As confidentially submitted to the Securities and Exchange Commission on September 15, 2022
This draft registration statement has not been publicly filed with the Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

CONFIDENTIAL DRAFT SUBMISSION NO. 2
FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

BKV CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**1311**	**85-0886382**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1200 17th Street, Suite 2100
Denver, Colorado 80202
(720) 375-9680
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Christopher P. Kalnin
Chief Executive Officer
BKV Corporation
1200 17th Street, Suite 2100
Denver, Colorado 80202
(720) 375-9680
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Samantha H. Crispin **M. Preston Bernhisel** **Adorys Velazquez** **Baker Botts L.L.P.** **2001 Ross Avenue, Suite 900** **Dallas, Texas 75201** **(214) 953-6500**	**Michael Chambers** **Monica E. White** **Latham & Watkins LLP** **811 Main Street, Suite 3700** **Houston, Texas 77002** **(713) 546-5400**

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☒

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

Subject to completion, dated , 2022

PRELIMINARY PROSPECTUS

Shares

BKV Corporation

Common Stock

This is the initial public offering of common stock of BKV Corporation, a Delaware corporation. Prior to this offering, there has been no public market for our common stock. We anticipate that the initial public offering price will be between $ and $ per share. We intend to apply to list our common stock on the New York Stock Exchange ("NYSE") under the symbol "BKV."

We have granted the underwriters a 30-day option to purchase up to additional shares from us at the initial public offering price, less the underwriting discounts and commissions.

We are an "emerging growth company" as the term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements. See "*Prospectus Summary—Implications of Being an Emerging Growth Company.* "

Upon completion of this offering, affiliates of Banpu Public Company Limited will beneficially own approximately % of the voting power of the outstanding shares of our common stock. As a result, we will be a "controlled company" within the meaning of the NYSE rules. See "*Management—Controlled Company.*"

Investing in our common stock involves risks, including those described under " *Risk Factors*" beginning on page 26 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount and commissions(1)	$	$
Proceeds to us before expenses	$	$

(1) The underwriters will also be reimbursed for certain expenses incurred in this offering. See "*Underwriting*" for additional information regarding underwriting compensation.

Neither the Securities and Exchange Commission nor any securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of our common stock on or about , 2022.

Credit Suisse **BofA Securities** **Barclays**

The date of this prospectus is , 2022.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the re statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securit is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

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Dealer Prospectus Delivery Obligation

Through and including , 2022 (the 25th day after the date of this prospectus), all dealers that effect transactions in our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize to be distributed to you. We and the underwriters have not authorized anyone to provide you with any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you, and neither we, nor the underwriters take responsibility for any other information others may give you. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where such offers and sales are permitted. The information in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or the time of any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Industry and Market Data

In this prospectus, we present certain market and industry data. This information is based on third-party sources which we believe to be reliable as of their respective dates. Neither we nor the underwriters have independently verified any third-party information. Some data is also based on our good faith estimates. Expectations of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "*Risk Factors*." These and other factors could cause future performance to differ materially from our expectations. See "*Cautionary Statement Regarding Forward-Looking Statements*."

Presentation of Financial, Reserve and Operating Data

Unless indicated otherwise, the historical financial information presented in this prospectus is that of BKV Corporation and its consolidated subsidiaries as of December 31, 2021 or June 30, 2022, as applicable. The pro forma financial information presented in this prospectus presents the combination of the historical consolidated financial statements of the Company, as adjusted to give effect to the Exxon Barnett Acquisition, the related financing under the Term Loan Credit Agreement and the $75 Million Loan Agreement (each as defined herein). Please see "Unaudited Pro Forma Condensed Combined Consolidated Financial Statements" included elsewhere in this prospectus.

The historical natural gas, NGL and oil reserves data presented in this prospectus as of June 30, 2022 and December 31, 2021 and 2020 is based on the reserve reports prepared by Ryder Scott Company, L.P., independent petroleum engineers.

In addition, unless indicated otherwise, the operational data presented in this prospectus is that of BKV Corporation and its consolidated subsidiaries on a consolidated basis as of and for the periods presented.

As a result of our acquisition transactions in recent years, our historical operating, financial and reserve data may not be comparable between periods presented in this prospectus. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors that Affect Comparability of Our Results of Operations*."

Trademarks and Trade Names

We own or have rights to various trademarks, service marks and trade names that we use in connection with the operation of our business. This prospectus may also contain trademarks, service marks and trade names of third parties, which are the property of their respective owners. Our use or display of third parties' trademarks, service marks, trade names or products in this prospectus is not intended to, and does not imply a relationship with, or endorsement or sponsorship by us. Solely for convenience, the trademarks, service marks and trade names referred to in this prospectus may appear without the ®, ™ or ℠ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks, service marks and trade names.

Rounding and Percentages

The financial information and certain other information presented in this prospectus have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column in certain tables in this prospectus. In addition, certain percentages presented in this prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers or may not sum due to rounding.

Other Considerations

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See "*Risk Factors*" and "*Cautionary Statement Regarding Forward-Looking Statements*" for additional information regarding these risks.

You should read this prospectus and any written communication prepared by us or on our behalf in connection with this offering, together with the additional information described in the section of this prospectus titled "*Where You Can Find More Information*." We have not authorized anyone to provide you with information or to make any representation in connection with this offering other than those contained herein. If anyone makes any recommendation or gives any information or representation regarding this offering, you should not rely on that recommendation, information or representation as having been authorized by us, the underwriters or any other person on our behalf. The information contained in this prospectus is accurate only as of the date of which it is shown, or if no date is otherwise indicated, the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our shares of common stock. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. Our business, financial condition, results of operations and prospects may have changed since that date. Information contained on our website is not part of this prospectus.

No action is being taken in any jurisdiction outside the United States to permit a public offering of shares of common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to that jurisdiction.

Glossary of Oil and Natural Gas Terms

The following are abbreviations and definitions of certain terms used in this prospectus, which are commonly used in the oil and natural gas industry:

"***3P***" refers to proven, probable and possible reserves.

"***Bbl***" refers to one stock tank barrel, of 42 U.S. gallons liquid volume, used in this prospectus in reference to crude oil or other liquid hydrocarbons.

"***Bcf***" refers to one billion cubic feet of natural gas or CO_2.

"***Bcfe***" refers to one billion cubic feet of natural gas equivalent.

"***Btu***" refers to British thermal unit, which is the heat required to raise the temperature of one pound of liquid water by one degree Fahrenheit.

"***CCUS***" refers to carbon capture, utilization and sequestration.

"***CO_2***" refers to carbon dioxide.

"***CO_2e***" refers to carbon dioxide equivalent.

"***Developed acreage***" refers to the number of acres that are allocated or assignable to productive wells or wells capable of production.

"***dry hole***" refers to a well found to be incapable of producing hydrocarbons in sufficient quantities such that proceeds from the sale of such production exceed production expenses and taxes.

"***Effective NRI***" refers to our share of leasehold ownership after all burdens, such as royalty and overriding royalty interests, have been deducted from the working interest, weighted by our net acres owned in the Barnett from the assets acquired in the Devon Barnett Acquisition and the Exxon Barnett Acquisition.

"***Gross acres***" or "***gross wells***" refers to the total acres or wells, as the case may be, in which a working interest is owned.

"***lean gas***" refers to natural gas that contains a few or no liquefiable liquid hydrocarbons.

"***LNG***" refers to liquefied natural gas.

"***Maintenance Reinvestment Rate***" for any period refers to the maximum rate of our total cash paid for upstream capital expenditures (excluding leasehold costs and acquisitions) for such period as a percentage of Adjusted EBITDAX for the same period that is necessary to hold our production for such period flat.

"***MBbls***" refers to one thousand barrels of crude oil or other liquid hydrocarbons.

"***Mcf***" refers to one thousand cubic feet.

"***Mcf/d***" refers to one thousand cubic feet per day.

"***Mcfe***" refers to one thousand cubic feet of natural gas equivalent.

"***MMBtu***" refers to one million Btus.

"***MMcf***" refers to one million cubic feet.

"***MMcf/d***" refers to one million cubic feet per day.

"***MMcfe***" refers to one million cubic feet of natural gas equivalent, calculated by converting barrels of crude oil or other liquid hydrocarbons to natural gas at a ratio of one Bbl to six Mcf of natural gas. This is an energy content correlation and does not reflect a value or price relationship between the commodities.

"***MMcfe/d***" refers to one million cubic feet of natural gas equivalent per day.

"***Mtpa***" refers to million tonnes of LNG per year.

"***Net acres***" refers to the percentage of total acres an owner has out of a particular number of acres, or a specified tract. For example, an owner who has 50% interest in 100 acres owns 50 net acres.

"***net operated development well***" refers to a gross operated development well that has been drilled, proportionately reduced by our working interest in such well.

"***NGL***" refers to natural gas liquids.

"***NYMEX***" refers to the New York Mercantile Exchange.

"***OPEC***" refers to the Organization of the Petroleum Exporting Countries.

"***Proved developed reserves***" or "***PDP reserves***" refers to reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

"***Proved reserves***" refers to the estimated quantities of oil, natural gas and NGLs which geological and engineering data demonstrate with reasonable certainty to be commercially recoverable in future years from known reservoirs under existing economic and operating conditions and prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. For a complete definition of proved crude oil and natural gas reserves, refer to the SEC's Regulation S-X, Rule 4-10(a)(22).

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

"***rich gas***" refers to natural gas containing heavier hydrocarbons than a lean gas.

"***Scope 1 emissions***" refers to direct GHG emissions that occur from sources that are controlled or owned by an organization.

"***Scope 2 emissions***" refers to indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling.

"***Scope 3 emissions***" refers to GHG emissions that result from the end use of an organization's products, as well as emissions from other business activities from assets not owned or controlled by the organization but that the organization indirectly impacts in its value chain.

"***Tcfe***" refers to one trillion cubic feet of natural gas equivalent.

"***Total Reinvestment Rate***" for any period refers to our total cash paid for all our capital expenditures (including in our non-upstream businesses, but excluding leasehold costs and acquisitions) for such period as a percentage of Adjusted EBITDAX for the same period.

"***Undeveloped acreage***" refers to acreage under lease on which wells have not been drilled or completed such that there is not production of commercial quantities of hydrocarbons.

"***Upstream Reinvestment Rate***" for any period refers to our total cash paid for upstream capital expenditures (excluding leasehold costs and acquisitions) for such period as a percentage of Adjusted EBITDAX for the same period.

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

Commonly Used Defined Terms

As used in this prospectus, unless the context indicates or otherwise requires, the terms listed below have the following meanings:

"***Banpu***" refers to our sponsor, Banpu Public Company Limited, a public company listed on the Stock Exchange of Thailand and the ultimate parent company of BKV Corporation, Banpu, Banpu Power and BPPUS.

"***Banpu Power***" refers to Banpu Power Public Company Limited, a public company listed on the Stock Exchange of Thailand. Banpu owns approximately 78.66% of Banpu Power as of June 30, 2022.

"***Barnett***" refers to the Barnett Shale in the Fort Worth Basin of Texas.

"***BKV Barnett***" refers to BKV Barnett LLC, a Delaware limited liability company and wholly owned subsidiary of BKV O&G.

"***BKV Chaffee***" refers to BKV Chaffee Corners, LLC, a Delaware limited liability company and wholly owned subsidiary of BKV O&G.

"***BKV Chelsea***" refers to BKV Chelsea, LLC, a Delaware limited liability company and wholly owned subsidiary of BKV O&G.

"***BKV dCarbon Ventures***" refers to BKV dCarbon Ventures, LLC, a Delaware limited liability company and the CCUS business of BKV Corporation.

"***BKV Midstream***" refers to BKV Midstream, LLC, a Delaware limited liability company and wholly owned subsidiary of BKV Corporation.

"***BKV O&G***" refers to BKV Oil and Gas Capital Partners, L.P., a Delaware limited partnership and wholly owned subsidiary of BKV Corporation.

"***BKV Operating***" refers to BKV Operating, LLC, a Delaware limited liability company and wholly owned subsidiary of BKV O&G.

"***BKV-BPP Power***" or "***BKV-BPP Power Joint Venture***" refers to BKV-BPP Power LLC, a Delaware limited liability company and the joint venture between BKV Corporation and BPPUS, in which we own a 50% interest.

"***BNAC***" refers to Banpu North America Corporation, a subsidiary of Banpu, our sponsor, and the majority stockholder of BKV Corporation.

