debt:

	September 30, 2024	December 31, 2023
	(In thousands)	
Credit Facility	\$ 130,000	\$ 185,000
Senior Notes		
Principal	170,000	185,000
Less: Unamortized discount <sup>(1)</sup>	8,182	10,117
Less: Unamortized deferred financing costs <sup>(1)</sup>	3,198	3,924
Total Senior Notes	158,620	170,959
<b>Total debt</b>	<b>288,620</b>	<b>355,959</b>
Less: Current portion of long-term debt <sup>(2)</sup>	20,000	20,000
<b>Total long-term debt</b>	<b>\$ 268,620</b>	<b>\$ 335,959</b>

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

(2) As of September 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 September 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 the regulation of 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 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:

	September 30, 2024	December 31, 2023
	(In thousands)	
Outstanding borrowings	\$ 130,000	\$ 185,000
Available under the borrowing base	\$ 245,000	\$ 190,000

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

**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 September 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Interest expense	7,597	9,899	\$ 24,749	\$ 20,964
Interest income	(229)	(51)	(672)	(51)
Capitalized interest	(140)	(839)	(1,938)	(2,289)
Amortization of deferred financing costs	690	593	2,041	1,236
Amortization of discount on Senior Notes	653	596	1,934	1,234
Unused commitment fees on Credit Facility	218	140	599	421
<b>Total interest expense, net</b>	<b>\$ 8,789</b>	<b>\$ 10,338</b>	<b>\$ 26,713</b>	<b>\$ 21,515</b>

As of September 30, 2024, and December 31, 2023, the weighted average interest rate on outstanding borrowings under the Credit Facility was 8.41% and 8.68%, respectively.

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

As of September 30, 2024, the Senior Notes had \$8.2 million of unamortized discount and \$3.2 million of unamortized deferred financing costs, resulting in an effective interest rate of 13.38% during the nine months ended September 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 September 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 September 30, 2024, and 2023, the Company declared quarterly dividends on its common stock totaling approximately \$8.1 million and \$6.7 million, respectively. For the nine months ended September 30, 2024, and 2023, the Company declared quarterly dividends on its common stock totaling approximately \$23.2 million and \$20.4 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 913,698 shares available for future awards as of September 30, 2024.

***2021 Long-Term Incentive Plan***

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

<b>Amended and Restated 2021 Long-Term Incentive Plan</b>			
	<b>Restricted Shares</b>	<b>Weighted Average Grant Date Fair Value</b>	
Unvested at December 31, 2023	521,997	\$	24.37
Granted	183,605	\$	28.75
Vested	(169,384)	\$	22.73
Forfeited	(21,677)	\$	28.11
Unvested at September 30, 2024	<u>514,541</u>	\$	26.63

For the three months ended September 30, 2024, and 2023, the total share-based compensation expense was \$1.7 million and \$1.1 million, respectively. For the nine months ended September 30, 2024, and 2023, the total share-based compensation expense was \$6.7 million and \$3.6 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 \$9.4 million of additional share-based compensation expense will be recognized over the weighted average life of 24 months for the unvested restricted share awards as of September 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 nine months ended September

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

30, 2024, the Company did not execute any sales under the ATM program. As of September 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
<b>Current income tax expense:</b>				
Federal	\$ 3,091	\$ (76)	\$ 13,620	\$ 4,705
State	283	133	1,169	747
Total current income tax expense	3,374	57	\$ 14,789	\$ 5,452
<b>Deferred income tax expense:</b>				
Federal	3,034	2,744	\$ 7,088	\$ 15,039
State	625	1,121	1,644	2,563
Total deferred income tax expense	3,659	3,865	\$ 8,732	\$ 17,602
Total income tax expense	\$ 7,033	\$ 3,922	\$ 23,521	\$ 23,054

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Tax at statutory rate	21.0 %	21.0 %	21.0 %	21.0 %
Non deductible compensation	(0.6)%	4.8 %	0.3 %	0.7 %
Share-based compensation	(1.1)%	(2.4)%	(0.3)%	(0.5)%
State income taxes, net of federal benefit	2.2 %	(2.0)%	2.2 %	1.4 %
Change in state rate	— %	9.8 %	— %	1.3 %
Effective income tax rate	21.5 %	31.2 %	23.2 %	23.9 %

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.

