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ESG

Reporting Year 2022

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All photos in the report were taken at Caerus locations.

ESG Reporting Year 2022

Introduction

Letter from the CEO

I am proud to present Caerus' 2022 Environmental, Social & Governance (ESG) report as part of our commitment to corporate transparency and to provide an update on our sustainability progress.

This report describes the various ways in which Caerus mitigates and addresses risks of its oil and gas operations while providing shareholders with significant value creation. We are committed to being dedicated stewards of the environment and care deeply about the health and safety of our employees, contractors, and those who live and work within the communities in which we operate.

The Importance of Energy Independence

Natural gas will play an important role in the future of energy: reducing global levels of greenhouse gas, increasing global energy security, reducing energy poverty, and allowing for growth of developing economies. The ongoing Russia-Ukraine war and the resulting energy impact continues to make clear how vital U.S.-produced natural gas and liquefied natural gas are to U.S. and global security.

Protecting the Environment

While our industry plays a critical role in providing the energy America and the world needs, we understand that our reputation, individually and as an industry, depends on our ability to operate in a manner that minimizes environmental impacts while still providing immense social benefits. We operate in a highly regulated industry – and we operate in Colorado, a state with some of the strictest oil and gas regulations in the world. While the regulations provide a baseline, Caerus is continually innovating to go above and beyond those requirements and is recognized as an industry leader in critical areas of environmental stewardship.

Every day, we strive to minimize our environmental footprint on air, water, and surface because it is the right thing to do, both for our business and for the environment.

We are proud to be an industry leader in air quality compliance and continue to move the needle through voluntary program enhancements such as aerial flyovers to self-monitor our progress. We are also working to set emissions reduction targets, in particular with regard to methane and CO₂e, as well as short- and long-term intensity targets for our upstream and midstream operations.

In addition to significantly reducing truck traffic, our extensive water recycling program has allowed us to donate millions of gallons of water each year to maintain instream flows in the Colorado River, protecting the habitat of endangered fish species. Our multi-well pads reduce surface disturbance and wildlife impacts from our operations.

Partnering with Our Employees

All success achieved is made possible by our employees – Caerus' most valuable resource – who live our values as we strive to produce the world's cleanest molecules of natural gas safely and responsibly. Our management team continuously works toward creating a vibrant and challenging workplace, which starts by hiring the right talent with diverse perspectives and is enforced by fostering opportunities for growth and personal development in the workplace.

Respecting Our Communities

As part of our wider ESG strategy, we are committed to contributing in significant ways to our local communities, donating money and time to important charitable endeavors in Denver and the Piceance and Uinta basins. For us, however, community extends beyond our employees, their families, and the communities in which we operate. We are concerned about our impact on the state, the nation, and the planet. We demonstrate our dedication to the betterment of the larger global community through our focus on emissions reduction and our commitment to producing clean-burning natural gas to provide energy to underserved regions, reducing energy poverty.

Thank you for your support of our ESG work as we continue to grow and refine our sustainability strategy. We look forward to the journey ahead.



A handwritten signature in black ink, appearing to read 'David H. Keyte', written over a white background.

David H. Keyte
Chairman and Chief
Executive Officer

Vision, Mission, and Values

Our Vision:

To reduce energy poverty, provide energy resilience, and support peoples' health, welfare, and prosperity in the Western U.S.

Our Mission:

We will be the preferred platform for Western natural gas investment.

We will unlock and harness the immense potential of our Western energy resources and deliver the cleanest energy.

By 2030, we will be the top supplier of natural gas to Western U.S. markets able to deliver sustainable production with 20+ years of drilling inventory.

Our Values:

Safety

- Safety and environmental stewardship are ingrained in everything we do
- We take responsibility for our own and each other's health and safety at work
- We stretch ourselves to achieve more

Ownership

- We plan for success and deliver on our commitments
- We take responsibility for our actions
- We expect and reward excellence
- We own our individual and collective success

Integrity

- We demonstrate the highest ethical standards
- We communicate openly, honestly, and respectfully
- We initiate crucial conversations
- We build trust in our relationships

Community

- We treat everyone with respect
- We invest in our communities
- We care about the wellbeing of our employees and their families
- We help our communities thrive

Boldness

- We proactively identify and address risks
- We confront realities
- We look for creative solutions

Entrepreneurial Spirit

- We question consensus
- We embrace possibilities
- We learn from our mistakes
- We innovate

Leadership

- We lead in our industry, in our communities, and in our respective disciplines
- We support each other's professional growth
- We value teamwork above individual achievement

Who We Are

Caerus is engaged in the acquisition, development, and production of clean-burning, affordable natural gas. Our current operations are focused on western Colorado and eastern Utah, where we operate over 7,500 producing wells and hold a substantial undeveloped acreage position with over 10,000 future drilling locations. Our assets include hundreds of miles of infrastructure that allow us to minimize our environmental impact throughout the production cycle. Caerus employs approximately 298 employees across our three offices in Denver; Parachute, Colorado; and Vernal, Utah.

We have approximately 640,000 net acres of leasehold minerals and royalties within the Piceance and Uinta Basins and about 98,000 acres of surface. Caerus has IP Reserves (SEC) of approximately 2.9 Tcfe of natural gas and daily production of approximately 535 MMcfed.

98,000
acres
of surface



7,500
producing
wells



10,000
future drilling
locations



535
MMcfed

Upstream Assets:

Caerus subsidiaries Caerus Piceance LLC (Piceance Basin), Caerus Uinta LLC (Uinta Basin), and Caerus Cross Timbers LLC (Piceance Basin) actively operate upstream assets consisting of 640,000 net leasehold acres composed primarily of fee and federal minerals.

Midstream Assets:

Caerus subsidiaries Caerus Energy Services LLC (Piceance Basin) and Caerus Natural Buttes Midstream LLC (Uinta Basin) owns and operates significant natural gas gathering and water infrastructure assets providing critical gathering, compression, treating, water delivery and water disposal services to Caerus and third-party producers.

Minerals:

Through our subsidiary Grand Valley Mineral Company LLC, we also own approximately 45,000 net mineral acres and 10,000 royalty acres in both the Piceance and Uinta Basins in and around Caerus' core development area and that of active third-party operators.

Surface Assets:

Caerus owns and operates almost 100,000 acres of surface in Western Colorado. We manage the surface through a regenerative grazing program to enhance the resilience and biodiversity of the native ecosystem. Through our managed grazing practices, Caerus is working to increase the productivity of our rangelands, the health of our riparian zones, and the sequestration of carbon in our soils.

Sustainable Value Creation

With current production of 460 MMcfe/day, Caerus is one of the largest natural gas producers in the Rockies and the number one natural gas producer in Utah. Our vision is to reduce energy poverty, provide energy resilience, and support peoples' health, welfare, and prosperity in the Western U.S. We are committed to reducing our

environmental footprint and operating in a responsible and environmentally sensitive manner while generating competitive returns to investors long-term. To execute on our commitment, we have established robust environmental, social and governance (ESG) practices, policies, and procedures, which are embedded in our value chain – from environmental stewardship to human capital management.

Environmental Sustainability

About this Report

This report describes our ongoing efforts to proactively manage our environmental footprint and enhance the wellbeing of our employees, contractors, and the communities in which we operate. To guide the development of this report, we relied on external reporting frameworks, including the Sustainability Accounting Standards Board (SASB) and elements from the Task Force on Climate-related Financial Disclosures (TCFD). We look forward to continuing to expand on our TCFD disclosure as our approach evolves.

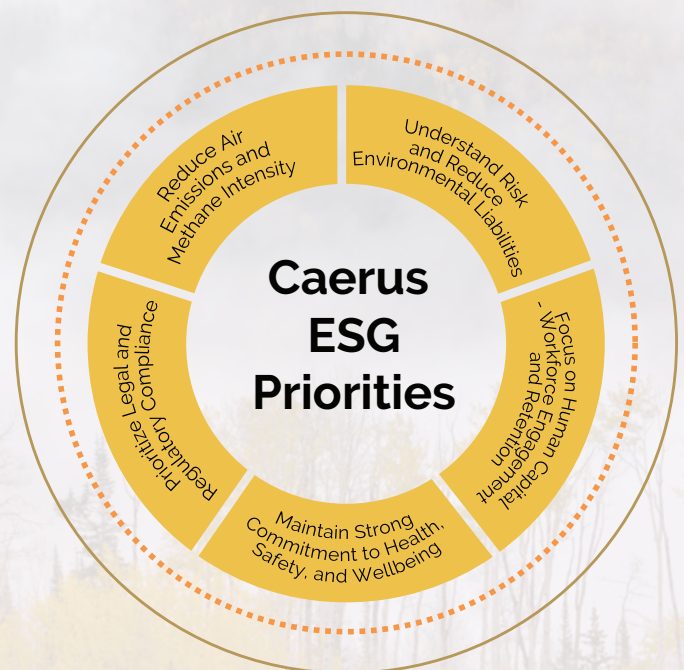
We constantly strive to enhance our initiatives across all ESG dimensions, while focusing on transparent reporting and accountability. We periodically review our internal policies, programs, and procedures to identify opportunities for advancement in the areas of environmental sustainability, social responsibility, employee wellbeing, and governance.