"***BPPUS***" refers to Banpu Power US Corporation, a wholly owned subsidiary of Banpu Power and the owner of a 50% interest in the BKV-BPP Power Joint Venture.

"***bylaws***" refers to the amended and restated bylaws of BKV Corporation to be adopted in connection with the consummation of this offering.

"***certificate of incorporation***" refers to the second amended and restated certificate of incorporation of BKV Corporation to be adopted in connection with the consummation of this offering.

"***Data Lake***" refers to a centralized cloud, large data technology that stores all company data and enables dashboards, visualizations, and analytics from a variety of systems and inputs.

"***ERCOT***" refers to the Electric Reliability Council of Texas.

"***ESG***" refers to environmental, social and governance.

"***GAAP***" refers to generally accepted accounting principles in the United States.

"***GHG***" refers to greenhouse gases.

"***governing documents***" refers to our certificate of incorporation and our bylaws.

"***HRCO***" refers to a contract for the financial purchase and sale of power based on a floating price of natural gas at a predetermined location using a predetermined conversion factor, or heat rate, required to turn the fuel input into electricity.

"***Kalnin Ventures***" refers to Kalnin Ventures LLC, a Colorado limited liability company and wholly owned subsidiary of BKV Corporation.

"***NEPA***" refers to the Marcellus Shale in the Appalachian Basin of Northeast Pennsylvania.

"***Net zero***" refers to the full elimination and/or offset of Scope 1 and Scope 2 emissions in our owned and operated upstream businesses.

"***Ryder Scott***" refers to Ryder Scott Company, L.P., independent petroleum engineers.

"***Ryder Scott Pricing***" refers to Ryder Scott's estimate of future hydrocarbon price parameters, as of June 30, 2022, based on Ryder Scott's survey of future hydrocarbon price parameters used by financial institutions and others in the oil and gas industry, as well as NYMEX futures prices. Ryder Scott Pricing also includes a cost escalation model, as further described in Ryder Scott's reports.

"***Temple I***" refers to the combined gas turbine and steam turbine power plant located in Temple, Texas and owned by the BKV-BPP Power Joint Venture.

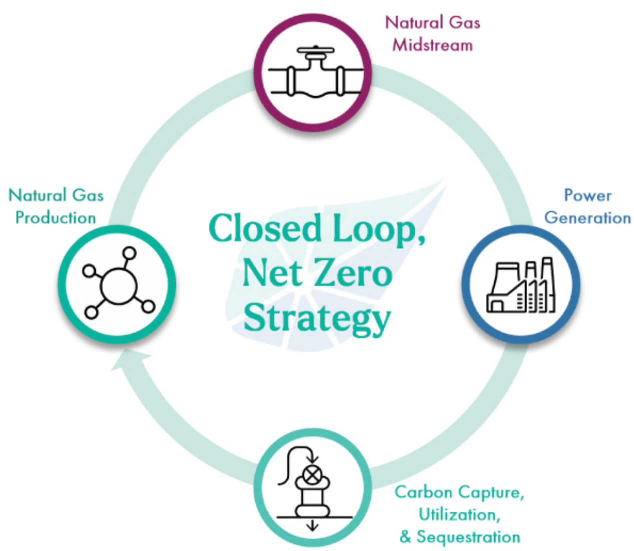
PROSPECTUS SUMMARY

This summary highlights certain information about us and this offering contained elsewhere in this prospectus, but it is not complete and does not contain all of the information you should consider before making an investment decision. In addition to this summary, you should read this entire prospectus carefully, including the sections titled "Risk Factors," "— Summary Historical Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our historical consolidated financial statements and the related notes thereto included elsewhere in this prospectus, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties. See "Cautionary Statement Regarding Forward-Looking Statements." References in this prospectus to "BKV," the "Company," "we," "us," "our" and like terms are to BKV Corporation, a Delaware corporation, and its wholly owned subsidiaries, unless the context otherwise requires or we otherwise state.

Our Company

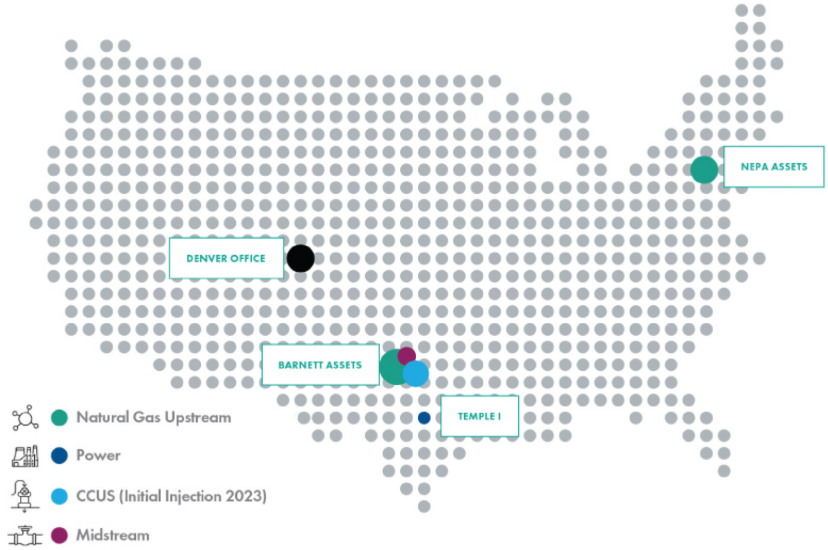
Overview

We are a forward thinking, growth driven, vertically integrated energy company focused on creating value for our stockholders through the organic development of our properties as well as accretive acquisitions. Our core business is to produce natural gas from our owned and operated upstream businesses, which we expect to achieve net zero Scope 1 and Scope 2 emissions by the end of 2025. We maintain a "closed-loop" approach to our net zero emissions goal with our four business lines: natural gas production, natural gas gathering, processing and transportation (our "natural gas midstream business"), power generation and carbon capture, utilization and sequestration ("CCUS"). We believe that the safe production of low impact, sustainable energy is not simply a good idea, it is good business. To that end, we believe that our differentiated business model, net zero emissions focus, highly experienced management team and technology-driven approach to operating our business will enable us to create stockholder value.



We are dedicated to making advancements in the production of sustainable energy and being a force for good in our society. We understand the impact climate change has on our community, the world and future generations, which is why addressing these impacts in how energy is produced is a top priority. In particular, it is one of our core values, "Be One BKV," to create a unified team with a shared vision to achieve our ESG goals.

BKV Assets



Overview of BKV Assets

Natural Gas

	Six Months Ending June '22 Avg. Net Production (MMcfe/d)	June '22 SEC 1P Reserves (Tcfe)	Producing Wells	Net Acres
Barnett	740	5.4	6,940	468,000
NEPA	138	0.9	394	37,000
Total	878	6.3	7,334	505,000

Operated Midstream

	As of June'22 Throughput (Mmcf/d)	Pipeline Miles	Midstream Compressors
Barnett	248	778	65

Power

	Location	Heat Rate Btu/kWh	Capacity MW+
Temple 1	Bell County, TX	6,950	755

Our Operations

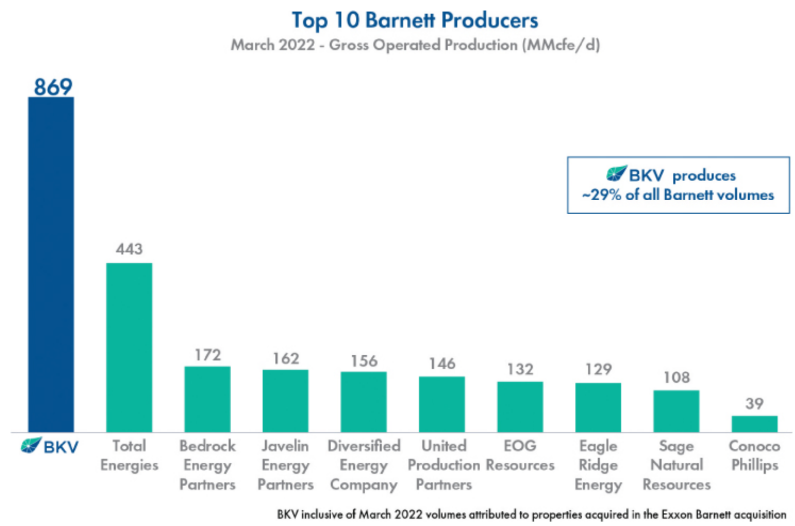
Natural Gas Production

We are engaged in the acquisition, operation and development of natural gas and NGL properties primarily located in the Barnett Shale in the Fort Worth Basin of Texas (the “Barnett”) and in the Marcellus Shale in the Appalachian Basin of Northeastern Pennsylvania (“NEPA”). Our upstream assets are the core of our business and provide us with substantial Adjusted Free Cash Flow, which we expect will be sufficient to fund our capital expenditure program, enhance stockholder value and support future acquisitions across our four business lines while maintaining a conservative balance sheet. We have a balanced portfolio of low decline producing properties and undeveloped inventory, primarily in the Barnett. Additionally, our focus on operational efficiencies, access to BKV-owned and third-party midstream systems, and proximity to natural gas demand markets along the Gulf Coast and Northeast corridor allow us to generate high margins.

As of June 30, 2022, our total acreage position was approximately 505,000 net acres, 99% of which was held by production. As of June 30, 2022, our net daily production (after giving effect to the Exxon Barnett Acquisition) averaged 878 MMcfe/d, consisting of approximately 79% natural gas and approximately 21% NGLs. As of June 30, 2022, our total proved reserves of 6,305 Bcfe had an estimated 7% year-over-year average base decline rate over the next 10 years. We have more than 10 years of core inventory remaining, with attractive returns, based on a 1 to 1.5 rigs per year pace, including 515 horizontal locations and more than 1,700 refracture (“refrac”) candidates. Based on current commodity prices, the capital investment required to hold production flat year-over-year is less than approximately 30% of our annual Adjusted EBITDAX. Adjusted EBITDAX is not a financial measure calculated in accordance with GAAP. See “— *Summary Historical Financial Information — Non-GAAP Financial Measures*” for a description of this measure and a reconciliation to the most directly comparable GAAP measure.

We entered the Barnett in October 2020 with our acquisition of more than 289,000 net acres and 3,850 producing operated wells and related upstream assets from Devon Energy Corporation (“Devon Energy”). On June 30, 2022, we further scaled our Barnett position by acquiring approximately 175,000 net acres, 2,100 operated wells and related upstream, midstream and other assets in the Exxon Barnett Acquisition. As of June 30, 2022, our Barnett acreage position was approximately 468,000 net acres, which is approximately 99% held by production. Our average daily Barnett production of approximately 740 MMcfe/d for the six months ended June 30, 2022 consisted of 75% natural gas and 25% NGLs. We had an average working interest in our operated wells in the Barnett of approximately 96% as of June 30, 2022 and an Effective NRI in the Barnett of approximately 80.37%.

We are the largest natural gas producer by gross operated volume in the Barnett. Based on information published by the Texas Railroad Commission (“TRRC”), the chart below illustrates our gross operated production volumes in the Barnett (including the Exxon Barnett Acquisition), which represent approximately 29% of the total Barnett production, and nearly double that of the next largest producer in the Barnett for the month of March 2022.



We entered NEPA in 2016 and have subsequently scaled our position through 12 acquisitions. As of June 30, 2022, our acreage position was approximately 37,000 net acres, which is approximately 94% held by production. Our average net daily production of 138 MMcfe/d for the six months ended June 30, 2022 consisted entirely of natural gas. We had an average working interest in our operated wells in NEPA of 89%, as of June 30, 2022.

Natural Gas Midstream

Through our ownership in midstream systems, we are engaged in the gathering, processing and transportation of natural gas (which we refer to as our natural gas midstream business) that supports our upstream assets and third-party producers in the Barnett and NEPA. Our midstream assets improve our overall corporate returns by enhancing our margins and lowering our break-even operating costs while allowing us to manage the timing, development and optimization of production of our upstream assets. In the Barnett, as of June 30, 2022, approximately 220 MMcf/d of our gross production (approximately 25% of our total gross Barnett production) was gathered and processed by our owned Barnett midstream system, which includes approximately 778 miles of gathering pipeline, 65 midstream compressors and one amine processing unit. Additionally, our owned Barnett midstream system has over 200 MMcf/d in unutilized pipeline and processing capacity, providing room to increase throughput (from our own production and for third-party volumes) while maintaining optimal operating pressure with limited additional capital investment required. We also believe we have ample dedicated capacity on third party midstream systems for our expected production and future development. In NEPA, as of June 30, 2022, we had an approximate 29.4% non-operated ownership interest in a midstream system, which is operated by subsidiaries of Repsol Oil & Gas (“Repsol”), with throughput of approximately 174 MMcf/d, and we separately own and operate approximately 16 miles of natural gas gathering pipelines, 14 miles of freshwater distribution pipelines and six gas compression units.