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

**(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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands, except per share amounts)			
Net income	\$ 25,663	\$ 8,647	\$ 77,969	\$ 73,566
Basic weighted-average common shares outstanding	20,992	19,680	20,584	19,667
Restricted shares	217	309	180	297
Diluted weighted average common shares outstanding	21,209	19,989	20,764	19,964
Basic net income per share	\$ 1.22	\$ 0.44	\$ 3.79	\$ 3.74
Diluted net income per share	\$ 1.21	\$ 0.43	\$ 3.76	\$ 3.68

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Restricted shares	364,621	186,701	401,856	199,051

**(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 September 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 September 30, 2024, or December 31, 2023.

***Contractual Commitments***

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 and processing system with a commitment from the Company to deliver an annual minimum volume to Stakeholder's gathering system for a term of seven years beginning on the in-service date of the expanded plant, July 1, 2024, or expiring on the earlier date whereby the cumulative volume requirement is fulfilled. The Company is in compliance with the volume requirements under the agreement.

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

In October 2023, the Company entered into a purchase agreement for pipe related to its 2024 drilling program. As of September 30, 2024, the Company had remaining commitments to purchase approximately \$3.2 million of pipe by December 2024.

In January 2023, the Company entered into the Tolling Agreement which uses the Company's produced natural gas to power a portion of 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 of September 2024, 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 September 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 has a remaining commitment to invest up to an additional \$20.0 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 October 10, 2024, the Board of Directors of the Company declared a cash dividend of \$0.38 per share of common stock payable on November 7, 2024 to its shareholders of record at the close of business on October 24, 2024.

***New Commitments***

On October 4, 2024, the company entered into a \$13.1 million engineering, procurement and construction ("EPC") agreement to build a compression station and associated pipelines to increase the amount of natural gas flowing to the Company's New Mexico assets. The project is expected to be completed and operating during the first quarter of 2025.

## **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

### *Geopolitical Events*

The general domestic and international political conditions, including the military conflict between Russia and Ukraine, the Israel-Hamas conflict, and the global response to such conflicts could prolong market volatility or cause a decline in commodity prices.

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 its oil and natural gas reserves.

### *Impairment of EOR Project*

At September 30, 2024, the Company recorded a \$30.2 million impairment related to the discontinuation of our EOR Project, including a \$28.9 million non-cash impairment and \$1.3 million cash impairment related to the termination of the Kinder Morgan CO<sub>2</sub> contract. Select equipment from the EOR Project was salvaged for use in the Company's conventional vertical and horizontal development programs.

### *2024 New Mexico Asset Acquisition*

On May 7, 2024, the Company closed on an 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 \$19.1 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 Joint Venture*

In January 2023, the Company formed a joint venture, RPC Power, for the purpose of constructing, owning and operating power generation assets which became fully operational in September of 2024. These assets will use the Company's produced natural gas to power a portion of 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 nine months ended September 30, 2024, and 2023.

The following table sets forth selected operating data for the three and nine months ended September 30, 2024, and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Revenues (in thousands):<sup>(1)</sup></b>				
Oil sales	\$ 105,303	\$ 104,490	\$ 308,648	\$ 267,293
Natural gas sales	(1,170)	983	(1,464)	1,547
NGLs	(1,794)	2,221	(78)	4,578
Oil and natural gas sales, net	\$ 102,339	\$ 107,694	\$ 307,106	\$ 273,418
<b>Production Data, net:</b>				
Oil (MBbls)	1,424	1,292	4,055	3,555
Natural gas (MMcf)	1,940	1,616	5,179	4,242
NGLs (MBbls)	408	274	1,031	691
Total (MBoe)	2,155	1,835	5,949	4,953
Daily combined volumes (Boe/d)	23,424	19,949	21,712	18,143
Daily oil volumes (Bbls/d)	15,478	14,043	14,799	13,022
<b>Average Realized Prices:<sup>(1)</sup></b>				
Oil (\$ per Bbl)	\$ 73.95	\$ 80.87	\$ 76.12	\$ 75.19
Natural gas (\$ per Mcf)	\$ (0.60)	\$ 0.61	\$ (0.28)	\$ 0.36
NGLs (\$ per Bbl)	\$ (4.40)	\$ 8.11	\$ (0.08)	\$ 6.63
<b>Average Realized Prices, including derivative settlements:<sup>(1)(2)</sup></b>				
Oil (\$ per Bbl)	\$ 73.84	\$ 76.00	\$ 75.03	\$ 71.23
Natural gas (\$ per Mcf)	\$ (0.10)	\$ 0.63	\$ 0.39	\$ 0.46
NGLs (\$ per Bbl) <sup>(3)</sup>	\$ (4.40)	\$ 8.11	\$ (0.08)	\$ 6.63

(1) The Company's oil, natural gas and NGL sales are presented net of gathering, processing and transportation costs. The costs, related to natural gas and NGLs, 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.