Governance of Sustainability/ESG

Caerus' ESG strategy is to proactively and efficiently manage the risks and opportunities that arise from the operation of our business. Our commitment to sustainability is built on a strong foundation of transparent disclosure and best-in-class governance. Our Board of Managers and Executive Leadership Team provide guidance and oversight to ESG strategies, supported by our ESG Committee – a cross functional committee tasked with setting general strategy related to the ESG program and with creating annual ESG Objectives to guide our ESG efforts. Our ESG Policy supports the effective implementation of our program, procedures and overall ESG efforts. We identify and track KPIs designed to drive performance on key ESG metrics, and we set targets that inform our ESG efforts. Our annual incentive plan bases a portion of employee and executive compensation on the achievement of ESG metrics.

2022 Report Highlights

At Caerus, ESG performance is a journey with an ever-changing destination; we constantly challenge ourselves to go farther and achieve more. Each year, we strive to improve our overall ESG performance, whether in methane reduction, reduction in surface impacts, employee engagement, or greater community involvement. Each target achieved pushes us to strive harder to not just meet but exceed expectations. Our ESG strategy is embraced by the Board, executives, and employees and drives engagement throughout the company: it is part of our culture and our ethos.





Air Quality

Emissions Monitoring & Air Quality Programs

Reducing methane and CO₂e emissions is an increasingly important goal of oil and gas operations, and Caerus is proud to be an industry leader in air quality compliance. We partner with industry, stakeholders, and local communities to reduce emissions across our operations. We have designed our air quality program to meet or exceed state and federal regulations in Colorado and Utah.

Caerus is an early adopter of innovative emissions reduction technologies, including solar pumps for winter glycol circulation and the installation of liquid nitrogen to eliminate emissions from pneumatic controllers. We share these innovations and other best practices with our industry peers through participation in information exchanges with industry trade groups and organizations such as ONE Future Coalition and The Environmental Partnership.

Effective emissions reductions require a whole team approach. At Caerus, emissions reduction is a collaborative effort between our Environmental Health and Safety (EHS) team and our operations team. They work together to identify ways to reduce emissions and increase operational efficiencies.

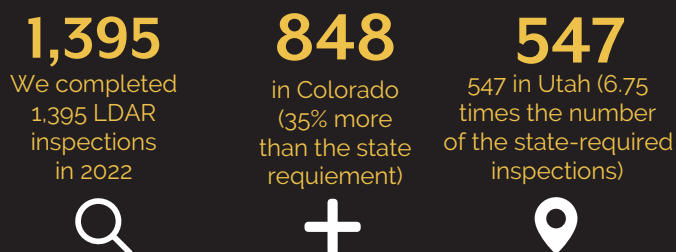
Caerus' Air Quality team uses both cutting-edge and timetested approaches to ensure we comply with state and federal regulations, as well as identify additional opportunities for emissions reductions. Those include real-time emissions monitoring, bi-annual aerial flyovers, a comprehensive leak detection and repair (LDAR) program, and audio, visual, and olfactory (AVO) inspections to track air emissions:

• **Real-Time Emissions Monitoring:** Caerus employs continuous monitoring technology to detect and measure emissions on approximately 150 new wells, as well as on the associated flowback facilities. This technology is tied to a dashboard that is monitored by our air compliance team. The dashboard immediately alerts us if high concentrations of methane or other organic contaminants are detected in the air. If we receive an alert, a rapid response team mobilizes to isolate the source and address the issue.

- **Flyovers:** Low-altitude aerial flyovers have helped us identify and reduce methane emissions dramatically. The flyovers use continuous-wave light detection and ranging (LiDAR) technology to identify emissions from a variety of potential sources, including gathering/flowline leaks, enclosed combustors, engines, pneumatic pumps, pneumatic controllers, tanks, equipment blowdowns, and unloading events. By identifying the sources and magnitude of leaks, we can prioritize our emissions-reduction efforts and address otherwise unidentified sources. These flyovers have been so effective that we are working with Utah Gov. Spencer Cox's office to secure federal grant money for the entire industry to fund other flyover programs.
- **Leak Detection and Repair:** Our LDAR program is highly effective at identifying and fixing emissions leaks, due largely to the expertise of our highly trained LDAR technicians. We completed 1,395 LDAR inspections in 2022 – 848 in Colorado (35% more than the state requirement) and 547 in Utah (6.75 times the number of state-required inspections). The majority of our LDAR technicians are former lease operators who can not only find leaks but also repair them on the spot. Our goal of repairing 75% of leaks immediately upon discovery is incorporated into our Annual Incentive Program.



LDAR metrics



TCFD DISCLOSURE

Natural gas has an important role to play in a low-carbon energy future and despite predictions to the contrary, demand for our product continues to grow. The substitution of natural gas for coal in electricity generation and oil in transportation is vital to the reduction of global greenhouse gas emissions. Additionally, natural gas can play a critical role in replacing energy from solid fuels in developing countries, saving untold lives in the process.

We also believe that US natural gas has a critical role to play in both America's and Europe's energy security. Energy produced in the US, and in highly regulated states such as Colorado, is developed in the most environmentally friendly and socially responsible jurisdiction in the world. US LNG can and should supply our European allies, replacing oil and gas produced by countries lacking the US's regulatory safeguards.

Caerus has assessed the risks to its business associated with a changing climate and where feasible has taken steps to address those risks. The risks to Caerus can be grouped into three major categories: operational, financial, and reputational.

Operational Risks: We operate in high desert areas, and while wildfires are and have been a constant in the areas where we operate, changes to weather patterns and prolonged drought have increased the frequency and intensity of those events.

Financial Risks: As a producer of natural gas, Caerus is cognizant of the increasing pressure on energy producers to reduce emissions from their operations, both upstream and midstream. The proposed methane fee under the Inflation Reduction Act Methane or Waste Emissions Charge (Methane Fee) is a tangible representation of this focus on emissions reduction. We are also seeing increased costs relating to regulatory compliance. Additionally, our ESG practices are under increased scrutiny by financial institutions as part of financing decisions. While the ESG reporting structure posited by the SEC does not directly impact us as a private company, the metrics ultimately adopted will drive reporting expectations.

Reputational Risks: The industry faces both political and social pressure, with increased scrutiny and regulation of our business practices. Nonetheless, Caerus' goal remains to produce our product in an environmentally and socially responsible manner using current and emerging technologies to reduce fugitive emissions.

- **Audio, Visual, and Olfactory (AVO) Inspections:** Our lease operators also look for potential emissions sources through routine audio, visual, olfactory inspections.
- **Prevention:** Our "latch the hatch" program; and regular reminders to operators and contractors to keep thief hatches on tanks closed to prevent vapor escape.

We are proud of the success of our efforts. Our targeted policies and recording systems for air quality management cover numerous facets of the air emissions management program, including leak detection and repair (LDAR), continuous volatile organic compound (VOC) monitoring, storage tank vapor control system (VCS) design, annual reporting, and best management practices.

Risk Management

Caerus assesses climate-related risks to the business, integrates them into our broader company risk and management strategy, and takes steps to manage these risks where possible.

Operational Risks: Through our Incident Response Program, we have proactively taken steps to prepare for the risks posed by naturally occurring events. We have implemented improved communication systems and protocols to alert employees and contractors when a wildfire, flood, rockslide, snowstorm, or other weather event is predicted or occurring. Specifically for wildfire mitigation, we have implemented and maintain a targeted weed treatment program to ensure our working pad surfaces remain clear of all vegetation, eliminating a potential fuel source near our equipment. We also employ surface management techniques such as rotational grazing to reduce woody shrub overgrowth and suppress invasive annual grasses.

Regarding prolonged drought events, we understand the importance of fresh water not just to our operations but to the communities in which we operate. We have an active water recycling program that dramatically reduces our dependence on freshwater. Through our sophisticated water recycling system, Caerus can recycle up to 100% of the produced water from its operations. In the past year, we have established enhanced procedures for tracking and reporting of fresh and produced water use.

Financial Risks: We operate in an increasingly stringent regulatory environment which has necessitated and will continue to necessitate additional costs of compliance – both in human capital and in operational/mechanical changes. Caerus is acutely aware of the proposed Methane Fee and will be implementing several strategies to actively measure emissions sources and reduce or eliminate those emissions. New software packages are being piloted to track and forecast project costs, which will be incorporated in our budget and financial projections for 2023 and future years.

Reputational Risks: We understand how critical it is to continue to reduce our emissions profile and remain in compliance with all regulations. We are working with tribal, federal, state, and local governments, as well as third-party advisors, to ensure that we employ the appropriate and most efficient technologies available to reduce our emissions and overall environmental footprint. Caerus is developing meaningful targets to address Scope 1 and 2 emissions. We believe that proactive communication of our ESG goals and activities plays an important role in enhancing our reputation as a best-in-class operator.

Metrics

The metrics used to assess climate-related risks and opportunities, in line with the company’s strategy and risk management process, can be found in the Data Table, starting on page 28.

Emissions Reduction Targets

Caerus is establishing short and long-term methane and CO2e intensity targets for our midstream and upstream operations. Our portfolio of systems and facilities requires site-specific emissions reduction solutions tailored to each well’s and pad’s particular operational configuration.