Power Generation

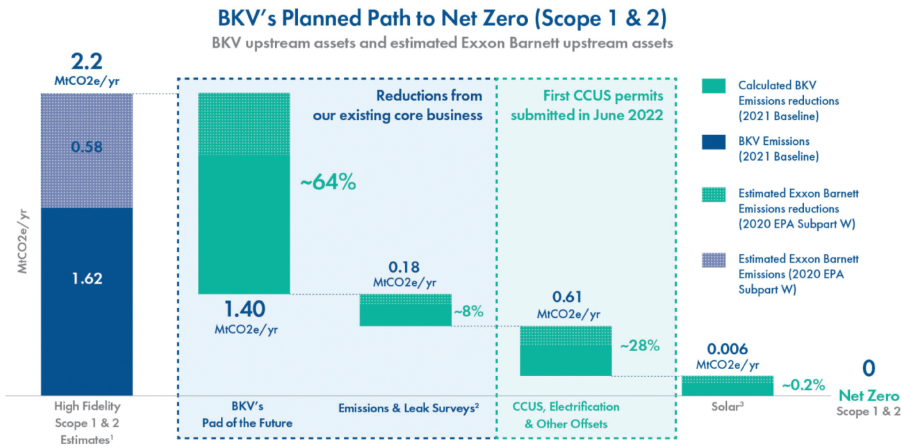
We have a 50% ownership interest in the BKV-BPP Power Joint Venture, which owns Temple I, a newly-constructed, modern combined cycle gas and steam turbine power plant located in the Electric Reliability Council of Texas (“ERCOT”) North Zone in Temple, Texas. The remaining 50% interest is owned by BPPUS, a wholly owned subsidiary of Banpu Power and an affiliate of our sponsor, Banpu. Temple I has an annual average power generation capacity of 755 MW and delivers power to customers on the ERCOT power network in Texas. Temple I is among the most efficient generators supplying power to ERCOT, with a baseload design heat rate of approximately 6,950 Btu/kWh, which is well below the ERCOT Combined

Cycle Gas Turbines (“CCGT”) average. Temple I’s modern technology enables it to respond to rapidly changing market signals in real time, making it well-suited to serve the various needs of the ERCOT market. We expect our power generation assets will be synergistic with our base upstream business. In the near term, we will seek to establish midstream contracts that allow us to supply our own natural gas directly to Temple I and its firm intrastate natural gas storage service at the Bammel storage facility. Once implemented, supplying our own natural gas to Temple I will reduce gas transportation costs and create reciprocal natural hedges for both businesses via vertical integration. Additionally, we leverage our existing organization to provide marketing, engineering, finance, accounting and other administrative services to the BKV-BPP Power Joint Venture for an annual fee plus expenses. We intend to continue to build out our power generation business through opportunistic acquisitions of power generation assets and to expand into retail power, which would enable us to ultimately provide net zero wellhead-to-household energy to the end-consumer.

Carbon Capture, Utilization and Sequestration

We are committed to capturing CO_2 that is separated from natural gas power generation and compression and from various high concentration industrial and natural gas processing CO_2 sources with existing infrastructure, and then compressing and injecting the CO_2 into underground injection control (“UIC”) wells. We launched our CCUS business, BKV dCarbon Ventures, in March 2022 and reached a final investment decision (“FID”) on our first high concentration CCUS project in the Barnett in June 2022 with EnLink Midstream, LLC (“EnLink”). This CCUS project will separate CO_2 from substantially all of our EnLink-gathered natural gas production, which we expect to achieve a maximum injection rate of up to 185,000 tons of CO_2 per year. This represents more than 8% of our estimated Scope 1 and 2 upstream emissions from our owned and operated upstream businesses, with the first injection scheduled for the second half of 2023. We intend to continue to develop our CCUS business and expect to use this project as a prototype for modular, smaller-scale projects that can be repeated and quickly scaled. We are targeting the development of five to ten high-concentration, and potentially some low-concentration, CCUS projects in the near-term based on economics supported by the current carbon tax credit policy in Section 45Q of the Internal Revenue Code of 1986, as amended (the “Code” and such tax credit policy, “Section 45Q”). Although these potential projects are in different stages of the evaluation process, we have identified a CCUS project pipeline of nearly 30 million metric tons of CO_2 per year, which is nearly two times the size of our Scope 1, 2 and 3 emissions combined. We seek to execute projects with attractive standalone economics for high and low CO_2 concentration streams that contribute to our near-term goal of net zero emissions, which we consider to be full elimination and/or offset of the Scope 1 and 2 emissions in our upstream businesses, by the end of 2025. We believe we are well positioned to achieve this goal through our integrated business model, CCUS operations, operational excellence, carbon-negative initiatives and capital discipline. However, the economic viability of our future projects will depend, in part, on our ability to meet certain wage and apprenticeship requirements that must be met in order to qualify for the majority of the Section 45Q tax credits, and the details of which have not yet been released and are to be included in future guidance. We further aspire to offset the Scope 3 emissions impact of our owned and operated upstream businesses by the early 2030s, with what we believe is a clear and credible path to these net zero goals through the expansion of our CCUS business.

The chart below reflects our owned and operated upstream Scope 1 and 2 emissions as of June 30, 2022, including Scope 1 and 2 emissions estimates from the Exxon Barnett Acquisition, as well as our intended path to net zero Scope 1 and 2 emissions by the end of 2025 for our owned and operated upstream businesses.



(1) Based on 2021 emission calculations based on EPA Subpart W and best estimates of acquired Exxon Barnett assets based on 2020 Subpart W submissions and does not factor in production decline.

(2) Emissions surveys assumption to accomplish a 1-2 month leakage period versus 12-month period which must have regulatory updates (current proposed OOOO.b,c) to include continuous/flyover/satellite technology sensitivities.

(3) Solar will offset Scope 2 emissions through a 5-10 MW build out.

We believe our approach to reducing the emissions of our direct operations is repeatable for most similar assets and would enable us to achieve net zero Scope 1 and 2 emissions with respect to future assets within three to four years after taking over control.

Business Strategy

Our strategy is to create value for our stockholders by managing and growing our integrated asset base and delivering sustainable energy focused on our net zero objectives. Our strategy has the following principal elements:

- **Deliver robust returns to stockholders.** We intend to prioritize delivering strong returns to our stockholders through our dividend policy and focus on creating stockholder value. See "*Dividend Policy*." We believe our operational expertise in successfully drilling and refracturing wells, acquiring and integrating assets purchased at attractive valuations and maintaining financial discipline will underpin our ability to meet our stockholder return goals. Our integrated businesses and natural gas-weighted, low-decline PDP reserves collectively reduce our downside risk while providing asymmetric upside returns from the confluence of commodity price uplift potential, operational improvement and development opportunities, and future accretive acquisition opportunities.

- **Optimize the value of our core businesses.** We utilize technology and data analysis to enhance our assets and operations, which we believe improves operational efficiencies, reduces our emissions and helps us realize our operational and financial goals as we continue to scale our business. For example, our "Pad of the Future" program, which includes conversion of natural gas-powered instrument pneumatics to compressed air-powered instruments on existing pads, combined with emission and leak surveys, reduces our GHG emissions by 72%, based on current Scope 1 and 2 emissions from production in our owned and operated natural gas upstream business. Our Pad of the Future application also improves pad efficiencies and operating revenue. Employing technology and operational excellence, by June 30, 2022 we had reduced our lease operating costs in the Barnett, excluding the impact of the Exxon Barnett Acquisition, by over 14% since October 2020 and in NEPA by over 26% since January 2019. Additionally, our refrac and long lateral drill programs have allowed us to organically grow our reserves base. As of June 30, 2022, our Barnett refrac program has added 512 Bcfe of proved reserves since its inception in early 2021, with an estimated 1.13 Tcfe net proved, probable and possible (“3P”) reserves at less than an average $0.70/Mcfe finding and development costs during 2021. This refrac program employs specifically designed perforating technology and a suite of innovative refrac techniques, as well as advanced refrac designs and diversion methods to maximize reserve recovery and economics from legacy Barnett wells. Our Barnett new well drilling program has added 1.08 Tcfe of proved reserves since our entry into the Barnett with a total estimate of approximately 2.1 Tcfe 3P reserves. By combining these reserves into a growing vertically integrated asset base, we believe we can enhance margins and create a “closed loop” business that reduces Scope 1 and 2 emissions in our owned and operated upstream businesses and captures margin across the value chain.

- **Grow through opportunistic, synergistic acquisitions.** A significant element of our business strategy is gaining scale through accretive acquisitions. We have a track record of growth through acquisitions, which we believe have been at attractive valuations. Since 2016, we have completed 19 acquisitions and two CCUS partnerships, resulting in greater than a 100% compound annual growth rate of Adjusted EBITDAX as of June 30, 2022. We believe our business model, management team experience and application of technology enable us to quickly and efficiently integrate additional upstream, midstream and power assets into our business. We also plan to acquire and/or build CO_2 transport pipelines and infrastructure to grow our CCUS business, which is the critical link in our integrated business model chain that we believe will allow us to ultimately eliminate and/or offset Scope 3 emissions.
- **Maintain a disciplined financial strategy.** We believe we can execute on our business plan and grow our business while continuing to generate substantial Adjusted Free Cash Flow. We target a Maintenance Reinvestment Rate of less than 30%, an Upstream Reinvestment Rate of less than 40% and a Total Reinvestment Rate of less than 50%. We are focused on our goal of maintaining a conservative financial profile, with a long-term leverage target of less than 1.0x Total Net Leverage Ratio. Although we may allow our leverage ratio to exceed our target in connection with a strategic acquisition, we would seek to return our leverage level to below 1.0x as soon as reasonably possible thereafter through Adjusted Free Cash Flow and, if needed, reduced activity levels. To support the generation of future Adjusted Free Cash Flow, we have a policy of hedging approximately 25% to 60% of our production volumes over a given 12 to 24-month period. We believe our capital efficient project inventory, low-decline natural gas production and multiple, integrated business lines will provide consistent returns through varying business cycles. We intend to apply our cash flows to manage our indebtedness in line with our leverage target, fund our capital expenditure program, enhance stockholder value and execute opportunistic acquisitions across our four business lines. Adjusted EBITDAX is not a financial measure calculated in accordance with GAAP. See “*— Summary Historical Financial Information — Non-GAAP Financial Measures*” for a description of this measure and a reconciliation to the most directly comparable GAAP measure.
- **Deliver more sustainable energy focused on our net zero objectives.** We expect to apply our integrated business model, CCUS projects, operational excellence, carbon-negative initiatives, capital discipline and use of technology to realize Scope 1 and 2 net zero upstream owned and operated emissions by the end of 2025. According to the U.S. Energy Information Administration (the “EIA”), lower CO_2 emissions realized in the United States have largely been a result of the shift from the use of coal to natural gas for electricity generation. While we believe that switching from coal to natural gas substantially lowers emissions, we believe that emissions can be reduced substantially further through carbon capture on natural gas production, power plants, processing facilities and other energy and industrial infrastructure. As such, in addition to lowering emissions in our direct operations, CCUS for third parties has become a core focus of our business that we expect to represent a meaningful portion of our budgeted capital expenditures going forward as we advance our long-term goal of eliminating and/or offsetting Scope 3 emissions.

- **Encourage innovation.** Our distinctive culture encourages innovation with a value-driven focus that feeds into our competitive advantage. For example, our emphasis on the efficient application of modern technology led to the development of our "Pad of the Future" program, our advancements in Barnett refracs and other operational improvements. We intend to continue to develop, retain and add to our already talented, experienced and forward-thinking employees. Our unified team and mantra of "Being a force for good" underpin our core values and provides us with confidence in our ability to successfully manage and grow our business.