(3) During the periods presented, the Company did not have any NGL derivative contracts in place.

## 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 September 30, 2024, compared to three months ended September 30, 2023*

The Company's total oil and natural gas revenue, net decreased by \$5.4 million, or 5%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023.

### **Oil revenues**

- For the three months ended September 30, 2024, oil revenues increased by \$0.8 million, or 1%, compared to the three months ended September 30, 2023. Of the increase, \$10.7 million was attributable to an increase in volume, partially offset by \$9.9 million attributable to a decrease in realized prices. Volumes increased by 10% while realized prices decreased by 9%, compared to the three months ended September 30, 2023.
- Oil volumes increased during the three months ended September 30, 2024, due primarily to increased production from new wells turned to sales in our Champions field.
- Our realized oil prices decreased \$6.92 during the three months ended September 30, 2024, when compared to the three months ended September 30, 2023, which corresponded with a \$5.64 decrease in the average WTI price during the same period.

### **Natural gas revenues**

- For the three months ended September 30, 2024, natural gas revenues decreased by \$2.2 million, compared to the three months ended September 30, 2023. All of the decrease was attributable to a decrease in realized prices. Realized prices were negative during the three months ended September 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 September 30, 2024, NGL revenues decreased by \$4.0 million compared to the three months ended September 30, 2023. All of the decrease was attributable to a decrease in realized prices. Realized prices were negative during the three months ended September 30, 2024, primarily 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.

*Nine months ended September 30, 2024, compared to nine months ended September 30, 2023*

The Company's total oil and natural gas revenue, net increased by \$33.7 million, or 12%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023.

### **Oil revenues**

- For the nine months ended September 30, 2024, oil revenues increased by \$41.4 million, or 15%, compared to the nine months ended September 30, 2023. Of the increase, \$37.6 million was attributable to an increase in volume and \$3.8 million to an increase in realized price. Volumes increased by 14%, while realized prices increased by 1% compared to the nine months ended September 30, 2023.
- Oil volumes increased during the nine months ended September 30, 2024, due to a full nine months of volumes contributed from the properties acquired in the 2023 New Mexico Acquisition in addition to increased production from new wells turned to sales in our Champions field.
- Our realized oil prices increased \$0.93 during the nine months ended September 30, 2024, when compared to the nine months ended September 30, 2023, which corresponded with a \$1.31 increase in the average WTI price during the same period.

### **Natural gas revenues**

- For the nine months ended September 30, 2024, natural gas revenues decreased by \$3.0 million, compared to the nine months ended September 30, 2023. All of the decrease was attributable to a decrease in realized prices. Realized prices were negative during the nine months ended September 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 nine months ended September 30, 2024, NGL revenues decreased by \$4.7 million compared to the nine months ended September 30, 2023. All of the decrease was attributable to a decrease in realized prices. Realized prices were negative during the nine months ended September 30, 2024, primarily 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.

### **Contract Services - Related Party**

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>(In thousands)</b>			
Contract services - related parties <sup>(1)</sup>	\$ —	\$ 600	\$ 380	\$ 1,800
Cost of contract services - related parties <sup>(2)</sup>	—	128	363	347
Gross profit from contract services	<u>\$ —</u>	<u>\$ 472</u>	<u>\$ 17</u>	<u>\$ 1,453</u>

(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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Costs and Expenses:</b>	(In thousands)			
Lease operating expenses	\$ 18,532	\$ 16,898	\$ 51,793	\$ 43,287
Production and ad valorem taxes	\$ 7,002	\$ 7,242	\$ 21,407	\$ 18,573
Exploration costs	\$ 375	\$ 231	\$ 439	\$ 643
Depletion, depreciation, amortization and accretion	\$ 20,722	\$ 18,706	\$ 55,971	\$ 46,390
Other impairments	\$ 30,158	\$ —	\$ 30,158	\$ —
Administrative costs	\$ 5,879	\$ 5,530	\$ 17,862	\$ 17,497
Share-based compensation	1,720	1,109	6,693	3,448
General and administrative expense	\$ 7,599	\$ 6,639	\$ 24,555	\$ 20,945
Transaction costs	\$ 473	\$ 221	\$ 1,143	\$ 5,760
Interest expense, net	\$ 8,789	\$ 10,338	\$ 26,713	\$ 21,515
(Gain) loss on derivatives, net	\$ (24,217)	\$ 35,345	\$ (6,781)	\$ 20,925
(Income) loss from equity method investment	\$ 210	\$ (23)	\$ 235	\$ 213
Income tax expense	\$ 7,033	\$ 3,922	\$ 23,521	\$ 23,054

### *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 increased by \$1.6 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. This increase was driven by a \$1.8 million increase due to higher production volume and a \$0.5 million increase in workover expense. These increases were partially offset by a decrease in certain expenses such as chemicals, fuel and repair costs.