For instance, the assets Caerus acquired in Utah used methane-powered glycol pumps. We quickly identified these as a significant source of emissions and launched a program to use solar panels to power the pumps to remove the source of methane gas emissions. In 2023, Caerus will focus on repowering pneumatic controllers to remove yet



Emission Reduction Goals (2022)

- Complete inventory of all pneumatic devices
- Retrofit/replace/remove 8000 natural gas pneumatic devices
- Implement Solar Pump Project - Repower 900 pumps



Long-Term Methane Emission Objectives

- All non-emitting pneumatics by 2030
- Methane intensity 0.2 by 2027

Emission Reduction Highlights

Case Study 1: In 2022, Caerus **implemented Phase 2 of the Liquid Level Control (LLC) Replacement/Retrofit Project**. During Phase 1 of the project, Caerus replaced **605** Norriseal controls with LLC. In 2022, Caerus, replaced an additional **535** Norriseal controls, totaling **1,140** replacements over two years. The project has **reduced emissions**, created a **safer working environment**, and drastically **reduced repair and maintenance** efforts. The project will continue in 2023 with a third phase replacing another **554** devices. The full removal of 1140 LLCs (over several years) will result in estimated annual emissions removal of ~99 MMscf of gas that would otherwise have been released into the atmosphere over the course of a year.

Case Study 2: Caerus is one of the leaders in the Utah Petroleum Association’s Latch the Hatch campaign to raise awareness on the issue of open thief hatches. The campaign’s goal is to **decrease emissions by reminding operators of the importance of ensuring tank hatches are kept closed and secured** to prevent the unintended release of methane. Caerus conducted internal training and **added more than 170 signs** and **thousands of stickers** to equipment in the field to remind our operators and contractors to take a small step to make a meaningful impact on the environment.

another emissions source. Prior to launching that project, the team is actively completing an inventory and configuration of pneumatic controllers at each well and pad. Collecting and maintaining an accurate inventory of all equipment is key to managing and understanding actual emission sources and critical to meeting reduction targets.

We take site-specific emissions reduction solutions seriously, and we have incorporated specific goals into our Annual Incentive Program (AIP). In 2022, we exceeded our target goal to repair leaks immediately on inspection by 13%. In 2023, Caerus will target an 80% repair upon discovery LDAR objective. An additional AIP goal will be added to incentivize the pneumatic inventory project (discussed above) and to replace or repower at least 6,000 pneumatic devices.

Water Quality & Management

Water shortages and drought conditions continue to plague the West. As a significant agricultural landowner, as well as an oil and gas operator, we understand the importance of water conservation firsthand. This understanding has driven the development of our comprehensive water recycling program, which is one of the most extensive of its kind in the western half of the United States.

We are able to maximize produced water usage and minimize reliance on freshwater by coordinating our drilling and completions operations. In Colorado, we use our Divide Road Treatment Facility and Dissolved Air Flotation (DAF) filtration unit to maximize produced water use in our operations. The Divide Road Treatment Facility has two 206,000-barrel tanks capable of holding 9,000,000 gallons of recycled water and is connected to an extensive pipeline infrastructure that allows us to easily transmit produced water from wells for treatment and recycling. We were able to recycle 11.3 million barrels of the water we used in completion operations in 2022 in Colorado by strategically timing our operations and using our extensive pipeline infrastructure and DAF filtration system; this meant that only 18% of water used for completions operations came from fresh water sources.

We engage in long-range planning to ensure that the water system is adequately sized and equipped to manage water movement for all phases of our operations. Our five-year development plan provides for additional pipeline infrastructure to support our ongoing operations, increasing our ability to recycle produced water and deliver fresh



The Divide Road Water Treatment Facility recycled 11.3 million barrels (474.6 million gallons).

or produced water for completions as needed in the Piceance Basin. We are also exploring opportunities to connect newly acquired assets to our existing water systems to further minimize freshwater usage by adding storage and water sources. In Utah, we are looking at potential infrastructure improvements to allow for increased water recycling in the field.

Our Water Management team has extensive experience in the maximization of efficient water movement. The team undergoes competency training for safety and environmental protection, along with regulatory education in water related topics that focus on the oil and natural gas industry. Additional training includes education on Pipeline & Hazardous Materials Safety Administration (PHMSA) requirements, Change Management, and flowline regulations.

We comply with all state and federal reporting requirements for produced and freshwater use and for produced water injection. In Utah, we adhere to the Greater Natural Buttes (GNB) Environmental Impact Statement (EIS) and required sampling under the associated Quality Assurance Project Plan (QAPP). We also track freshwater use and provide data in the annual GNB EIS Record of Decision (ROD) report. Caerus adheres to EPA's Underground Injection Control (UIC) program in Utah, submits required reports, and meets with the agency annually during on-site inspections of our Saltwater Disposal (SWD) facilities.

In Colorado, we follow the baseline water sampling protocols required by the CECMC. We report to the Colorado Division of Water Resources (DWR) monthly on freshwater usage, both for operations and agriculture. We also submit annual reports, with recycling quantities, to the CECMC for Centralized Exploration and Production (E&P) Waste Management Facilities. We complete monthly reporting to CECMC on volumes into UIC wells, along with the required water sampling data every five years.



In 2022, Caerus used 82% of recycled produced water to complete the wells drilled.



Asset Integrity Management

Caerus maintains robust asset management and spill prevention programs to prevent and minimize the frequency, volume, and impact of accidental releases from our operations. We believe that any release from our operations outside of containment is unacceptable, and we are committed to preventing avoidable releases.

Our dedicated Integrity Management team works alongside our field operators to manage equipment, maintain pipelines and inspect assets. This team works closely with our Operations teams to pressure test pipelines, inspect vessels, schedule inspections, manage data, analyze and incorporate evolving regulations into operations, conduct safety reviews, and assess pipeline risks. The Integrity Management team is also responsible for training other teams on evolving regulations that will impact the way we manage our pipelines and infrastructure.

Lease operators and employees in the field support the efforts of the Integrity Management team by monitoring real-time data and identifying signs of potential issues through AVO inspections and observations. In addition to human-based reporting, we use a Supervisory Control and Data Acquisition (SCADA) system to remotely monitor pipelines, wells, and equipment. When a concern is identified, the system sends an alert to the Operations Control Center (OCC) in Colorado or the Integrated Operations Center (IOC) in Utah. The OCC/IOC is staffed 24/7/365, allowing us to respond immediately to any potential release or integrity issue.

We have developed a comprehensive set of policies and programs to prevent and mitigate spills in our operations. The policies range from the overarching Caerus Incident Response Plan (IRP) and Well Control Action Plan (WCAP) to the field- or

site-specific Spill Prevention Control and Countermeasure (SPCC) plans, Facility Response Plans (FRP), Oil Spill Contingency Plans (OSCP), and Waste Management Plans. We also leverage additional policies such as the EHS Incident Response Standard Operating Procedure (SOP) supported by a 24-hour on-call team.

Spill Prevention

We have a spill prevention program that relies on three principal tenets:

- **Maintain:** Spill prevention starts with proper maintenance of our equipment. This includes smart pigging of pipelines; maintenance of pipeline valves; tank repair and replacement; replacement of tank anodes; use of cathodic protection; use of corrosion inhibitors; and replacement of carbon steel pipelines, and/or choosing non-corrosive materials, as appropriate.
- **Monitor:** Our primary goal is to avoid spill incidents before they occur. We maintain a rigorous monitoring program to immediately identify any system anomalies. We use a number of technologies to detect potential leaks, including remote monitoring and trending of SCADA data, Geographic Information System (GIS) and drone mapping, pressure testing, ultrasonic testing, and smart pigging. Every well, tank, and facility undergoes an annual EHS inspection, including the required Spill Prevention Control and Countermeasure (SPCC) components. We also use specialized technology to monitor areas with heightened risk potential and conduct daily AVO inspections, LDAR inspections, and aerial flights. Our Asset Compliance Tracking System (ACTS) manages inspection data, and we employ a third-party integrity management data tracking system to maintain testing information and assist in managing the risk of our pipelines.

- **Contain:** Each of our well pads and facilities is covered under an SPCC Plan that delineates the size and scope of required secondary containment for all oil storage and oil and gas locations and provides response procedures specific to each location. All of our condensate and produced water tanks have secondary containment systems and almost all of our sites have been built with tertiary containment to prevent any pollutant sources from leaving a Caerus location.



**In Colorado,
we pressure
test 100% of
our flowlines
annually.**

Spill Response


We respond quickly and aggressively to immediately stop any spill and mitigate its impacts. We provide training to our employees and contractors so anyone on-site has the ability to identify, respond to, and report spills. All incidents are routed through our OCC/IOC, which has the ability to implement a remote Emergency Shut Down of a facility, shut-in wells or close valves as needed.

Our multi-faceted response team is trained for all release incidents, and our EHS team determines appropriate remediation actions and performs remediation and monitoring until the impacted location meets state or federal clean-up standards.

We review the cause of each spill and identify opportunities for process, system or operational improvements. We also conduct an annual spill review, highlighting lessons learned and prevention updates. As regulatory changes are introduced, our employees are trained in new protocols. Annual Incident Response Training includes Environmental Awareness Training and Hazardous Waste Operations and Emergency Response (HAZWOPER). We also develop individual training plans that are customized to specific roles and responsibilities.

These trainings include:

- Annual SPCC training for oil handlers
- Facility Response Plan (FRP) Training – Annual training with drills at appropriate facilities
- Annual Incident Response Plan (IRP) and Well Control Action Plan (WCAP) training and drills
- Flowline Pressure Testing and Abandonment Requirements
- Change Management Program and training
- Spill Response Requirements – 600 and 900 ECMC series
- IOC/OCC Employees – Incident Command (IC) Training
- **Subject Matter Expert Training:**
 - Resource Conservation and Recovery Act (RCRA),
 - Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA),
 - Technologically Enhanced Naturally Occurring Radioactive Material (TENORM)



WE CARE DEEPLY ABOUT
THE LANDS WHERE WE LIVE
AND WORK.