Competitive Strengths

We have a number of strengths that we believe will help us successfully execute our business strategy, including:

- **Integrated asset base well positioned for sustainable growth.** Our upstream, midstream and power asset bases reside in geographically concentrated areas with numerous asset acquisition opportunities in close proximity. Our proven ability to successfully negotiate, close and integrate these acquisition opportunities quickly and cost effectively will allow us to continue to grow our portfolio of assets synergistically. We believe that scale and the continued application of technological developments and operational excellence, combined with stable, low-decline production profiles, will continue to generate significant capital efficient development opportunities in the Barnett and NEPA.
- **High quality, low decline assets serving key demand markets.** Through a series of accretive acquisitions we have established an extensive and largely contiguous acreage position in two key markets, the Barnett and NEPA. Our Barnett assets cover approximately 468,000 net acres, with an approximately 80.37% Effective NRI, and are located in close proximity to key Gulf Coast industrial and LNG demand centers. Our NEPA assets consist of 37,000 net acres in one of the most prolific parts of the Marcellus Shale and are located within less than 200 miles to key demand markets in the U.S. Northeast. We believe the geologic, operational and engineering risks associated with our leasehold acreage have been significantly mitigated through historical development activity. Our PDP reserves had an estimated 7% year-over-year average base decline rate over the next 10 years as of June 30, 2022. Additionally, we have an inventory of over 10 years of refrac and new drill locations within our core acreage that give us the flexibility to maintain or slightly grow current production levels, depending on the commodity cycle.
- **Lower emissions energy production.** In addition to our focus on achieving Scope 1 and 2, net zero operational emissions from our owned and operated upstream production of natural gas by the end of 2025, our long-term goals include economic Scope 1, 2 and 3 net zero owned and operated natural gas production, which we expect to accomplish via CCUS. We believe we have a comprehensive ESG program, which is overseen and directed by an executive ESG steering committee. In 2021, we certified our entire NEPA production and, in 2022, we certified a portion of our Barnett production and, in each case, achieved a Gold rating with Project Canary's TrustWell environmental assessment (Project Canary is an environmental certification and ESG data company). This is the second highest rating a company can receive for its production, qualifying the certified portion of our NEPA and Barnett natural gas production as Responsibly Sourced Gas ("RSG"), which we believe could command a premium in the marketplace. In the future, we intend to expand beyond RSG, with aspirations for fully carbon neutral gas sales through net zero Scope 3. Additionally, we have a plan to achieve net zero Scope 1 and 2 upstream emissions by the end of 2025 based on our "Pad of the Future" emissions reductions, emissions surveys, installing up to 10 MW of solar power, executing CCUS projects which generate offset credits and utilizing offsets to reduce our carbon footprint. We believe BKV dCarbon Ventures will be able to capture over one million metric tons of CO_2 per year, beyond our direct asset footprint, by the end of 2025, which exceeds the balance of our current Scope 1 and 2 emissions required to achieve net zero upstream emissions.
- **Efficient use of capital.** Our deep, high-graded inventory of refrac opportunities coupled with our inventory of new drill locations allow us to create meaningful additional cash flow with comparatively modest additional capital investments. We utilize operational improvements such as operational process and procurement efficiencies, use of existing field infrastructure, innovative and cost-effective refrac techniques and designs (including diversion methods), drilling long laterals in the Barnett,

and optimizing available midstream capacity to further maximize our capital efficiency. Through our midstream, power and CCUS business lines, we are capturing margin across the value chain.

- **Well capitalized and conservative balance sheet.** As of June 30, 2022, we had a Total Net Leverage Ratio of 1.15x. Following the completion of this offering, we intend to continue to maintain a strong balance sheet and fund our operations predominantly with internally generated cash flows. We believe that the low decline, predictable nature of our upstream production profile, combined with our hedging plan and reinvestment rate targets, will allow us to successfully meet our leverage goals.
- **High caliber and proven management team.** We maintain a highly experienced and knowledgeable management team with an average of over 25 years of experience among our senior management team. Our leadership team has significant experience managing integrated energy and power assets for large-scale enterprises, including companies such as PTT Exploration and Production Public Company Limited ("PTT Exploration") and BP p.l.c. ("BP"). Furthermore, our sponsor, Banpu, one of Asia Pacific's largest integrated energy companies, provides us with unique and valuable insights into optimizing our integrated energy business.

Recent Developments

CCUS Project with EnLink

On June 8, 2022, BKV dCarbon Ventures and EnLink reached a Phase I FID to develop our first CCUS project and entered into an agreement to dispose of, and geologically sequester, acid gas and CO_2 generated as a byproduct of the production of our natural gas in the Barnett. This CCUS project will separate CO_2 from substantially all of our EnLink-gathered natural gas production, which we expect to achieve a maximum injection rate of up to 185,000 tons of CO_2 per year. We currently estimate the total project cost to us to be between $15.0 and $20.0 million. We are targeting commencement of CO_2 injection activities by the second half of 2023, subject to our ability to secure all required permits, at which point we expect this project to be one of the first permanent commercial CO_2 disposal and sequestration projects to come online in the United States. We expect this project to offset our current Scope 1 and 2 annual emissions by approximately 8%, bringing us closer to our goal of reaching net zero across Scope 1 and 2 upstream emissions by the end of 2025.

Exxon Barnett Acquisition

On June 30, 2022, we closed the acquisition (the "Exxon Barnett Acquisition") of natural gas upstream and associated midstream infrastructure in the Barnett from XTO Energy, Inc. and Barnett Gathering LLC, subsidiaries of Exxon Mobil Corporation, for a total purchase price of $750.0 million, plus additional contingent consideration of up to $50.0 million depending on future natural gas prices. Pursuant to the Exxon Barnett Acquisition, we acquired approximately 175,000 total net acres that are approximately 99% held by production, primarily in Tarrant, Johnson and Parker counties, and additional smaller positions in Jack, Wise, Denton, Erath, Hood and Ellis counties, Texas (our "2022 Barnett Assets"). These upstream assets include low decline wells, ideal for delivering consistent cash flow, and high average working interests of approximately 94% in over 2,100 operated wells. The Exxon Barnett Acquisition also included approximately 778 miles of gathering pipelines and compression and processing midstream infrastructure with, as of June 30, 2022, over 450 MMcf/d of throughput capacity and approximately 28 MMcf/d of third-party production being gathered on the system. In connection with the Exxon Barnett Acquisition, we entered into the Term Loan Credit Agreement (as defined herein) with a syndicate of banks and Bangkok Bank Public Company Limited (New York Branch), as the administrative agent. The Term Loan Credit Agreement includes up to $600.0 million of commitments for term loans to be used solely to fund a portion of the purchase price for the Exxon Barnett Acquisition and other costs and expenses associated with the acquisition. As of June 30, 2022, there was $570.0 million in aggregate principal amount outstanding under the Term Loan Credit Agreement. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Loan Agreements and Credit Facilities — Term Loan Credit Agreement*" for more information.

Amendment to Derivative Agreement

On August 4, 2022, we entered into an amendment to our ISDA Master Agreement with a counterparty to our derivative contracts pursuant to which we agreed to terminate or novate, at our election, at least $100.0 million of our derivative contracts. As of September 9, 2022, we terminated derivative contracts of $100.2 million with the counterparty to satisfy this requirement. In connection with such termination, we are required to make cash payments to the counterparty in an aggregate amount of $100.2 million by November 30, 2022. We intend to make any such payments with cash flows from operations. See "*Note 14 — Commitments and Contingencies*" to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional information regarding this agreement.

CCUS Project Development with Verde CO2

On August 22, 2022, we entered into a development agreement with Verde CO2 CCS, LLC ("Verde CO2"), an independent carbon capture and sequestration developer and operator, to identify, evaluate and develop CCUS projects throughout the United States. This partnership is intended to expand our CCUS and GHG emissions reduction efforts by decarbonizing large industrial point sources through carbon capture and permanent sequestration. Pursuant to the development agreement, Verde CO2 will be responsible for the sourcing, development, performance and ongoing management of such CCUS projects and BKV dCarbon Ventures will provide funding for such projects. As of September 6, 2022, we have paid $8.3 million to Verde CO2 under the development agreement and we currently expect to invest up to $250 million over the next three years to equip BKV dCarbon Ventures with the resources needed to efficiently evaluate and build a pipeline of feasible CCUS projects. This investment in CCUS evaluation and development aligns with our goal to reach net zero emissions across Scope 1 and 2 by the end of 2025.

Revolving Credit Agreement

On August 24, 2022, we entered into a Revolving Credit Agreement (the "Revolving Credit Agreement") with Bangkok Bank Public Company Limited (New York Branch), as the administrative agent and sole initial lender. The Revolving Credit Agreement includes $100.0 million of commitments for unsecured revolving loans used for short-term working capital and operating needs. As of September 14, 2022, $75.0 million was outstanding under the Revolving Credit Agreement. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations —Liquidity and Capital Resources — Loan Agreements and Credit Facilities — Revolving Credit Agreement*" for more additional information regarding the Revolving Credit Agreement.

Corporate Values, Management Team and Sponsor

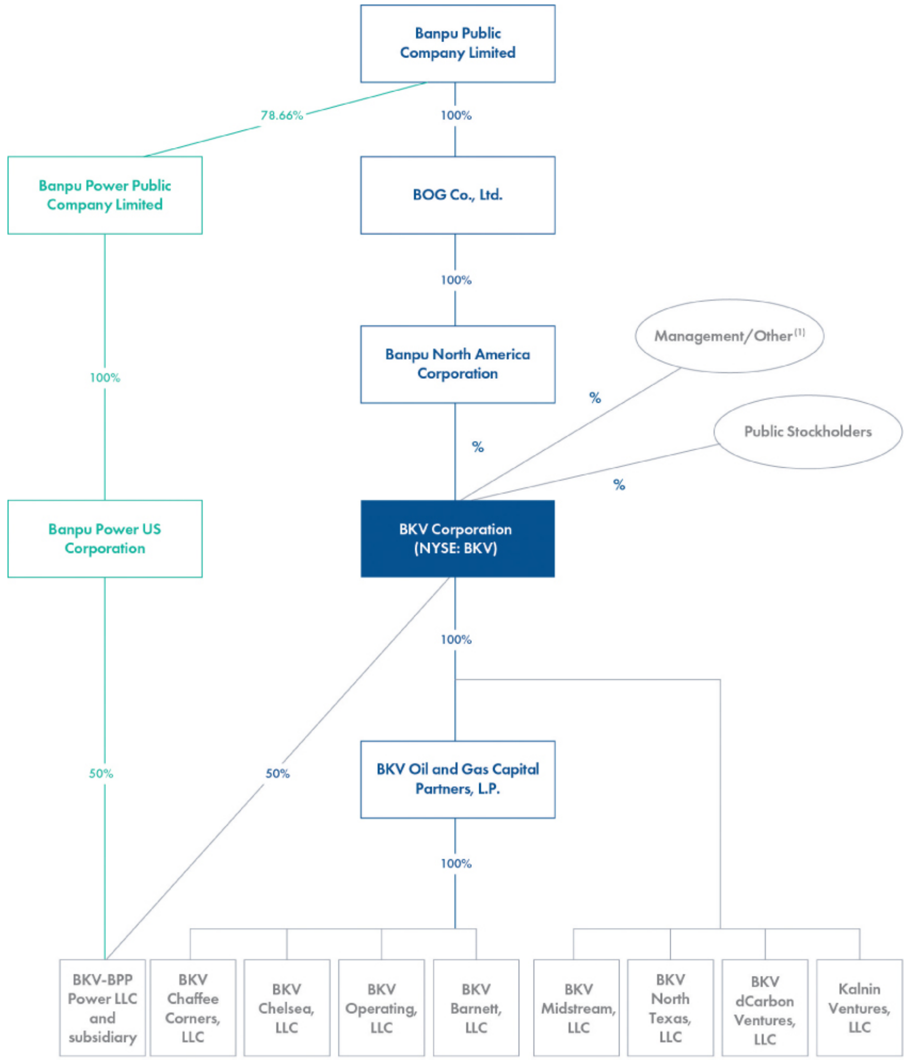
We believe in making concrete and transparent progress for the future of sustainability in every action we take today and in the future. These beliefs are confirmed by "The BKV Values" that underpin our corporate culture and decision-making and include the following core values: Deliver on Promises, Have Grit, Embrace Change, Show Courage, Solve Problems, Do Good and Be One BKV, all of which are focused on ensuring that "BKV is a force for good."