The Company's LOE increased by \$8.5 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023. This increase was driven by a \$5.4 million increase due to higher production volume from a full nine months of volumes in 2024 from the properties acquired in the 2023 New Mexico Acquisition in addition to increased production from new wells turned to sales in our Champions field and a \$3.1 million increase in workover expense.

### *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 decreased by \$0.2 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023 primarily due to lower natural gas and NGL revenues. Production and ad valorem

taxes increased by \$2.8 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to higher oil revenues for the period.

#### ***Depletion, Depreciation, Amortization and Accretion ("DD&A") Expense***

DD&A expense 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.

DD&A expense increased by \$2.0 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023. This increase was primarily due to an increase in production volumes in our Champions field.

DD&A expense increased by \$9.6 million for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, which was primarily due to a full nine months of production volumes and corresponding DD&A expense from the properties acquired in the 2023 New Mexico Acquisition.

#### ***Other Impairments***

The cost of proved and unproved oil and natural gas properties are assessed for impairment at least annually or whenever events and circumstances indicate that a decline in the recoverability of their carrying value may have occurred. We compare the undiscounted future cash flows of the oil, natural gas and NGL properties to the carrying amount of the oil, natural gas and NGL properties to determine if the carrying amount is recoverable. If the carrying amount exceeds the estimated undiscounted future cash flows, we adjust the carrying amount of the oil, natural gas and NGL properties to their estimated fair value.

The Company recognized an impairment charge of \$30.2 million for the three and nine months ended September 30, 2024, which consisted of a non-cash impairment charge of \$28.9 million and a cash impairment charge of \$1.3 million related to the termination of the Kinder Morgan CO<sub>2</sub> contract. The impairment loss relates to the discontinuation of the Company's EOR project, in favor of redeploying the required future capital and salvaging certain assets for use in the Company's conventional vertical and horizontal development programs. There was no impairment loss for the three and nine months ended September 30, 2023.

#### ***General and Administrative ("G&A") Expense***

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.

G&A expense increased by \$1.0 million, or 14%, for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to an increase in share-based compensation due to new grants.

G&A expense increased by \$3.6 million, or 17%, for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, primarily due to an increase in share-based compensation due to new grants and accelerated vestings.

#### ***Transaction Costs***

Transaction costs represent costs incurred on successful, unsuccessful or potential business transactions. The transaction costs of \$0.5 million for the three months ended September 30, 2024, and \$1.1 million for the nine months ended September 30, 2024, primarily related to the RPC Power Joint Venture, potential transactions that the Company is evaluating as well as a transaction that the Company decided not to pursue further. During the three and nine months ended September 30, 2023, the transaction costs of \$0.2 million and \$5.8 million, respectively, primarily related to the 2023 New Mexico Acquisition.

#### ***Interest Expense***

Interest expense decreased by \$1.5 million for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, primarily due to lower principal balances on outstanding debt as well as settlements on our interest

rate derivatives. Interest expense increased by \$5.2 million for the nine months ended September 30, 2024, compared to the nine months ended September 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 nine months ended September 30, 2024, and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Settlements on derivative contracts	\$ 815	\$ (6,269)	\$ (910)	\$ (13,660)
Non-cash gain (loss) on derivatives	23,402	(29,076)	7,691	(7,265)
Gain (loss) on derivatives, net	\$ 24,217	\$ (35,345)	\$ 6,781	\$ (20,925)

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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(In thousands)			
Current income tax expense	\$ 3,374	\$ 57	\$ 14,789	\$ 5,452
Deferred income tax expense	3,659	3,865	8,732	17,602
Total income tax expense	\$ 7,033	\$ 3,922	\$ 23,521	\$ 23,054
Effective income tax rate	21.5 %	31.2 %	23.2 %	23.9 %

### **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.

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 September 30, 2024, we had a working capital deficit of \$31.9 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 September 30, 2024, and 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. At September 30, 2024, we had cash on hand of \$13.3 million and \$245 million of undrawn capacity under our Credit Facility.