In 2022, Caerus complied with all tribal, federal, and state requirements for threatened, endangered and sensitive (TES) species with no findings of non-compliance.

Biodiversity Protection

We care deeply about the lands where we live and work. This passion for our ecosystem is a cornerstone of our operating philosophy and is demonstrated by our thoughtful approach to biodiversity. We invest in the people, tools, and processes to preserve and enhance the existing biodiversity on our lands. We put the majority of the revenue from our grazing and hunting operations into rangeland improvements, such as stream development and habitat enhancements. While many companies focus their efforts on being sustainable, our goal is to create an environment that is

regenerative. We take our cues from nature, striving for variety, balance, and symbiotic relationships to preserve the integrity of the natural landscape. To achieve this, we have a ranch management team that – in coordination with Caerus' EHS department – actively manages the surface of the lands.

Protection of Biodiversity During Operations

Caerus assesses all operating sites for biodiversity risks before operations begin. We utilize our Wildlife Resources Matrix to identify and document potential impacts of development. We then conduct a desktop analysis on every project, reviewing all available data, including:

- Water resources, including public drinking water systems and critical aquatic layers.
- Threatened, Endangered, and Sensitive (TES) plant and animal habitat layers.
- Greater Sage Grouse habitat and lek sites.
- Big game habitat and critical migration corridors.
- Known raptor nest locations.

In addition to our own significant surface holdings, we operate on federal, state, and tribal lands where compliance with biological resource regulations, including the National Environmental Policy Act, is fundamental. To safeguard the unique ecosystems within our area of operations, we must identify and protect threatened, endangered, and sensitive plant and wildlife habitats. Our Operations, Land, Regulatory, and EHS Teams work together to identify the biological resources in each asset area.

Once we have identified the threatened, endangered, and sensitive plant and wildlife habitats, we follow the Mitigation Hierarchy: seeking first to Avoid, then to Minimize, and lastly to Mitigate impacts. We identify which areas should be avoided, assess the availability of existing locations or pipeline corridors to minimize new surface disturbance, and ultimately determine the best location for project development.

Our site-specific environmental management plans align with the most stringent regulatory requirements. These plans range from the Greater Natural Buttes – Environmental Impact Statement (EIS) to the Ute Indian Tribe's Sclerocactus Management Plan to the North Parachute Ranch (NPR) Wildlife Mitigation Plan (WMP).





WE TAKE OUR CUES FROM NATURE, STRIVING FOR VARIETY,
BALANCE, AND SYMBIOTIC RELATIONSHIPS TO PRESERVE
THE INTEGRITY OF THE NATURAL LANDSCAPE.

Collaborating to Protect Nature



Sclerocactus wetlandicus (Uintah Basin Hookless Cactus) is a threatened plant species that is only found in the Greater Natural Buttes area of the northeastern corner of Utah. In 2022, the U.S. Fish and Wildlife Service (USFWS) changed the survey window for the Sclerocactus wetlandicus from periods without snow to a prescribed period between March 15 – June 30. The change in the survey window was designed to decrease the percentage of plants missed during clearance surveys. This new survey window can only be conducted during the species budding, flowering, and fruiting stages; outside of this window, USFWS believes the cacti may recess into the ground and be difficult to identify during a survey.



Caerus voiced its concern around the shorter survey window and associated timing constraints. Caerus then organized a meeting with the USFWS, Utah Petroleum Association (UPA), and several other local oil and gas operators in the area to discuss the change in the survey window. USFWS was amenable to conducting a study to determine if the plant species could be adequately identified beyond the March 15 – June 30 survey window. The working group developed a study, started in 2023. The data will be collected throughout the year for the purpose of understanding the survey window of the species. This study will provide more accurate data for the species and will hopefully result in an acceptable alternative survey method for USFWS. This working group shows how positive working relationships can contribute to meaningful scientific data collection and protection of the species and the habitats that we work alongside and within.

Annual Biodiversity training is provided to employees and contractors to raise awareness around endangered, threatened, and sensitive species near our operations. An additional training is required every three years for the Uintah Basin Hookless Cactus to comply with the Greater Natural Buttes Environmental Impact Statement (EIS). Where applicable, Caerus contractors and employees complete role-specific training; for instance, weed management contractors are required to complete annual training and courses to retain their herbicide application license qualifications. A bonus training was offered to employees and contractors in 2022 when Caerus partnered with Ferguson/Triton Environmental to host an educational seminar on Soil Health, Topsoil Identification, and Stormwater Management and Soil Stabilization.

Caerus is committed to reducing or mitigating the long-term environmental impacts from its operations and supporting biodiversity in the areas in which we operate.

Protection of Water Resources

In Utah, our fields are intersected by the Green and White Rivers. We monitor the rivers for flood risk and shut-in potentially impacted wells and pipelines when necessary to protect sensitive fish species from any impacts from our operations. Other important work to protect the environment includes our pipeline leak detection system, the use of lined berms, and our spill management program. We utilize regular sampling under the Quality Assurance Project Plan to ensure our operations have no negative impact on the rivers.

In Colorado, we implement a baseline water sampling program for all new development. Water sources are sampled before and after drilling and completions activities. Additionally, during the siting of new locations, Caerus takes steps to avoid disturbance near riparian areas and adhere to CECMC buffer distances from aquatic layers.

Responsible Grazing Practices

Caerus owns approximately 98,000 surface acres where we employ regenerative grazing practices that improve soil health and land quality. Improving the quality of the land starts with improving the quality of the soil to create an environment that allows for increased carbon sequestration and moisture retention. We use managed grazing practices such as rotational grazing, which mimics the movement of buffalo across the plains, to improve soil quality and encourage a diverse and healthy assortment of grasses and forbs, providing year-round forage and habitat for livestock and wildlife, including birds and small mammals. Additionally, through rotational grazing, we minimize soil compaction, encourage the health of desirable vegetation, and reduce woody shrub encroachment.



By actively practicing regenerative grazing practices and closely monitoring the success of our efforts, we are able to improve the quality of our rangelands. We have successfully increased the carrying capacity of the wildlife on our lands. Through our managed grazing practices, Caerus is working to increase the productivity of our rangelands, the health of our riparian zones, and soil carbon sequestration.

Rangeland Management Initiatives

- Increased no-till farming practices to build soil and minimize erosion.
- Improved three new springs supplying water to areas without access to clean water, improving habitat for wildlife and livestock.
- Increased brush removal efforts to increase plant life biodiversity and decrease woody shrub encroachment.

- Installed additional wildlife-friendly fence on Caerus property, limiting access of cattle areas within key sage grouse habitat.

Reducing the Threat of Wildfires

Wildfires are an increasingly serious threat in the arid West. One of the most effective ways to reduce the intensity and longevity of wildfires is through land management. Using rotational grazing, we minimize fine fuels and invasive grasses that can spark and propel a wildfire. Before being moved to fresh ground, cattle consume or trample fire threats such as invasive annual grasses, oak brush and overgrown sage, and reduce the overall fuel load. While wildfires still occur, they are lower in intensity and spread less rapidly because of these grazing practices.

CASE STUDY



Sage Grouse Mitigation Brush Management

The Greater Sage Grouse is a significant species of concern in Caerus' Piceance Basin operating area. We work closely with Colorado Parks and Wildlife (CPW) and the Bureau of Land Management (BLM) to avoid, minimize, and mitigate direct and indirect impacts in Greater Sage Grouse habitat. For example, over the past two years we have worked with CPW and BLM to develop a Compensatory Mitigation Plan (CMP). We successfully mowed 218 acres of overgrown brush to increase Sage Grouse habitat. To ensure durability, the CMP outlines steps for the collection of baseline information, site protection, the mitigation schedule, performance standards and long-term monitoring and reporting.

Habitat Improvement Mitigates Impacts



The Colorado Energy and Carbon Management Commission (CECMC) publishes an annual Report on the Evaluation of Cumulative Impacts. In 2022, Caerus was the only operator in Colorado to implement a compensatory mitigation project in the actual habitat where potential impacts were identified, in lieu of paying a fee. Caerus elected to implement the Habitat Improvement project prior to development so that the species in the area would be able to benefit from the improvements for a longer period of time.



This habitation improvement program focused on the regeneration of native forbs and sagebrush that are important for greater sage-grouse and other sagebrush-dependent species of wildlife.

Reclamation Efforts

An important component of our environmental commitment is restoration of the land to its natural state after drilling is completed and at the time of a facility closure. For example, following completion of drilling operations, we reclaim 70% of the surface of the well pad, replacing original topsoil and

seeding with native grasses, flowering plants, and shrubs to reestablish vegetation. We continue to manage reclaimed locations, spraying weeds, managing stormwater, and reseeding until they achieve state and federal requirements for closure.

Caerus' 2022 Reclamation activities:

PICEANCE

6

final reclamations for a total of **19** acres.

11

interim reclamations for a total of **38.4** acres.

32

final reclamation maintenance seeding operations for a total of **16.56** acres.

GNB

1

interim reclamation for a total of **1.25** acres.

2

final reclamations for a total of **6** acres.

10

reclamation reseeds for a total of **27.2** acres.