Our management team is led by our Chief Executive Officer and founder, Christopher P. Kalnin, who has approximately 22 years of experience in exploration and production ("E&P") (PTT Exploration & Production), management consulting (McKinsey & Company) and finance (Credit Suisse First Boston). Eric Jacobsen serves as our Chief Operating Officer with over 28 years of energy operational experience, including 11 years of experience in shale, 16 years of experience at BP and its predecessors and six years of experience at Noble Energy, Inc. John Jimenez serves as our Chief Financial Officer with over 30 years of international energy experience working with BP and Reliance Industries Limited.

BNAC, our majority stockholder, is an indirect, wholly owned subsidiary of Banpu, our ultimate parent company. Banpu is a multi-billion U.S. dollar market cap energy company publicly traded in Thailand. With nearly four decades of experience in business operations covering 10 countries across the Pacific Rim region and the United States, Banpu is an international versatile energy provider committed to its Greener & Smarter strategy, which prioritizes environmentally sustainable businesses and leverages smart technologies and innovations. Upon completion of this offering, Banpu will beneficially own approximately % of our common stock (or approximately % if the underwriters exercise in full their option to purchase additional shares of our common stock). Banpu has informed us that although it may reduce a portion of its ownership position over time, it intends to remain a long-term stockholder and supporter of BKV.

Our Structure

The chart below displays a summary of our ownership structure after giving effect to this offering.



(1) Consists of management, directors and other employee and non-employee stockholders.

The information in the chart above does not include additional shares of our common stock reserved for future awards pursuant to the BKV Corporation 2022 Equity and Incentive Compensation

Plan (the "2022 Plan"), including shares of common stock that may be issued upon vesting of outstanding equity awards, and shares of our common stock available for purchase by employees pursuant to the BKV Corporation Employee Stock Purchase Plan (the "ESPP").

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act of 1933, as amended (the "Securities Act"), including as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As a result, for so long as we qualify as an emerging growth company, we are eligible to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies. These exemptions include:

- being permitted to present only two years of audited financial statements and only two years of related "*Management's Discussion and Analysis of Financial Condition and Results of Operations* " in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act");
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements, including in this prospectus;
- not being required to comply with any new requirements adopted by the Public Company Accounting Oversight Board ("PCAOB") requiring a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We have elected to take advantage of certain of the reduced disclosure obligations in this prospectus and may elect to take advantage of other reduced reporting requirements in our future filings with the Securities and Exchange Commission (the "SEC"). As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

The JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards, but we have elected not to avail ourselves of this exemption. Rather, we will adopt new or revised accounting standards on the relevant dates in which adoption of such standards is required for other public companies.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the date of the first sale of our common equity securities pursuant to an effective registration statement under the Securities Act. Such fifth anniversary will occur in 2027. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our gross revenues for any fiscal year equal or exceed $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

Controlled Company

We intend to apply to list our common stock on the NYSE. Upon completion of this offering, BNAC will hold approximately % of our total outstanding shares of common stock (or approximately % if the underwriters exercise in full their option to purchase additional shares), comprising more than 50% of the voting power of our outstanding common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance rules of the NYSE. As a "controlled company," we will be eligible to rely on exemptions from the obligation to comply with certain NYSE corporate governance requirements, including the requirements that:

- a majority of our board of directors consist of independent directors;

- we have a corporate governance and nominating committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These exemptions do not modify the independence requirements for our audit committee. As a controlled company, we will remain subject to the rules of the Sarbanes-Oxley Act and the NYSE that require us to have an audit committee composed entirely of independent directors. Under these rules, we must have at least one independent director on our audit committee by the date our common stock is listed on the NYSE, at least two independent directors on our audit committee within 90 days of the listing date, and at least three independent directors on our audit committee within one year of the listing date. We expect to have independent directors upon the closing of this offering.

While BNAC continues to control more than 50% of the voting power of our outstanding common stock, we qualify for, and intend to rely on, these exemptions. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

If we cease to be a controlled company within the meaning of the applicable rules of the NYSE, we will be required to comply with these requirements after specified transition periods.

Contact Information

Our principal executive offices are located at 1200 17th Street, Suite 2100, Denver, Colorado 80202, and our telephone number at such address is (720) 375-9680. Our website address is *www.bkvcorp.com*. The contents of our website are not incorporated by reference herein and are not a part of, and shall not deemed to be a part of, this prospectus.

The Offering

Issuer	BKV Corporation, a Delaware corporation
Securities offered	Common stock, par value $0.01 per share ("common stock")
Common stock offered by us	shares (or shares if the underwriters exercise in full their option to purchase additional shares)
Underwriters' option to purchase additional shares	The underwriters have an option for a period of 30 days to purchase up to an additional shares of our common stock.
Common stock outstanding immediately after this offering	shares (or shares if the underwriters exercise in full their option to purchase additional shares)
Use of proceeds	We estimate that the net proceeds to us from the sale of our common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares), based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus). We intend to use the net proceeds we receive from the sale of our common stock in this offering to fund our capital expenditures and for other general corporate purposes. See "*Use of Proceeds.*"
Dividend policy	At or prior to the closing of this offering, our board of directors will adopt a policy pursuant to which we intend to pay dividends to stockholders. See "*Dividend Policy.*"
Voting rights	Each share of common stock will entitle the holder to one vote per share. Generally, matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast at a meeting by holders of all shares of common stock present in person or represented by proxy. In addition, pursuant to the stockholders' agreement to be entered into upon the completion of this offering between BNAC and us (our "Stockholders' Agreement"), for so long as BNAC and Banpu beneficially own 10% or more of our voting stock, BNAC will be entitled to designate for nomination to our board of directors a number of individuals approximately proportionate to such beneficial ownership, provided that (i) from the completion of this offering until the first anniversary of the completion of this offering, at least three board seats will not be BNAC designees, (ii) from and after the first anniversary of the completion of this offering until the first date on which BNAC and Banpu beneficially own 50% or less of our voting stock, at least four board seats will not be BNAC designees, and (iii) from and after the first date on which BNAC and Banpu beneficially own 50% or less of our voting stock, a number of board seats equal to the minimum number of directors that would constitute a majority of the total number

	of directors comprising our board of directors will not be BNAC designees. See "*Management*," "*Principal Stockholders*," "*Description of Capital Stock*" and "*Certain Relationships and Related Party Transactions*" for additional information.
Risk factors	You should read the section of this prospectus titled " *Risk Factors*" and other information included in this prospectus for a discussion of factors to carefully consider before deciding to invest in shares of our common stock.
Controlled company	We will be a "controlled company" within the meaning of the corporate governance rules of the NYSE. Upon completion of this offering, BNAC will hold % of our common stock (or approximately % if the underwriters exercise in full their option to purchase additional shares), comprising more than 50% of the voting power of our outstanding common stock. See "*Management — Controlled Company.*"
Listing and stock exchange symbol	We intend to list our common stock on the NYSE under the symbol "BKV."

The number of shares of common stock that will be outstanding immediately after the completion of this offering is based on shares of our common stock to be issued pursuant to this offering (assuming the underwriters do not exercise their option to purchase additional shares), and excludes up to shares of our common stock reserved for future issuance under our equity compensation plans, which will become effective upon the completion of this offering.

Unless otherwise indicated and except for our historical consolidated financial statements and related notes included elsewhere in this prospectus, the information in this prospectus:

- assumes the execution of our Stockholders' Agreement, as further described under " *Certain Relationships and Related Party Transactions*";
- assumes the amendment and restatement of our existing certificate of incorporation and the amendment and restatement of our existing bylaws in connection with the consummation of the offering;
- assumes an initial public offering price of $ per share of common stock (the midpoint of the price range set forth on the cover page of this prospectus); and
- assumes that the underwriters do not exercise their option to purchase additional shares of common stock.

Risk Factors Summary

Investing in our common stock involves risks, including those highlighted in the section titled " *Risk Factors*" immediately following this prospectus summary, of which you should be aware before making a decision to invest in our common stock. These risks may offset our competitive strengths or have a negative effect on our strategy or operating activities, which could cause a decrease in the price of our common stock and a loss of all or part of your investment. These risks include, among others, the following:

Risks Related to Our Upstream Business and Industry

- the volatility of natural gas and NGL prices due to factors beyond our control;
- our reliance on a single third party for all of our natural gas marketing and another third party for substantially all of our natural gas and NGL midstream services in the Barnett;
- our reserve estimates are based on assumptions that may prove to be inaccurate;

- our ability to find or acquire additional natural gas and NGL reserves that are economically recoverable, including development of our proved undeveloped reserves and associated capital expenditures;
- uncertainties in evaluating the expected benefits and potential liabilities of recoverable reserves;
- risks and uncertainties related to drilling operations, which are high-risk and operationally complex;
- the availability or cost of water, equipment, supplies, personnel and oilfield services;
- our limited control over activities on properties we do not operate;

Risks Related to Our Power Generation Business

- the operation of our power generation business through a joint venture which we do not control;
- risks and hazards related to the operation or maintenance of electric generation facilities;
- the lack of long-term power sales agreements for Temple I;
- the disruption of the fuel supplies necessary to generate power at Temple I;

Risks Related to Our CCUS Business

- our ability to pursue and develop our CCUS business and the associated material capital investments;

Risks Related to Our Midstream Business

- risks and hazards related to midstream operations as complex activities;
- our ability to fulfill our business plan to supply our own natural gas to Temple I and our dependence on our natural gas midstream system for the gathering and processing of our natural gas production;

Risks Related to Our Business Generally

- the geographical concentration of substantially all of our oil and gas and midstream properties;
- the effect of a deterioration in general economic, business or industry conditions and COVID-19 (including any variants thereof, “COVID-19”);
- our ability to achieve net zero Scope 1 and Scope 2 emissions in our upstream business;
- our ability to generate cash flow to meet our debt obligations or fund our other liquidity needs;
- risks related to our debt and debt agreements and hedging arrangements that expose us to risk of financial losses and counterparty credit risk;
- our dependence, as a holding company, on our subsidiaries and our joint venture for cash;
- operating hazards that could result in substantial losses or liabilities for which we may not have adequate insurance coverage;
- our ability to make accretive acquisitions or successfully integrate acquired businesses or assets;
- our substantial capital requirements and our ability to obtain financing or fund working capital needs;
- the intense competition in the energy industry and our ability to compete with other companies;
- cybersecurity or physical security threats or disruptions or loss of our information systems;
- increased activism and negative investor sentiment regarding upstream activities and companies;
- the loss of our executive officers and technical personnel and our ability to retain technical personnel;
- exemptions from certain reporting requirements for as long as we are an emerging growth company;

Risks Related to Environmental, Legal Compliance and Regulatory Matters

- complex laws, regulations and initiatives related to our operations and the use of hydraulic fracturing;
- reductions in demand for natural gas, NGL and oil due to conservation measures and technological advances;
- the effect of increased attention to ESG matters, conservation measures and technological advances;
- risks related to climate change, including transitional, legal, political, financial and physical risks;
- significant costs and liabilities related to federal, state and local environmental, health and safety laws and regulations;
- potential tax law changes;
- complex and evolving laws and regulations regarding privacy and data protection;

Risks Related to Our Relationship with Banpu and its Affiliates

- the substantial influence of Banpu, our controlling stockholder, over us;
- our historical reliance on Banpu for capital investments to fund our business operations;
- we expect to be a “controlled company” within the meaning of the NYSE rules and, as a result, will qualify for and could rely on exemptions from certain corporate governance requirements;
- conflicts of interest between Banpu and us or our other stockholders or conflicts of interest of our directors as a result of their positions with, or ownership of common stock of, Banpu;

Risks Related to the Offering and Our Common Stock

- our actual operating results and activities could differ materially from our estimates;
- risks related to payment of dividends on our common stock, including the lack of sufficient available cash, the discretion of our board of directors, and restrictions in our debt agreements, with respect to payment of dividends and the impact of our dividend policy on our ability to grow;
- the costs of, and our ability to comply with, the requirements of being a public company;
- we have identified material weaknesses in our internal control over financial reporting;
- the lack of an existing market for our common stock;
- provisions in our governing documents and Delaware law that could discourage acquisition bids or merger proposals; and
- future sales of our common stock in the public market, or the perception that such sales may occur, could reduce our stock price.