### ***Cash Flows***

The following table summarizes the Company's cash flows:

	Nine Months Ended September 30,	
	2024	2023
	(In thousands)	
Net cash provided by operating activities	\$ 179,896	\$ 141,372
Net cash used in investing activities	\$ (113,325)	\$ (448,492)
Net cash provided by (used in) financing activities	\$ (68,568)	\$ 304,185

### ***Operating Activities***

Net cash provided by operating activities were \$179.9 million for the nine months ended September 30, 2024, compared to net cash provided by operating activities of \$141.4 million for the nine months ended September 30, 2023, and primarily comprised of the following:

	Nine Months Ended September 30,	
	2024	2023
	(In thousands)	
Total revenues	\$ 307,486	\$ 275,218
Operating expenses <sup>(1)</sup>	\$ (92,603)	\$ (85,486)
Settlements on derivative contracts	\$ (910)	\$ (13,660)
Interest paid, net of capitalized interest	\$ (24,709)	\$ (18,140)
Tax liabilities paid	\$ (16,043)	\$ (4,633)

(1) Operating expenses include LOE, production and ad valorem taxes, administrative costs, transaction costs and other minor operating expenses.

### ***Investing Activities***

Net cash flows used in investing activities were \$113.3 million for the nine months ended September 30, 2024, compared to net cash flows used in investing activities of \$448.5 million for the nine months ended September 30, 2023, and primarily comprised of the following:

	Nine Months Ended September 30,	
	2024	2023
	(In thousands)	
Additions to oil and natural gas properties	\$ (76,372)	\$ (114,298)
Net assets acquired in business combination	\$ —	\$ (324,686)
Acquisitions of oil and natural gas properties	\$ (19,597)	\$ (5,443)
Contributions to equity method investment	\$ (16,662)	\$ (3,566)

#### *Financing Activities*

Net cash flows used in financing activities were \$68.6 million for the nine months ended September 30, 2024, compared to net cash flows provided by financing activities of \$304.2 million for the nine months ended September 30, 2023, and primarily comprised of the following:

	Nine Months Ended September 30,	
	2024	2023
	(In thousands)	
Proceeds (repayments) under credit facility, net	\$ (55,000)	\$ 154,000
Proceeds (repayments) from Senior Notes, net of discount	\$ (15,000)	\$ 178,000
Payment of common share dividends	\$ (22,839)	\$ (20,173)
Proceeds from issuance of common shares, net	\$ 25,415	\$ 87

#### *Credit Facility and Senior Notes*

The borrowing base under the Company's Credit Facility was \$375 million with outstanding borrowings of \$130 million on September 30, 2024, representing available borrowing capacity of \$245 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 September 30, 2024, was \$170 million.

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

#### *Distributions*

For the nine months ended September 30, 2024, the Company recognized quarterly dividends totaling approximately \$23.2 million, with \$22.8 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. 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 September 30, 2024, the Company had a seven-year remaining minimum volume commitment with its primary midstream service provider in Texas as well as drilling pipe purchase commitments related to its drilling program through the remainder of 2024 totaling \$3.2 million. The Company also had natural gas delivery commitments under the A&R Tolling Agreement, future equity commitments under the A&R LLC Agreement and a remaining commitment of \$20.0 million if required, to fund its portion of the 2024 and 2025 capital budget for the RPC Power joint venture. 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 nine months ended September 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 September 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 September 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 September 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," and in "Part II, Item 1A. Risk Factors" of our subsequently filed Quarterly Reports 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 and subsequently filed Quarterly Reports.

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

#### *Issuer Repurchases of Equity Securities*

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

Month Ended	Total Number of Shares Purchased <sup>(1)</sup>	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
July 31	(203)	\$ 28.38	—	—
August 31	(115)	\$ 29.45	—	—
September 30	(33,883)	\$ 26.88	—	—

(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

On August 21, 2024, Bobby D. Riley, our Chief Executive Officer, adopted a trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) providing for the sale of up to 60,000 shares of Common Stock. The expiration date for Mr. Riley's plan is August 21, 2025.

Except as disclosed above, during the quarter ended September 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
<a href="#">3.1</a>	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).
<a href="#">3.2</a>	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).
<a href="#">4.1</a>	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).
<a href="#">4.2</a>	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).
<a href="#">31.1*</a>	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">31.2*</a>	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<a href="#">32.1*</a>	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
<a href="#">32.2*</a>	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: November 6, 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

**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 September 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: November 6, 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 September 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: November 6, 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 September 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: November 6, 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 September 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: November 6, 2024

By: /s/ Philip Riley

\_\_\_\_\_  
Philip Riley

Chief Financial Officer and Executive Vice  
President of Strategy