Employee Engagement

Our Approach

Hiring and retaining the right talent is critical to our success. We provide opportunities for professional growth and support our team members so they can focus on achieving Caerus' strategic goals. We pride ourselves on having an inclusive work environment where differences in experiences and background combine to make us stronger.

Our Human Resources (HR) department manages employee engagement and retention efforts. The HR team reports to our General Counsel, who in turn reports to the Chief Executive Officer and the Board of Managers. We created a fully staffed in-house HR department in 2020 to better engage with and understand our employees' needs and concerns.

We believe communication is key to successful collaboration and we have established various channels of communication and ways to provide feedback for our employees. Our Human Resources Information System (HRIS) is well-developed and supports employees across our operations. We also established a central portal on our internal servers to allow for ready access to relevant HR information and offerings.

Engagement and Retention

We are committed to fostering an environment where employees know they matter and that their voices are heard. Our onboarding process is the first step for employee success. This hands-on approach is supplemented with a "60-day Stay Survey." The survey gives us valuable insights into understanding the effectiveness of our onboarding program. It also allows us to adjust and provide additional resources to new employees as needed.

To foster communication and transparency, we gather focus groups from across the organization to allow an opportunity for the exchange of ideas and to identify areas where we can make improvements. Based on the focus group results, we create action plans and then periodically assess progress on those plans.

We use a data-driven approach to assess employee engagement and the overall effectiveness of our HR strategy, conducting annual Employee Feedback Surveys, Exit Surveys, and Stay Surveys. We leverage the feedback we receive from those surveys to better understand concerns across departments. Using our HR software system, we are able to analyze the survey data for positive and negative trends and use those results to create improvement strategies.



Employee Benefits

With the changing nature of work environments, we leverage benefits such as hybrid work options, employee assistance programs (EAP), telehealth, and financial and budgeting assistance. We also have a comprehensive benefits and compensation package including:

- Employee referral programs
- Health care plans
- HSA
- Flexible spending account
- Vision and Dental
- 401(k)
- Life insurance
- Voluntary life insurance
- Short-term and Long-term disability
- PPL plan which includes maternity and paternity leave (60%) pay
- Vacation plan
- Sick time
- Volunteer time
- Bereavement leaves
- Fitness reimbursement
- Wellness program
- Achievement bonuses



Talent Acquisition

People are our greatest asset, and when someone joins our company, they join a community. We are proud to have achieved great progress on our hiring initiatives, including making our recruiting process more equitable, refreshing our job descriptions to reflect even more refined skill sets, and conducting a competitive analysis for each role at Caerus to ensure pay equity. We comply with the Colorado Equal Pay Act requirements, posting the compensation range for all Colorado positions. In Utah, we comply with the Ute Tribal Employment Rights Ordinance (UTERO), posting open positions first with the Tribe, and providing a hiring preference to Tribal members and descendants. After complying with UTERO, preference is given to qualified internal candidates, providing promotional and development opportunities to current employees. Every hire, promotion, or raise is overseen and approved by the CEO to promote equity and transparency.

Diversity, Equity, and Inclusion (DEI)

We recognize the importance of bringing together employees with diverse backgrounds and perspectives. We comply with all state and federal regulations, including the Colorado Equal Pay Act, and we also work to continuously build awareness for what DEI means for Caerus and the way we operate. We are dedicated to ensuring diverse representation across all levels of our business. In 2022, 23% of management and 19% of

all other employees at Caerus were female. We continue to empower and support the further development of women at Caerus through, among other initiatives, participation in the Women's Energy Network.

Professional Development

Continuous professional development is essential for both the success of our business and for each individual employee's career path. We invest in our people from the beginning of their careers at Caerus, and we foster an entrepreneurial spirit that allows us to grow both horizontally and vertically. Employees at Caerus are not limited by job title in the scope of the responsibilities that they can assume. If an employee sees an unmet need and wants to fill it or identifies an area for growth, that growth is encouraged and facilitated.

Our online Learning Management System (LMS) provides a range of training programs and analytics – from Leadership and Supervisory courses to EHS training. We continue to look for new ways to advance our training and professional development programs to support our employees for career success. Additionally, we encourage employees to identify opportunities for career development and support them in attending outside training and earning certifications relevant to their role.

Performance Reviews and Recognition

At Caerus, periodic performance reviews inform our talent management efforts. Understanding our employees' performance gives us insight into areas of opportunity for Caerus and into areas of potential growth for our employees. After the review cycle is complete, employee merit and bonus awards are assigned using these reviews.



In 2022, 23% of management and 19% of all other employees at Caerus were female.

298



FULL TIME
EMPLOYEES

25%



CORPORATE

75%



FIELD

81%



MEN

19%



WOMEN

3.75

YEARS



AVERAGE EMPLOYEE
TENURE

10%



VOLUNTARY
TURNOVER RATE

PEOPLE ARE OUR GREATEST ASSET, AND
WHEN SOMEONE JOINS OUR COMPANY,
THEY JOIN A COMMUNITY.

Social Responsibility

Our Approach

We are committed to protecting and supporting the health, safety, and welfare of the communities in which we live and work and we understand and appreciate the integral role our community plays in our success. We prioritize initiatives that foster a strong and sustainable community. We focus our philanthropic efforts on unmet needs in the local communities where we operate, particularly needs related to children, families, and education. For us, community engagement is not an obligation, but a genuine passion.

Support for Children

One of our most popular community outreach efforts is with Special Olympics Colorado and Special Olympics Utah. Caerus employees donate more than 300 annual hours volunteering to judge contests, cook meals, and set up and tear down event spaces. Our team members enjoy volunteering with the kids so much that there is competition to sign up for volunteer spots as soon as they are made available.

We sponsor and volunteer at numerous county fairs in Uintah, Duchesne, Garfield, Mesa, and Rio Blanco counties. The fairs are at the heart of their respective communities and we are particularly engaged in events such as junior livestock shows, family rodeos, and parades. We also sponsor and volunteer at Rocky Mountain Down Syndrome Association Western Slope events. In April 2022, we helped the organization raise more than \$30,000 – as part of its “Step Up for Down Syndrome” fundraiser.

Support for Education Initiatives

Caerus and our employees support numerous education-related causes in Colorado and Utah. Caerus is a significant contributor to Heart & Hand, a nonprofit that provides afterschool enrichment to children in disadvantaged neighborhoods in Denver. On the Western Slope, Caerus contributes to Riverside Educational Center in Grand Junction, Colorado, which provides tutors and high-quality extracurricular activities to children in Mesa County.





Additionally, we support nonprofits such as the Kids Aid Backpack Program (which sends needy children home with food for the weekend), Trees for Charity (a resource for families struggling at Christmas), and Shop with a Cop, to name a few. Every year, our Parachute office hosts a chili cook-off where employees compete to make the best chili, with all proceeds going to a local charity of the winner's choice. We also support Colorado Mesa University's annual rodeo and clay pigeon shoot events to raise money for the University's programs.

Support for Families

Caerus contributes both time and money to Food Bank of the Rockies and Farmers Feeding Utah — two charities focused on food security. In the early days of the COVID-19 pandemic, when some local families in Parachute were struggling to feed their children, a Caerus employee's spouse initiated an effort called Kitchen Help through which businesses, including Caerus, could arrange for local restaurants to provide meals for families who could not otherwise afford them.

Support for Indigenous Communities

Caerus employees in Utah recognize the importance of supporting our tribal neighbors on the Uintah and Ouray Reservation, and we appreciate that partnership. We have contributed time and money to events such as the annual Ute Tribal Pow Wow, the community trash pick-up day and the Ute Tribe Education Fund, which advances educational opportunities for all Native students.

Employee Giving

In addition to our direct giving programs, Caerus matches employee contributions to charitable organizations. On the last Colorado Gives Day, more employees donated than ever before. Caerus employees donated over \$9,000. Caerus employees supported charities including Girls on the Run, We Don't Waste, the Rose Amidon Foundation, the Anchor Center for the Blind, Freedom Service Dogs, the Dumb Friends League, and the Alzheimer's Association. Caerus matched those donations dollar for dollar, up to \$300 per employee.

Support for Local Economic Organizations

Caerus is also a member and active participant in the Colorado Chamber of Commerce, the Grand Junction Chamber of Commerce, Club 20, and the Vernal Chamber of Commerce. We believe industry collaboration is key to ensuring policymakers and the public are informed with facts about the benefits of domestically sourced natural gas. We actively participate in several national, regional and state trade associations representing the oil and gas industries. These associations allow us to join others in the industry in sharing information and advancing a common agenda on legislative and regulatory matters.

In Conclusion

Caerus is committed to improving the quality of life in the communities in which we live and work. In addition to providing natural gas, a necessary resource to combat energy poverty, we actively seek out ways to better the lives of those around us.



Health & Safety

Overview

The wellbeing of our employees and their families is of paramount importance to Caerus. As such, a strong commitment to Health and Safety (H&S) processes and training are at the core of how we operate our business. This investment ensures that Caerus fosters a culture of compliance, meets state and federal regulatory obligations, and retains a skilled workforce that can identify and mitigate risk.

Our commitment to Health and Safety starts at the top with the commitment from our Executive Leadership Team. The Caerus Safety Committee includes a multi-disciplinary group from both the Piceance and Uinta Basins and meets monthly with the goal of continuously aligning Health and Safety with Operations.