Summary Historical and Unaudited Pro Forma Financial Information

The following table shows our summary historical consolidated financial information and summary unaudited pro forma condensed combined consolidated financial information for the periods and as of the dates indicated. The summary unaudited pro forma condensed combined consolidated financial information presents the combination of our historical consolidated financial information, as adjusted to give effect to the Exxon Barnett Acquisition, the related financing under the Term Loan Credit Agreement and the $75 Million Loan Agreement (collectively, the "Transaction'').

The summary historical consolidated financial information as of and for the six months ended June 30, 2022 and 2021 was derived from our unaudited historical consolidated financial statements, included elsewhere in this prospectus. The summary historical consolidated financial information as of and for the years ended December 31, 2021 and 2020 was derived from our audited historical consolidated financial statements, included elsewhere in this prospectus.

The summary unaudited pro forma condensed combined consolidated financial information was derived from the unaudited pro forma condensed combined consolidated financial statements included elsewhere in this prospectus. The unaudited pro forma combined consolidated statements of operations data for the year ended December 31, 2021 and the unaudited pro forma condensed consolidated statements of operations data for the six months ended June 30, 2022 has been prepared to give pro forma effect to the Transaction as if it had been consummated on January 1, 2021. This information is subject to, and gives effect to, the assumptions and adjustments described in the notes accompanying the unaudited pro forma condensed combined consolidated financial statements included elsewhere in this prospectus. The pro forma financial information is provided for illustrative purposes only and is not intended to represent what our financial position or results of operations would have been had the Transaction occurred on the assumed date nor does it purport to project our future operating results or financial position following the Transaction. The summary pro forma financial information does not include pro forma balance sheet information because the Exxon Barnett Acquisition was consummated on June 30, 2022 and, therefore, the 2022 Barnett Assets and related financing are included in our historical balance sheet as of June 30, 2022, together with the related indebtedness under the Term Loan Credit Agreement and the $75 Million Loan Agreement.

The summary financial data is qualified in its entirety by, and should be read in conjunction with, "*Management's Discussion and Analysis of Financial Condition and Results of Operations* " and "*Unaudited Pro Forma Condensed Combined Consolidated Financial Statements*" included elsewhere in this prospectus, as well as our historical consolidated financial statements and related notes, the historical statements of revenues and direct operating expenses and related notes for the 2022 Barnett Assets acquired in the Exxon Barnett Acquisition and other financial information included in this prospectus. Historical and pro forma results are not necessarily indicative of results that may be expected for any future period.

	Six Months Ended June 30,		Year Ended December 31,		Pro Forma Six Months Ended June 30,	Pro Forma Year Ended December 31,
	2022	2021	2021	2020	2022	2021
	(in thousands, except per share amounts)					
Statement of Operations Information:						
Revenues and other operating income						
Natural gas sales	$ 487,813	$ 174,120	$ 597,050	$ 101,758	*	*
NGL sales	163,498	111,166	225,135	11,952	*	*
Oil sales	5,120	4,056	7,560	1,333	*	*
Natural gas, NGL and oil sales	656,431	289,342	829,745	115,043	875,663	1,137,725
Non-operated midstream revenues	3,344	3,972	6,917	7,458	6,965	13,161
Derivative (losses) gains, net	(450,784)	(178,275)	(383,847)	20,755	(450,784)	(383,847)
Marketing revenues	5,328	50,296	52,616	—	5,328	52,616
Other	1,327	—	251	33	1,575	518
Total revenues and other operating income	215,646	165,335	505,682	143,289	438,747	820,173

	Six Months Ended June 30,		Year Ended December 31,		Pro Forma Six Months Ended June 30,	Pro Forma Year Ended December 31,
	2022	2021	2021	2020	2022	2021
	(in thousands, except per share amounts)					
Operating expenses						
Lease operating and workover	45,333	40,515	88,105	31,260	103,509	185,853
Taxes other than income	41,001	16,697	45,650	5,151	51,697	67,317
Gathering and transportation	98,756	76,756	173,587	—	124,077	223,382
Accretion of asset retirement obligations	5,320	4,904	10,030	3,211	7,093	13,616
Depreciation, depletion and amortization	36,800	40,842	81,986	83,388	61,442	141,718
Exploration and impairment	—	34	34	560	—	34
General and administrative	51,497	37,988	85,740	29,442	51,497	92,540
Accretion of right of use liabilities[1]	135	106	227	184	135	227
Total operating expenses	278,842	217,842	485,359	153,196	399,450	724,687
(Loss) income from operations	(63,196)	(52,507)	20,323	(9,907)	39,297	95,486
Other income and expense						
Loss on contingent consideration liabilities[2]	(31,915)	(115,345)	(194,968)	7,135	(31,915)	(194,968)
Interest expense	(6,698)	(314)	(2,134)	(1,713)	(28,589)	(51,018)
Other income	516	62	872	—	516	872
Bargain purchase gain	163,653	—	—	—	163,653	—
Gain on settlement of litigation	16,866	—	—	—	16,866	—
(Loss)/income from equity affiliates	(23,958)	—	910	—	(23,958)	910
Interest income	128	2	8	121	128	8
Income (loss) before income taxes	55,396	(168,102)	(174,989)	(4,364)	135,998	(148,710)
Income tax benefit (expense)	24,903	38,648	40,526	(38,982)	6,365	34,482
Net income (loss) and comprehensive income (loss) attributable to BKV Corporation	80,299	(129,454)	(134,463)	(43,346)	142,363	(114,228)
Less accretion of preferred stock to redemption value	—	(2,336)	(3,745)	—	—	(3,745)
Less preferred stock dividends	—	(9,900)	(9,900)	(460)	—	(9,900)
Less deemed dividend on redemption of preferred stock	—	(1,353)	(22,606)	—	—	(22,606)
Net income (loss) and comprehensive income (loss) attributable to common stockholders	80,299	(143,043)	(170,714)	(43,806)	142,363	(150,479)
Net income (loss) and comprehensive income (loss) per common share						
Basic	$ 0.68	$ (1.22)	$ (1.46)	$ (0.42)	$ 1.21	$ (1.29)
Diluted	$ 0.65	$ (1.22)	$ (1.46)	$ (0.42)	$ 1.16	$ (1.29)
Weighted average number of common shares outstanding						
Basic	117,310	117,052	116,904	105,275	117,310	116,904
Diluted	123,221	117,052	116,904	105,275	123,221	116,904
Balance Sheet Information (at period end):						
Restricted cash[3]	$ 17,473	$ —	$ —	$ —	**	**
Cash and cash equivalents	$ 169,161	$ 90,147	$ 134,667	$ 17,445	**	**
Total natural gas properties, net	$2,157,889	$1,148,372	$1,176,117	$1,169,297	**	**
Total assets	$2,642,395	$1,391,797	$1,620,828	$1,342,492	**	**
Total liabilities	$1,787,997	$ 548,005	$ 865,889	$ 262,424	**	**

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	Year Ended December 31, 2021	Year Ended December 31, 2020	Pro Forma Six Months Ended June 30, 2022	Pro Forma Year Ended December 31, 2021
	(in thousands, except per share amounts)					
Total mezzanine equity	$ 152,863	$ 132,536	$ 83,847	$ 137,212	**	**
Total stockholders' equity	$ 701,535	$ 711,258	$ 671,092	$ 942,856	**	**
Statement of Cash Flows Information						
Net cash provided by (used in) operating activities	$ 160,758	$ 217,686	$ 358,133	$ (7,405)	**	**
Net cash used in investing activities	$(705,791)	$ (14,164)	$(161,858)	$(513,992)	**	**
Net cash provided by (used in) financing activities	$ 597,000	$(130,820)	$ (79,053)	$ 442,723	**	**
Other Financial Data (unaudited):(4)						
Adjusted EBITDAX	$ 267,094	$ 181,629	$ 303,748	$ 65,147	$ 396,002	$ 442,229
Upstream Reinvestment Rate	29%	5%	22%	16%	**	**
Adjusted Free Cash Flow	$ 131,195	$ 122,723	$ 165,090	$ 41,794	**	**
Adjusted Free Cash Flow Margin	20%	36%	19%	34%	**	**
Total Net Leverage Ratio(5)	1.15x	0.10x	0.10x	0.10x	**	**

(1) Represents right of use liabilities related to office space, a pipe yard, and compressor leases.

(2) Represents contingent consideration liabilities as of the dates set forth above accruing as an earnout obligation under the terms of our purchase agreement with Devon Energy for the purchase of our 2020 Barnett Assets. This contingent consideration is stated at fair value on our consolidated balance sheet, with changes in fair value recorded in the consolidated statement of operations.

(3) Represents cash borrowed as of June 30, 2022 under the Term Loan Credit Agreement, which can only be used for costs related to the Exxon Barnett Acquisition. We anticipate the restricted cash will be used for remaining transaction and integration costs related to the Exxon Barnett Acquisition.

(4) Adjusted EBITDAX and Adjusted Free Cash Flow are not financial measures calculated in accordance with GAAP. See "— *Non-GAAP Financial Measures*" for how we define each of these measures and a reconciliation to the most directly comparable GAAP measures. In addition, we define Upstream Reinvestment Rate as total cash paid for upstream capital expenditures (excluding leasehold costs and acquisitions) as a percentage of Adjusted EBITDAX, and we define Adjusted Free Cash Flow Margin as the ratio of Adjusted Free Cash Flow to total revenues excluding derivative gains and losses. Total Net Leverage Ratio represents the ratio of total debt less cash and cash equivalents to Adjusted EBITDAX.

(5) Total Net Leverage Ratio is the ratio of our total debt less cash and cash equivalents to Adjusted EBITDAX. For the six months ended June 30, 2022 and for the pro forma six months ended June 30, 2022, Adjusted EBITDAX has been annualized to $534.2 million and $792.0 million, respectively.

* Revenues with respect to the 2022 Barnett Assets (as defined herein) for the six months ended June 30, 2022 and the year ended December 31, 2021 are reported only on a consolidated basis. Accordingly, the unaudited pro forma combined consolidated natural gas, NGL and oil sales revenues are presented only in the aggregate. See "*Unaudited Pro Forma Combined Consolidated Financial Statements*."

** The Exxon Barnett Acquisition was consummated on June 30, 2022, and, therefore, the 2022 Barnett Assets and related financing are included in the historical balance sheet of the Company as of June 30, 2022, and no pro forma balance sheet is presented. See "*Unaudited Pro Forma Combined Consolidated Financial Statements*."

Non-GAAP Financial Measures

Adjusted EBITDAX

We define Adjusted EBITDAX as net income (loss) before (1) non-cash derivative gain (loss), (2) accretion of asset retirement obligation, (3) accretion of right of use liability, (4) depreciation, depletion, and amortization, (5) exploration and impairment expense, (6) (loss) gain on contingent consideration liabilities, (7) interest expense, (8) income tax benefit (expense), (9) equity-based compensation expense, (10) bargain purchase gains and (11) income from equity affiliates.

Adjusted EBITDAX is a supplemental non-GAAP financial measure that is used by our management and external users of our consolidated financial statements, such as industry analysts, investors, lenders, rating agencies and others to more effectively evaluate our operating performance and results of operation from period to period and against our peers, without regard to our financing methods, corporate form or capital structure. We exclude the items listed above from net income (loss) in arriving at Adjusted EBITDAX because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDAX should not be considered as an alternative to, or more meaningful than, net income (loss) determined in accordance with GAAP. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax burden, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDAX. Our presentation of Adjusted EBITDAX should not be construed as an inference that our results will be unaffected by unusual or non-recurring items. Other companies, including other companies in our industry, may not use Adjusted EBITDAX or may calculate this measure differently than as presented in this prospectus, limiting its usefulness as a comparative measure.

The table below presents a reconciliation of Adjusted EBITDAX to net income, our most directly comparable GAAP financial measure for the periods indicated.

	Six Months Ended June 30,		Year Ended December 31,		Pro Forma Six Months Ended June 30,	Pro Forma Year Ended December 31,
	2022	2021	2021	2020	2022	2021
	(in thousands)					
Net income (loss)	$ 80,299	$ (129,454)	$ (134,463)	$ (43,346)	$ 142,363	$ (114,228)
Unrealized derivative loss (gain)	200,136	156,218	115,161	(10,329)	200,136	115,161
Commodity derivative payable/receivable	44,543	18,034	38,130	(5,489)	44,543	38,130
Accretion of asset retirement obligation	5,320	4,904	10,030	3,211	7,093	13,616
Accretion of right of use liabilities	353	172	330	336	353	330
Depreciation, depletion, and amortization	42,174	43,856	88,473	86,644	66,816	148,205
Exploration and impairment expense	—	34	34	560	—	34
Change in contingent consideration liabilities	31,915	115,345	194,968	(7,135)	31,915	194,968
Interest expense	6,698	314	2,134	1,713	28,589	51,018
Income tax (benefit) expense	(24,903)	(38,648)	(40,526)	38,982	(6,365)	(34,482)
Equity-based compensation expense	20,254	10,854	30,387	—	20,254	30,387
Bargain purchase gain	(163,653)	—	—	—	(163,653)	—
Loss (income) from equity affiliates	23,958	—	(910)	—	23,958	(910)
Adjusted EBITDAX	$ 267,094	$ 181,629	$ 303,748	$ 65,147	$ 396,002	$ 442,229

Adjusted Free Cash Flow

We define Adjusted Free Cash Flow as net cash provided by (used in) operating activities excluding changes in operating assets and liabilities, less total cash paid for capital expenditures and settlement of contingent consideration (excluding leasehold costs and acquisitions).

Adjusted Free Cash Flow is not a measure of net cash flow provided by or used in operating activities as determined by GAAP. Adjusted Free Cash Flow is a supplemental non-GAAP financial measure that is used by our management and other external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others to assess our ability to internally fund our capital program, service or incur additional debt and to pay dividends. We believe Adjusted Free Cash Flow is a useful liquidity measure because it allows us and others to compare cash flow provided by operating activities across periods and to assess our ability to internally fund our capital program (including acquisitions), to reduce leverage, fund acquisitions and pay dividends to our stockholders. Adjusted Free Cash Flow should not be considered as an alternative to, or more meaningful than, net income (loss) or net cash provided by (used in) operating activities determined in accordance with GAAP. Other companies, including other companies in our industry, may not use Adjusted Free Cash Flow or may calculate this measure differently than as presented in this prospectus, limiting its usefulness as a comparative measure.

The table below presents our reconciliation of Adjusted Free Cash Flow to net cash provided by (used in) operating activities, our most directly comparable GAAP financial measure for the periods indicated.

	Six Months Ended June 30,		Year Ended December 31,	
	2022	2021	2021	2020
	(in thousands)			
Net cash provided by (used in) operating activities	$160,758	$217,686	$ 358,133	$ (7,405)
Changes in operating assets and liabilities	2,414	(85,176)	(126,862)	59,726
Cash paid for capital expenditures and settlement of contingent consideration (excluding leasehold costs and acquisitions)	(31,978)	(9,787)	(66,181)	(10,527)
Adjusted Free Cash Flow	$131,195	$122,723	$ 165,090	$ 41,794

Summary Reserve, Production and Operating Data

Ryder Scott, our independent petroleum engineers, prepared estimates of our natural gas, NGL and oil proved reserves as of December 31, 2021 and 2020, and as of June 30, 2022, including the assets we acquired in the Exxon Barnett Acquisition. These reserve estimates were prepared in accordance with the rules and regulations of the SEC regarding oil and natural gas reserve reporting using an average price equal to the unweighted arithmetic average of hydrocarbon prices on the first day of each month within the 12-month period as adjusted for location and quality differentials, unless prices are defined by contractual arrangements, excluding escalations based on future conditions (“SEC Pricing”) (except for the table which provides our estimated reserves as of June 30, 2022 at Ryder Scott Pricing). These reserve estimates do not include any value for probable or possible reserves that may exist. For more information about our proved reserves, see “*Business — Preparation of Reserves Estimates and Internal Controls*” and Ryder Scott’s summary reserve reports, which are filed as exhibits to the registration statement of which this prospectus forms a part.

The following table provides our total estimated proved reserve information prepared by Ryder Scott as of June 30, 2022 and December 31, 2021 and 2020 and PV-10 Value and the standardized measure of discounted future net cash flows (the “Standardized Measure”) for each period. The increase in our proved reserves and the PV-10 Value of those reserves as of June 30, 2022 as compared to December 31, 2021 is primarily due to the Exxon Barnett Acquisition, our refrac and restimulation program and the increase in natural gas prices used in preparing the December 31, 2021 reserve information. There are numerous uncertainties inherent in estimating quantities of proved natural gas, NGL and oil reserves and their values, including many factors beyond our control. See “*Risk Factors — Risks Related to Our Upstream Business and Industry — Our estimated proved natural gas, NGL and oil reserve quantities and future production rates are* *based on many assumptions that may prove to be inaccurate. Any material inaccuracies in the reserve estimates or the underlying assumptions will materially affect the quantities and present value of our reserves.*"

Estimated Proved Reserves at SEC Pricing (1)

	June 30, 2022	December 31, 2021	December 31, 2020
Estimated proved developed reserves:			
Natural gas (MMcf)	3,806,470	2,494,926	1,893,161
Natural gas liquids (MBbls)	174,393	151,433	107,234
Oil (MBbls)	1,030	867	723
Total estimated proved developed reserves (MMcfe)	4,859,006	3,408,723	2,540,901
PV-10 (millions)(2)	$ 6,136	$ 2,672	$ 552
Estimated proved undeveloped reserves:			
Natural gas (MMcf)	1,166,005	950,359	92,373
Natural gas liquids (MBbls)	45,871	13,722	—
Oil (MBbls)	728	58	—
Total estimated proved undeveloped reserves (MMcfe)	1,445,595	1,033,040	92,373
PV-10 (millions)(2)	$ 1,451	$ 403	$ 9
Estimated proved reserves:			
Natural gas (MMcf)	4,972,474	3,445,285	1,985,534
Natural gas liquids (MBbls)	220,264	165,155	107,234
Oil (MBbls)	1,757	925	723
Total estimated proved reserves (MMcfe)	6,304,600	4,441,763	2,633,274
Standardized Measure (millions)	$ 5,959	$ 2,413	$ 510
PV-10 (millions)(2)	$ 7,587	$ 3,074	$ 561

(1) Prices for natural gas, oil and NGLs, respectively, used in preparing our estimated proved reserves and the associated PV-10 Value based on SEC Pricing (i) at June 30, 2022 were $5.134 per MMbtu (Henry Hub), $85.78 per Bbl (WTI Cushing) and pricing equal to 40% of WTI Cushing, (ii) at December 31, 2021 were $3.598 per MMbtu (Henry Hub), $66.56 per Bbl (WTI Cushing) and pricing equal to 39.5% of WTI Cushing and (iii) at December 31, 2020 were $1.985 per MMbtu (Henry Hub), $39.57 per Bbl (WTI Cushing) and pricing equal to 47% of WTI Cushing.

(2) PV-10 refers to the estimated future gross revenue to be generated from the production of proved reserves, net of estimated production and future development costs, using prices and costs in effect at the determination date, without giving effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expense or to depreciation, depletion and amortization, discounted using an annual discount rate of 10%. PV-10 is not a financial measure calculated in accordance with GAAP because it does not include the effects of income taxes on future net revenues. PV-10 is derived from the Standardized Measure, which is the most directly comparable GAAP financial measure. Neither PV-10 nor Standardized Measure represent an estimate of the fair market value of our oil and natural gas properties. We believe that the presentation of PV-10 is relevant and useful to investors because it presents the discounted future net cash flows attributable to our estimated net proved reserves prior to taking into account future corporate income taxes, and it is a useful measure for evaluating the relative monetary significance of our oil and gas properties. It is not intended to represent the current market value of our estimated reserves. PV-10 should not be considered in isolation or as a substitute for the Standardized Measure reported in accordance with GAAP, but rather should be considered in addition to the Standardized Measure.

The following table provides a reconciliation of the Standardized Measure to PV-10 as of June 30, 2022 and December 31, 2021 and 2020:

	June 30, 2022	December 31, 2021	December 31, 2020
PV-10 (millions)	$ 7,587	$3,074	$561
Present value of future income taxes discounted at 10%	1,628	661	51
Standardized Measure	$ 5,959	$2,413	$510

Estimated Proved Reserves at Ryder Scott Pricing

The following table provides our total estimated proved reserves as of June 30, 2022, using Ryder Scott Pricing, which is described in more detail below. We have included this information in order to provide a measure that is more reflective of the fair value of our assets and the cash flows that we expect to generate from those assets. The historical 12-month pricing average in our June 30, 2022 disclosures above does not reflect the prevailing gas futures. We believe that the forward-looking nature of Ryder Scott Pricing provides investors with a more meaningful measure of value and enhances their ability to make decisions regarding their investment in us. In addition, we believe forward-looking pricing provides relevant and useful information because it is widely used by investors in our industry as a basis for comparing the relative size and value of our proved reserves to our peers and in particular addresses the impact of differentials compared with our peers. Our estimated net proved reserves based on Ryder Scott Pricing futures were otherwise prepared on the same basis as our SEC reserves for the comparable period. Actual future prices may vary significantly from the Ryder Scott Pricing on June 30, 2022. Actual revenue and value generated may be more or less than the amounts disclosed. "*Risk Factors*" contains more information regarding the uncertainty associated with price and reserve estimates.

	June 30, 2022
Estimated proved developed reserves at Ryder Scott Pricing:	
Natural gas (MMcf)	3,637,676
Natural gas liquids (MBbls)	166,643
Oil (MBbls)	987
Total estimated proved developed reserves (MMcfe)	4,643,451
PV-10 (in millions)[(1)]	$ 5,080
Estimated proved undeveloped reserves at Ryder Scott Pricing:	
Natural gas (MMcf)	1,165,202
Natural gas liquids (MBbls)	45,870
Oil (MBbls)	727
Total estimated proved undeveloped reserves (MMcfe)	1,444,787
PV-10 (in millions)[(1)]	$ 990
Estimated proved reserves at Ryder Scott Pricing:	
Natural gas (MMcf)	4,802,878
Natural gas liquids (MBbls)	212,513
Oil (MBbls)	1,714
Total estimated proved reserves (MMcfe)	6,088,238
Standardized Measure (millions)	$ 4,781
PV-10 (in millions)[(1)]	$ 6,071

(1) The following table provides a reconciliation of the Standardized Measure to PV-10 (applying Ryder Scott Pricing) as of June 30, 2022 and December 31, 2021 and 2020:

	June 30, 2022	December 31, 2021	December 31, 2020
PV-10 (millions)	$ 6,071	$2,610	$2,080
Present value of future income taxes discounted at 10%	1,290	661	51
Standardized Measure	$ 4,781	$1,949	$2,029

Ryder Scott Pricing reflects Ryder Scott's future hydrocarbon price parameters, set forth in the table below, based on its survey of future hydrocarbon price parameters used by financial institutions and others in the oil and gas industry, as well as NYMEX futures prices.

Year	WTI Cushing Oil (per Bbl)	Henry Hub Natural Gas (per MMbtu)
2022 (July 1 through December 31)	$ 102.00	$ 6.25
2023	89.00	5.00
2024	80.50	4.35
2025	75.00	4.20
2026	76.50	4.28
2027	78.03	4.37
2028	79.59	4.46
2029	81.18	4.55
2030	82.81	4.64
2031	84.46	4.73
2032	86.15	4.82
2033	87.87	4.92
2034	89.63	5.02
2035	91.42	5.12
2036	93.25	5.22
2037	95.12	5.33
2038	97.02	5.43
2039	98.96	5.54
2040	100.94	5.65
2041	102.96	5.77
2042	105.02	5.88
2043	107.12	6.00
2044	109.26	6.12
2045	111.45	6.24
2046+	113.67	6.37

RISK FACTORS

Investing in our common stock involves risks. The information in this prospectus should be considered carefully, including the matters addressed under "Cautionary Statement Regarding Forward-Looking Statements" and the following risks, before making an investment decision. The risks and uncertainties described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also materially affect our business. The occurrence of any of the following risks or additional risks and uncertainties that are currently immaterial or unknown could materially and adversely affect our business, financial condition, liquidity, results of operations, cash flows, prospects or ability to pay dividends to holders of our common stock. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment.

Risks Related to Our Upstream Business and Industry

The volatility of natural gas and NGL prices due to factors beyond our control may materially and adversely affect our business, financial condition or results of operations and our ability to make required capital expenditures, meet our debt service obligations and other financial commitments and pay dividends on our common stock.