The committee meets to review and discuss incidents, safety observations, and other relevant topics such as required training, new process roll-out, hazard alerts, EHS metrics review and new regulations. Our field office EHS professionals partner closely with our operations teams to ensure the safety of day-to-day operations: evaluate and respond to safety observations, report and address safety concerns, and develop and review company standard operating procedures. Additionally, our EHS team assists with field inspections and conducts incident and root cause investigations.

Monthly Health and Safety metrics are provided to the Executive Leadership Team and the Board of Directors for their review.

The objective of our Health and Safety Training Program is to provide employees with the skills to continually focus on their safety and the safety of their colleagues and to comply with all state and federal regulations. Our training program includes scheduled Occupational Safety & Health Administration (OSHA) training as well as hands-on competency training for job-specific tasks. We supplement those trainings with monthly safety meeting awareness level training and weekly safety messages to ensure that our staff is trained appropriately throughout the year and continuously focused on safety.

Caerus has developed personalized training programs for each employee tailored to different job categories. Training requirements are defined by the job level and type. We actively monitor personalized training and track which courses are assigned to each person, completion dates and course certification expiration dates. This information is reviewed monthly by EHS staff to ensure all employees and contractors are in compliance with their assigned training plans. As part of the EHS metrics included in the annual incentive plan (AIP), we set a training target for each employee to complete 95% of the required and recommended training. In 2022, Caerus employees met and exceeded that target, completing 97% of assigned training.

Incident Management

Caerus is committed to robust incident management and emergency training and preparedness. We strive to proactively avert incidents and in the event of an emergency, we have procedures in place to protect our employees, contractors, local communities, the environment, and our business assets.

Caerus' EHS team works with regulators, local communities, and other stakeholders to minimize impacts from our operations, as well as respond to all EHS incidents in a timely and systematic manner. Our EHS team addresses all incidents and reports specific information related to each incident as required by federal, tribal, state, and local regulators. Applicable metrics are tracked and reported internally and externally as dictated by regulation and Caerus' internal reporting requirements.



As part of the EHS metrics included in the annual incentive plan (AIP), we set a training target for each employee to complete 95% of the required and recommended training. In 2022, Caerus employees met and exceeded that target, completing 97% of assigned training.

Incident Management Programs

Caerus' Operational Command Center (OCC) in Piceance and the Integrated Operations Center (IOC) in Utah are staffed around the clock to respond to incident reports. The OCC/IOC operator initiates incident management procedures and can remotely activate certain equipment on location. In addition, the operator can activate an Emergency Shut Down of any major facility in the field. To ensure a strong, consistent connection across our operations, we have added communication towers throughout the field for added cell service and Wi-Fi capability. Incident details are captured in an electronic ProntoForm that is sent and stored within the EHS Asset Compliance Tracking System (ACTS).

Caerus collaborates with local emergency response managers, fire departments, and care flight to ensure that first responders understand the potential hazards, the physical layout of facilities, access routes and operational steps that must be considered in the event of an emergency. Caerus partners with local emergency personnel (sheriffs, fire departments, etc.) on Incident Command System training. Key contacts and professional relationships are developed proactively to ensure clear and consistent communication in the event of an incident.

Caerus has implemented policies, practices, and procedures for incident management and preparedness, including an Incident Response Plan, a Well Control Action Plan, Emergency Notification Charts for each asset, an EHS Incident Response Standard Operating Procedure, a Spill Prevention Control and Countermeasure Plan, and a Facility Response Plan. For potential high-risk projects, Caerus completes a Risk Assessment, conducts a Pre-Startup Safety Review and a Pre-Job Safety Assessment. If adjustments are made to equipment or operations, they are communicated to the appropriate parties through our internal Change Management process.



Employee and Contractor Performance Data

TRIR		2020	2021	2022
TRIR (employees)	Rate	0.39	0.32	0.30
TRIR (contractors)	Rate	2.32	2.32	1.27
LTIR				
LTIR (employees)	Rate	0.39	0.00	0.30
LTIR (contractors)	Rate	1.6	1.86	0.25
Fatality rate	Rate	0	0	0
Total hours of health, safety, and emergency response training	Hours	3,284	6,085	4,331
Hours of health, safety, and emergency response training per employee	Hours/Employee	11.56	21.28	14.53

Contractor & Third-Party Management

We strive to foster positive, productive working relationships with our vendors and suppliers who offer quality services and materials. We evaluate the health, safety, training, and compliance standards of our contractors before engaging them to provide services at our locations, and we continue to evaluate them during their work with us.

Caerus has a comprehensive contracts management and onboarding process, overseen by the Legal department and the EHS team. Caerus conducts a rigorous internal review, including a prequalification EHS questionnaire, before contractors are added to the Approved Vendor List. Upon completion of the contract process, Contractors are sent EHS documents to review, acknowledge, and return to Caerus confirming their awareness and acceptance of Caerus EHS Expectations. The documents received at completion of the onboarding process include: the Caerus Contractor Expectations Manual, EHS Acknowledgement, and a Contractor Hours Reporting Form. These documents are also readily available on Caerus' website.

Once selected, contractors are subject to ongoing safety, code of conduct, and environmental compliance monitoring. Vendors are given the Contractor Expectations Manual both upon onboarding and again whenever the manual is updated. Caerus holds two contractor expectations meetings per year, during which key messages, new regulations or expectations, and lessons learned are shared and exchanged. While these meetings are EHS-driven, our Operation Team participates in the meetings to share outlooks, goals, and observations.

We have designed our contractor programs to foster compliance through proper guidance and communication. Caerus promotes direct, open, and honest dialogue with contractors through an internal Contractor Management Program that establishes strong and trusting relationships. We utilize the EHS Access Database of all contractors to manage our contractor relationships. It contains key information such as contact information, insurance status, tribal permit status, and EHS Statistics. This database allows Caerus to send out communications to the contractors for Hazard Alerts, reminders of upcoming deadlines and Contractor Expectations Meetings. Caerus places a high value on the partnerships we build with our contractors.

Caerus promotes honest and transparent incident notification and response for the safety of employees and contractors. The goal is for contractors to feel safe reporting all incidents without fear of retribution. In the limited instances where non-compliance is detected, Caerus provides support, training, or guidance to regain and maintain compliance with vendor guidelines. By working with the contractors directly, we are able to tailor our EHS programs to the needs of the specific work situations. Contractors are asked to submit their Caerus-specific hours and Caerus-specific incidents quarterly to calculate the Contractor Total Recordable Incident Rate (TRIR). Periodic assessments are conducted as needed. If a Contractor is experiencing TRIR and Experience Modification Rate (EMR) incident rates that are higher than the industry average, Caerus will follow up to review reporting information and knowledge of the reporting process. The Contractor TRIR rate is reported to the Board of Managers quarterly along with other EHS metrics.





WE STRIVE TO FOSTER POSITIVE, PRODUCTIVE WORKING
RELATIONSHIPS WITH OUR VENDORS AND SUPPLIERS WHO
OFFER QUALITY SERVICES AND MATERIALS.

Governance

Corporate Governance

Our Board of Managers, which includes our CEO and representatives from each of Caerus' three private equity investor groups, provides guidance and oversight to Caerus' business operations. The Board meets quarterly to review the company's financial and operational performance. In addition, the Board reviews financial and operational results (including EHS performance) on a monthly basis.

The Board's two committees, Audit and Compensation, are each composed of three members with one representative from each of Caerus' investors. The committees meet annually and on an as-needed basis. Additionally, Caerus engages independent financial and reserve auditors whose reports are reviewed annually by the Board's Audit Committee.

As part of Caerus' annual incentive plan (AIP), the Board approves management incentives tied to effective ESG strategies. In 2022, 20% of Caerus executive's and employees' AIP compensation was tied to ESG metrics key to Caerus' strategy – air, health and safety, and the environment – to further align management with the Company's commitment to EHS and sustainability. The Board reviews and assesses these targets annually.

The Caerus ESG Committee is a cross-functional committee working together to assist the Executive Leadership Team (ELT) in setting general strategy related to the Caerus ESG Program. The Committee meets monthly and assists with the development and implementation of annual ESG objectives and targets. It also assesses and supports the development of the annual EHS AIP Metrics and ESG policy evolutions. Moreover, it is heavily involved in the drafting of the annual ESG report and in preparing communications and educational resources related to our ESG program. ESG committee members are drawn from the entire organization and are approved by Caerus' general counsel, the ESG committee executive sponsor. The ESG Committee Charter provides guidance and structure for the ESG committee's operation.

Business Ethics

Integrity is one of the seven core values of our company. We expect every employee and contractor to act not only in a legally compliant manner, but also to display the highest level of ethics and integrity. Caerus' business strategy is guided by the specific standards of conduct prescribed in our Code of Ethics and Business Conduct. These standards represent the backbone of our character as a company and help us to protect the reputation we have earned.

Caerus' Code of Ethics and Business Conduct includes standards to prevent corruption and bribery, to encourage transparency in our operations, and to build trust both within our organization and within the communities in which we operate. Employees are asked to reaffirm the Code of Conduct annually. Violations may result in disciplinary action up to and including termination.

Caerus' ESG policy encourages embedding sustainability across the organization, including Finance, Marketing, Operations, EHS, Human Resources, Legal, Government Relations, Regulatory, and IT departments. To reflect and respond to the evolving sustainability landscape, we commit to periodically review and assess our ESG policy with our stakeholders and to update it as needed to reflect changing priorities. The ESG policy applies to all of Caerus' business operations, including our field operations in the Piceance and Uinta Basins and in our Denver corporate office, and it applies to Caerus' employees and contractors. The ELT is responsible for the oversight and implementation of this policy. The ESG policy is reviewed and revised annually as required by the ESG committee and the Caerus ELT.

In addition to our Code of Ethics and Business Conduct, Caerus' General Counsel creates specific policies and procedures regarding new and emerging issues, for instance, policies around protection of personal identifying information and policies related to cybersecurity.

Caerus actively participates in local, national, and state organizations representing the oil and gas industry and businesses, including:



- The Utah Petroleum Association
- The Independent Petroleum Association of America
- West Slope Colorado Oil and Gas Association
- Vernal Chamber of Commerce
- Colorado Chamber of Commerce
- Western Energy Alliance
- Grand Junction Chamber of Commerce
- Club 20

Industry Participation

Caerus does not make any political contributions or provide financial support to any candidates, although we do advocate at the local, state, and federal levels on issues of importance to us.

We also engage in the public policy process through leadership roles in trade associations.

CASE STUDY

Temporary Lay-Flat Line Ordinance



Caerus understands the importance of having strong working relationships with the members of the communities in which we operate. Those relationships enable us to have constructive dialogue and arrive at solutions to seemingly unsolvable problems. An example of this was our work on temporary lay-flat lines in Uintah County, Utah. Caerus and other operators commonly use temporary lines that cross private and/or public property to transfer water and other fluids during completion operations. Some landowners expressed concern over the lay flat lines and asked the county to institute stricter regulations around them. Specifically, they were concerned about the inconvenience of driving over the lines and potential damage to their property should the lines rupture.



Caerus adopted a collaborative process that directly addressed the landowners' concerns. We first educated landowners on the existing operator bonding requirements. We then negotiated an agreement that:

- defines safe operational practices
- outlines regulations regarding the conduct of landowner negotiations
- provides for the payment of right of way fees to landowners
- provides for compensation to the county for allowing temporary lay-flat lines
- provides complete financial protection against any spills or other hazards.

The result is that we are able to drill and complete wells in a manner that is fast, cost effective and creates as little disruption to the environment as possible while at the same time, ensuring landowners are compensated and protected. By listening to the community's concerns and addressing them, we were able to develop a mutually beneficial solution.

Cyber Security

Oil and Gas is critical infrastructure, and as such, we understand the necessity of a robust cyber security program to protect not only our data and systems, but that of our partners. We are committed to maintaining the integrity of our information security to protect our operations and stakeholders.

Our goals and priorities are determined by our internal IT team which reports to and is overseen by our Executive Leadership Team. We have developed a robust set of policies to guide our cyber security efforts. In particular, Caerus has established core policies around Acceptable Use of IT Resources, Data Protection, Incident Response, Protection of PPI, and Back up and Retention of Information.

Our risk assessment processes were derived from a proven third-party framework. This framework calls for 24/7 monitoring and a managed threat response to identify ongoing risk as well as a cyber security assessment process that is used to vet third party software vendors security postures against identified internal risk.

To enhance and assess our cyber security practices, we conducted an independent third-party review of our IT security systems and policies and made changes based on the review's recommendations. We are committed to continued improvement of our IT security through bi-annual

assessments as we continue to align with relevant ISO standards. We have created an IT Security Roadmap that includes key components such as data loss prevention. Our externally managed Security Operations Center has 24/7 notification capabilities and will notify our IT team of any incidents. Additionally, we have a third-party managed threat response that isolates affected systems, starts processes to mitigate the issue, and notifies the Caerus IT team. Among other security features, all employees use multi-factor authentication and a VPN to conduct company business, furthering our information protection.

We work to build a strong culture around cyber security through training and awareness building. All employees complete cyber security training modules monthly and we conduct periodic campaigns such as phishing campaigns. Potential high-risk users are flagged in our database and undergo additional training. In addition, we proactively share safety tips and practice updates with our employees.

Robust cyber security practices are at the core of Caerus' operations, and we are dedicated to continuous improvement. To fulfill this commitment, we conduct internal and external assessments. Our self-assessments occur continuously throughout the year, particularly when we are implementing new applications or firewall rules. External audits and pin testing are done on a regular basis to ensure our information security remains efficient and effective.





WE ARE COMMITTED TO MAINTAINING THE INTEGRITY OF
OUR INFORMATION SECURITY TO PROTECT OUR OPERATIONS
AND STAKEHOLDERS.

Appendix

Description	Units	Corporate			Piceance			Uinta*		
GHG Emissions		2020	2021	2022	2020	2021	2022	2020	2021	2022
EM-EP-110a.1										
Gross Scope 1	Metric Tonnes of CO ₂ e	772,523	1,285,998	1,899,406	-	673,055	816,137	-	612,943	1,083,269
Percentage Methane										
Upstream	Percent	-	75%	46.5%	91.0%	76.0%	30.0%	96.0%	74.0%	63.0%
Midstream	Percent	-	76.5%	33.9%	10.0%	77.0%	42.7%	10.5%	76.0%	25.0%
Percentage covered under emissions-limiting regulations	Percent	20%	32.5%	30.0%	23.0%	50.0%	50.0%	16.0%	15.0%	10.0%
GHG Intensity	Emissions / Production-MMMBoe	-	19	19.00	-	-		-	-	
Upstream	Emissions / Production-MMMBoe	-	17.54	17.54	0.10	13.29	28.6	0.128	27.9	74.3
Midstream	Emissions / Production-MMMBoe	-	20.45	20.45	0.09	10.88	8.1	0.175	23.27	23.5
CO₂e Emissions	Metric Tonnes	275,165	358,554	1,052,811	-	-		-	-	
Upstream	Metric Tonnes	-	34,724	733,324	10,796	32,865	433,966	1,602	1,859	299,358
Midstream	Metric Tonnes	-	323,830	319,487	89,957	145,216	125,967	172,808	178,614	193,520
Methane Emissions	Metric Tonnes	20,724	37,088	34,001	-	-		-	-	
Upstream	Metric Tonnes	-	28,469	27,702	9,822	14,717	6,812	6,023	13,750	20,890
Midstream	Metric Tonnes	-	8,621	6,299	3,659	5,049	3,761	1,220	3,545	2,538
Methane Intensity	Emissions / Production-MMMBoe	0.28	0.48	0.43	-	-	-	-	-	-
Upstream	Emissions / Production-MMMBoe	0.41	0.68	0.69	0.37	0.49	0.24	0.50	1.14	1.88
Midstream	Emissions / Production-MMMBoe	0.15	0.28	0.17	0.18	0.21	0.14	0.11	0.31	0.23
EM-EP-110a.2										
Gross Scope 1 emissions from:										
Flared hydrocarbons	Metric Tonnes of CO ₂ e	4,294.70	1,880.67	5,917.30	-	-		-	-	
Upstream	Metric Tonnes of CO ₂ e	4,160.20	1,750	5,760	548	615	3,669	3,612	1,135	2,091
Midstream	Metric Tonnes of CO ₂ e	135	131	157	35	75	87	100	56	70
Flared gas as % of gas production	Percent	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Combustion	Metric Tonnes of CO ₂ e	319,283	1,052,002	1,097,889	-	-		-	-	
Upstream	Metric Tonnes of CO ₂ e	14,850	687,927	732,449	9,850	336,000	431,342	5,000	351,927	301,107
Midstream	Metric Tonnes of CO ₂ e	304,433	364,075	365,440	93,318	161,333	144,046	211,115	202,742	221,394
Process emissions	Metric Tonnes of CO ₂ e	1,890	4,121	2,647	1,890	4,121	2,647	-	-	-
Other vented emissions	Metric Tonnes of CO ₂ e	308,009	627,201	683,359	-	-		-	-	
Upstream	Metric Tonnes of CO ₂ e	298,205	616,469	648,183	201,325	325,906	130,100	96,880	290,563	518,083
Midstream	Metric Tonnes of CO ₂ e	9,804	10,732	35,176	1,605	7,222	1,075	8,199	3,509	34,101

Description	Units	Corporate			Piceance			Uinta*		
Fugitive emissions	Metric Tonnes of CO2e	126,147	252,395	109,594	-	-	-	-	-	-
Upstream	Metric Tonnes of CO2e	89,585	91,908	50,211	44,571	38,413	45,406	45,014	53,496	4,805
Midstream	Metric Tonnes of CO2e	36,562	160,486	59,383	15,733	99,452	57,765	20,829	61,034	1,618
EM-EP-110a.3										
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Discussion of long-term and short-term strategy to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets.										
Long-term strategy	See ESG Report									
Short-term strategy	See ESG Report									
GHG emissions monitoring and measurement	See ESG Report									
GHG Emissions reduction strategy	See ESG Report									
Industry Collaboration										
Other										
'In-field renewable power generation	See ESG Report									
Air Quality										
EM-EP-120a.1										
Air emissions of the following pollutants:										
NOx (excluding N2O)	tons/yr.	-	2,199	2,358	-	1111.2	1434.8	-	1088.2	922.8
SOx	tons/yr.	-	-		-	N/A	N/A	-	4.6	2.7
Volatile organic compounds (VOCs)	tons/yr.	-	10,666	6,557	-	4671.8	1710	-	5993.8	4847
Particulate matter	tons/yr.	-	-		-	N/A	N/A	-	65.7	42.6
Hazardous Air Pollutants	tons/yr.	-	1,140	487	-	499	183	-	641.4	304.3
Water Management										
EM-EP-140a.1										
Total freshwater withdrawn	Barrels	1,434,846	1,253,807	1,893,837	1,434,846	1,253,807	1,893,837	-	-	1,893,837
Percentage of freshwater withdrawn from regions with High or Extremely High baseline water stress	Percent	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total freshwater consumed	Barrels	1,275,926	1,253,807	1,893,837	1,275,486	1,253,807	1,893,837	440	-	1,893,837
Percentage of freshwater consumed from regions with High or Extremely High baseline water stress	Percent	0%	0%	0%	0%	0%	0%	0%	0%	0%
Freshwater Use / Net of Sales	Barrels	1,275,926	1,253,807	1,893,837	1,275,486	1,253,807	1,893,837	440	-	1,893,837
EM-EP-140a.2										
Volume of produced water generated	Barrels	12,850,365	19,984,329	18,277,017	10,057,945	14,953,187	13,384,351	2,792,420	5,031,142	4,892,666
Volume of flowback generated	Barrels	12,160,432	6,523,282	8,528,075	12,160,432	6,523,282	8,528,075	-	-	-

We do not account for this in the CO Emissions Inventory. Considered negligible for our fields.*

Description	Units	Corporate			Piceance			Uinta*		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Volume of produced and flowback water that is:										
Discharged	Barrels	-	-	-	-	-	-	-	-	-
Injected	Barrels	14,375,193	17,267,449	14,047,460	11,640,739	12,476,126	9,701,341	2,734,454	4,791,323	4,346,119
Recycled	Barrels	10,577,638	5,715,644	11,322,523	10,577,638	5,715,644	11,322,523	-	-	-
Percentage of produced and flowback water that is:										
Discharged	Percent	0%	N/A	N/A	0%	N/A	N/A	0%	N/A	N/A
Injected	Percent	57%	65%	52%	52%	58%	44%	98%	95%	89%
Recycled	Percent	42%	22%	42%	48%	27%	52%	0%	0%	0%
Hydrocarbon content in discharged water	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EM-EP-140a.3										
Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Percent	-	100%	100%	-	100%	100%	-	No Activity	No Activity
Other										
Policies and practices related to management of ground and surface water quality	See ESG Report									
Water reuse, processing and disposal	See ESG Report									
Groundwater protection	See ESG Report									
Well integrity	See ESG Report									
Biodiversity Impacts										
EM-EP-160a.1										
EHS Program	See ESG Report									
EHS program elements	See ESG Report									
Actual surface disturbance vs. authorized by BLM (all operators in basin) (%)	See ESG Report									
EM-EP-160a.2										
Number of reportable spills	Barrels	83	94	125	46	43	87	37	51	38
Number of hydrocarbon spills	Barrels	13	17	26	3	25	10	10	16	16
Number of hydrocarbon spills contained in secondary containment	Barrels	9	15	23	2	4	13	7	9	10
Volume of hydrocarbon spills (BBLs)	Barrels	164	227	654	115	68	279	49	159	375
Volume of hydrocarbon spills in the Arctic	Barrels	N/A	0	0	N/A	0	0	N/A	0	0
Volume of hydrocarbon spills impacting shorelines with ESI rankings 8-10	Barrels	0	0	0	0	0	0	0	0	0
Volume recovered	Barrels	48	129	538	0	18	228	48	112	310

*Freshwater use for Drilling and Completions only.



WE UNDERSTAND THE IMPORTANCE OF WATER CONSERVATION
FIRSTHAND. THIS UNDERSTANDING HAS DRIVEN THE DEVELOPMENT
OF OUR COMPREHENSIVE WATER RECYCLING PROGRAM.

Description	Units	Corporate			Piceance			Uinta*		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Produced water spills	Barrels	69	131	137	44	58	78	25	73	59
Produced water spill volume (BBLs)	Barrels	1585	3458	7576	954	540	5777	631	2918	1799
Total spill volumes (BBLs)	Barrels	1749	3583	8491	1069	370	6021	680	3213	2470
EM-EP-160a.3										
Percentage of proved reserves in or near sites with protected conservation status or endangered species habitat	Not Reported									
Percentage of probable reserves in or near sites with protected conservation status or endangered species habitat	Not Reported									
Security, Human Rights & Rights of Indigenous Peoples										
EM-EP-210a.1										
Percentage of proved reserves in or near areas of conflict	Percent	0%	0%	0%	-	-	-	-	-	-
Percentage of probable reserves in or near areas of conflict	Percent	0%	0%	0%	-	-	-	-	-	-
EM-EP-210a.2										
Percentage of proved reserves in or near indigenous land	Percent	14%	17%	17%	-	-	-	-	-	-
Percentage of probable reserves in or near indigenous land	Percent	14%	17%	17%	-	-	-	-	-	-
Community Relations										
EM-EP-210b.1										
Discussion of process to manage risks and opportunities associated with community rights and interests	See ESG Report									
EM-EP-210b.2										
Number of non-technical delays	Days	0	0	0	-	-	-	-	-	-
Duration of non-technical delays	Days	0	0	0	-	-	-	-	-	-
Workforce Health & Safety										
EM-EP-320a.1										
	TRIR									
TRIR (employees)	Rate	0.39	0.32	0.30	-	-	-	-	-	-
TRIR (contractors)	Rate	2.32	2.32	1.27	-	-	-	-	-	-

Description	Units	Corporate			Piceance			Uinta*		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
LTIR										
LTIR (employees)	Rate	0.39	0.32	0.30	-	-	-	-	-	-
LTIR (contractors)	Rate	1.60	1.86	0.25	-	-	-	-	-	-
Fatality rate	Rate	0	0	0	-	-	-	-	-	-
NMFR (near miss frequency rate)	Rate	NA	NA	NA	-	-	-	-	-	-
Total hours of health, safety, and emergency response training	Hours	3,284	6,085	4,331	-	-	-	-	-	-
Hours of health, safety, and emergency response training per employee	Hours/Employee	11.56	21.28	14.53	-	-	-	-	-	-
EM-EP-320a.2										
Discussions of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	See ESG Report									
Safety Culture and EHS Program	See ESG Report									
Safety training and awareness	See ESG Report									
Contractor safety	See ESG Report									
Safety compliance and audits	See ESG Report									
Other										
Motor vehicle accident rate	Rate	1.30	0.45	0.40	1.34	-	-	1.17	-	-
Additional Safety Programs										
Blackline Gas Monitors	Annual hours used		77196	218800	-	-	-	-	-	-
	Average Hours/Device/Week		6.5	18.78	-	-	-	-	-	-
Business Ethics & Transparency										
EM-EP-510a.1										
Percentage of proved reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Percent	0%	0%	0%	-	-	-	-	-	-
Percentage of probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Percent	0%	0%	0%	-	-	-	-	-	-
EM-EP-510a.2										
Description of the management system for prevention of corruption and bribery throughout the value chain	See ESG Report									
Code of Business Conduct	See ESG Report									
Code of Business Conduct training	See ESG Report									

Description	Units	Corporate			Piceance			Uinta*		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
Compliance and reporting	See ESG Report									
Risk management	See ESG Report									
Internal controls and audit	See ESG Report									
Critical Incident Risk Management										
EM-EP-540a.1										
Process Safety Event rates for Loss of Primary Containment of greater consequence (Tier 1)	Rate	0	0	0	0	0	0	0	0	0
EM-EP-540a.2										
Description of the management systems used to identify and mitigate catastrophic and tail-end risks										
Process safety	Caerus has established a matrix of values that includes safety to a great extent. Caerus management continues to stress the importance and act on its support for safety and asset integrity within the organization. This has included building an integrity management team with a goal of fully standing up a process safety program. Documentation has been filed and initial training discussions have been distributed at the field level.									
Emergency response and community safety	Caerus has an extensive Emergency Response Plan that all operators and field personnel are trained on. Where applicable, operation-specific Best Management Practices and Standard Operating Procedures are established. The purpose of these plans is to ensure a response is efficient, coordinated, and effective.									
Workforce Diversity										
Other										
Percentage gender representation for:										
Management	Percent	21%	31%	22%	-	-	-	-	-	-
All "other" (i.e. non-management)	Percent	18%	15%	18%	-	-	-	-	-	-
All employees	Percent	19%	18%	19%	-	-	-	-	-	-
Percentage gender representation for:										
Management	Percent	4%	2%	8%	-	-	-	-	-	-
All "other" (i.e. non-management)	Percent	13%	12%	13%	-	-	-	-	-	-
All employees	Percent	10%	10%	12%	-	-	-	-	-	-
Activity Metric										
EM-EP-000.A										
Oil- Gross	BBL	528,338	867,873	780,890	-	422,289	394,435	-	445,584	386,455
NGLs - Gross	BBL	1,879,083	2,957,778	2,685,711	-	1,324,057	1,182,591	-	1,633,721	1,503,120
Natural Gas - Unshrunk	MCF	167,153,646	235,082,121	218,897,623	-	169,110,805	160,143,981	-	65,971,316	58,753,641
Natural Gas - Shrunk	MCF		222,162,501	206,455,768	-	162,129,658	152,989,954	-	60,032,843	53,465,814
EM-EP-000.A										
Number of offshore sites	Number	-	-	-	-	-	-	-	-	-
EM-EP-000.A										
Number of terrestrial sites	Number	2963	2647	2676	-	-	-	-	-	-





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