Our revenues, operating results, cash available to pay dividends and the carrying value of our natural gas properties, as well as our ability to make required capital expenditures (including the $250 million we expect to spend over the next three years in connection with our CCUS project development partnership with Verde CO2), meet our debt service obligations and other financial commitments and pay dividends on our common stock, depend significantly upon the prevailing market prices for natural gas and NGLs. Prices for natural gas and NGLs are subject to wide fluctuations in response to relatively minor changes in supply and demand, market uncertainty and a variety of additional factors beyond our control. These factors include, but are not limited to:

- worldwide and regional economic conditions impacting the global supply of, and demand for, natural gas and NGLs, including inflation;
- the price and quantity of foreign imports of natural gas and NGLs;
- political conditions in or affecting other producing countries, including the armed conflict between Russia and Ukraine and associated economic sanctions on Russia and conditions in China, the Middle East, Africa and South America;
- the level of global drilling, exploration and production;
- the level of global inventories;
- prevailing market prices on local price indexes in the areas in which we operate and expectations about future commodity prices;
- the impact on worldwide economic activity of an epidemic, outbreak or other public health events, such as the COVID-19 pandemic or threat of such epidemic or outbreak, or any government response to such occurrence or threat;
- increased associated natural gas and NGL production resulting from higher oil prices and the related increase in oil production;
- the proximity of our natural gas and NGL production to, and capacity and cost of, natural gas and NGL pipelines and other transportation and storage facilities, and other factors that result in differentials to benchmark prices;
- local and global supply and demand fundamentals and transportation availability;
- weather conditions and other natural disasters;
- domestic and foreign governmental regulations, including environmental initiatives and taxation;
- overall domestic and global economic conditions;
- the value of the dollar relative to the currencies of other countries;

- stockholder activism or activities by non-governmental organizations to restrict the exploration, development and production of natural gas, NGLs and oil to minimize emissions of carbon dioxide, a GHG;
- the actions of OPEC;
- speculative trading in natural gas and NGL derivative contracts;
- technological advances affecting energy consumption and energy supply;
- the price, availability and acceptance of alternative energy sources; and
- the impact of energy conservation efforts.

These factors and the volatility of the energy markets make it extremely difficult to predict future natural gas price movements accurately. Changes in natural gas and NGL prices have a significant impact on the amount of natural gas and NGLs that we can produce economically, the value of our reserves, our cash flows and our ability to satisfy obligations under our firm transportation and storage agreements. Historically, natural gas and NGL prices and markets have been volatile, and those prices and markets are likely to continue to be volatile in the future. For example, during the six months ended June 30, 2022, the Henry Hub natural gas spot price reached a high of $9.44 per MMBtu in May 2022 and a low of $3.73 in January 2022, and during the year ended December 31, 2021, the Henry Hub natural gas spot price reached a high of $23.86 per MMBtu in February 2021 and a low of $2.43 per MMBtu in April 2021, in each case, according to the EIA.

A substantial percentage of our natural gas and NGL production is gathered, processed and transported by a single third party and all of our natural gas production is marketed by a single third party.

Approximately 99% of our natural gas and NGL production in the Barnett, which comprised approximately 79%, 77% and 44% of our total natural gas and NGL production for the six months ended June 30, 2022 and the years ended December 31, 2021 and 2020, respectively, was gathered, processed and transported by EnLink using its gas gathering systems, gas transportation system and gas processing facilities. Any termination or sustained disruption in the gathering, processing and transportation of our natural gas and NGL production by EnLink on its systems and in its facilities would materially and adversely affect our financial condition and results of operations and may limit our ability to pay dividends on our common stock.

We utilize an unaffiliated third party to market all of our natural gas production to various purchasers, which consist of credit-worthy counterparties, including utilities, LNG producers, industrial consumers, major corporations and super majors, in our industry. We rely on the credit worthiness of such third-party marketer, who collects directly from the purchasers and remits to us the total of all amounts collected on our behalf less their fee for making such sales. Our business, financial condition, results of operations and ability to pay dividends on our common stock would be materially adversely affected if such third party fails to remit to us amounts collected by it on our behalf for such sales or if, in the future, it becomes necessary or advisable for us to replace our third-party marketer and we experience disruption in the marketing and sale of our natural gas production for so long as we are unable to find a replacement marketer.

Our estimated proved natural gas, NGL and oil reserve quantities and future production rates are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in the reserve estimates or the underlying assumptions will materially affect the quantities and present value of our reserves.

Numerous uncertainties are inherent in estimating quantities of natural gas, NGL and oil reserves. The process of estimating natural gas, NGL and oil reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each reservoir, including assumptions regarding future natural gas, NGL and oil prices, subsurface characterization, production levels and operating and development costs. For example, our estimates of our proved reserves are based on the unweighted first-day-of-the-month arithmetic average commodity prices over the prior 12 months in accordance with SEC guidelines. Future prices received for production and costs may vary, perhaps significantly, from the prices and costs assumed for purposes of those estimates. Sustained lower natural gas, NGL and oil prices will cause the 12-month unweighted arithmetic average of the first-of-the-day price for each of the 12 months preceding to decrease over time as the lower natural gas, NGL and oil prices are reflected in the average price, which may result in the estimated quantities and present values of our reserves being reduced. To the extent that natural gas, NGL and oil prices become depressed or decline materially from current levels, such conditions could render uneconomic a portion of our proved natural gas, NGL and oil reserves, and we may be required to write down our proved reserves.

Furthermore, SEC rules require that, subject to limited exceptions, PUD reserves may only be recorded if they relate to wells scheduled to be drilled within five years after the date of booking. This rule may limit our potential to record additional PUD reserves as we pursue our drilling program. To the extent that natural gas, NGL and oil prices become depressed or decline materially from current levels, such condition could render uneconomic a number of our identified drilling locations, and we may be required to write down our PUD reserves if we do not drill those wells within the required five-year time frame or choose not to develop those wells at all.

As a result, estimated quantities of proved natural gas, NGL and oil reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Over time, we may make material changes to our reserve estimates. Any significant variance in our assumptions and actual results could greatly affect our estimates of reserves, the economically recoverable quantities of natural gas, NGL and oil attributable to any particular group of properties, the classifications of reserves based on risk of non-recovery and estimates of future net cash flows.

The present value of future net revenues from our proved natural gas, NGL and oil reserves, or PV-10, will not necessarily be the same as the current market value of our estimated proved natural gas, NGL and oil reserves.

You should not assume that the present value of future net revenues from our proved reserves is the current market value of our estimated natural gas, NGL and oil reserves. We currently base the estimated discounted future net revenues from our proved reserves on the 12-month unweighted arithmetic average of the first-day-of-the-month price for the preceding 12 months. Actual future net revenues from our natural gas, NGL and oil reserves will be affected by factors such as:

- actual prices we receive for natural gas, NGL and oil;
- actual cost of development and production expenditures;
- the amount and timing of actual production;
- transportation and processing; and
- changes in governmental regulations or taxation.

The timing of both our production and our incurrence of expenses in connection with the development and production of our natural gas, NGL and oil properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual present value. In addition, the 10% discount factor we use when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the natural gas, NGL and oil industry in general. Actual future prices and costs may differ materially from those used in the present value estimate.

The development of our estimated proved undeveloped reserves may take longer and may require higher levels of capital expenditures than we currently anticipate.

Recovery of PUD reserves requires significant capital expenditures and successful drilling operations. As of June 30, 2022, approximately 1,950 Bcfe, or 31%, of our total estimated proved reserves were undeveloped or behind pipe. The reserve data included in our reserve report assumes that substantial capital expenditures will be made to develop non-producing reserves. We cannot be sure that the estimated costs attributable to our natural gas, NGL and oil reserves are accurate. We may need to raise additional capital to develop our estimated PUD reserves over the next five years and we cannot be certain that additional financing will be available to us on acceptable terms, or at all. Additionally, sustained or further declines in commodity prices will reduce the future net revenues of our estimated PUD reserves and may result in some projects becoming uneconomical. Further, our drilling efforts may be delayed or unsuccessful and actual reserves may prove to be less than current reserve estimates, which could have a material adverse effect on our financial condition, future cash flows, results of operations and ability to pay dividends on our common stock.

As part of our exploration and development operations, we have expanded, and expect to further expand, the application of horizontal drilling and multi-stage hydraulic fracture stimulation techniques. The utilization of these techniques requires substantially greater capital expenditures as compared to the completion cost of a vertical well and therefore may result in fewer wells being completed in any given year. The incremental required capital expenditures are the result of greater measured depths and additional hydraulic fracture stages in horizontal wellbores.

Unless we replace our reserves with new reserves and develop those reserves, our reserves and production will decline, which would adversely affect our future cash flows, results of operations and ability to pay dividends on our common stock.

In general, the volume of production from natural gas, NGL and oil properties declines as reserves are depleted, with the rate of decline depending on each reservoir's characteristics. Except to the extent that we conduct successful exploration, exploitation and development activities or acquire properties containing proved reserves, or both, our proved reserves will decline as reserves are produced. Our future natural gas and NGL production is, therefore, highly dependent on our level of success in finding or acquiring additional reserves as well as the pace of drilling and completion of new wells. Additionally, the business of exploring for, exploiting, developing or acquiring reserves is capital intensive. Recovery of our reserves, particularly undeveloped reserves, will require significant additional capital expenditures and successful drilling operations. To the extent cash flow from operations is reduced and external sources of capital become limited or unavailable, our ability to make the necessary capital investment to maintain or expand our asset base of natural gas and NGL reserves would be impaired.

If natural gas and NGL prices become depressed for extended periods of time or decline materially from current levels, we may be required to record write-downs of the carrying value of our proved natural gas and NGL properties.

We follow the successful efforts method of accounting for natural gas producing activities. Impairment is indicated when a triggering event occurs and the sum of the estimated undiscounted future net cash flows of an evaluated asset is less than the asset's carrying value. If undiscounted future cash flows are insufficient to recover the net capitalized costs related to proved properties, then we recognize an impairment charge in our results of operations equal to the difference between the net capitalized costs related to proved properties and their estimated fair values based on the present value of the related future net cash flows. Triggering events could include, but are not limited to, an impairment of natural gas and NGL reserves caused by mechanical problems, faster-than-expected decline of reserves, lease-ownership issues, declines in commodity prices and changes in the utilization of midstream gathering and processing assets. If impairment is indicated, fair value is calculated using a discounted-cash flow approach and any excess of carrying value is expensed. Undeveloped natural gas and NGL properties are evaluated for impairment on a regular basis, based on the results of the exploratory activity and management's evaluation. If the assessment indicates an impairment, an impairment loss is recognized. Future price decreases could result in reductions in the carrying value of our assets and an equivalent charge to earnings.

We periodically evaluate our unproved natural gas, NGL and oil properties to determine recoverability of our costs and could be required to recognize non-cash charges in the earnings of future periods.

As of June 30, 2022, we carried unproved natural gas, NGL and oil property costs of $16.8 million. GAAP requires periodic evaluation of unproved natural gas, NGL and oil property costs on a project-by-project basis. These evaluations are affected by the results of exploration activities, commodity price outlooks, planned future sales or expirations of all or a portion of these leases and the contracts and permits relevant to such projects. If the quantity of potential reserves determined by such evaluations is not sufficient to fully recover the costs invested in each project, we will recognize non-cash charges in future periods.

Properties that we have acquired or which we may acquire in the future may not produce as projected, and we may be unable to determine reserve potential, identify liabilities associated with such properties or obtain protection from sellers against such liabilities.

Acquiring natural gas and NGL properties requires us to assess reservoir and infrastructure characteristics, including recoverable reserves, development and operating costs and potential liabilities, including environmental liabilities. Such assessments are inherently inexact and uncertain. For these reasons, the properties we have acquired or will acquire in the future may not produce as projected. Further, the annual decline rates of reserves are estimated decline rates, which could ultimately be materially different than actual annual decline rates. We often are not entitled to contractual indemnification for environmental liabilities and acquire properties on an “as is” basis. We perform a review of the subject properties, but such a review will not reveal all existing or potential problems. In the course of our due diligence, we may not review every well, pipeline or associated facility. We cannot necessarily observe structural and environmental problems, such as pipe corrosion or groundwater contamination, when a review is performed. We may be unable to obtain contractual indemnities from the seller for liabilities created prior to our purchase of the property. We may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with our expectations.

Our failure to correctly assess reservoir and infrastructure characteristics of the natural gas and NGL properties that we acquire or have acquired, or to identify material defects or liabilities associated with such properties, or actual decline rates that differ materially from estimated decline rates, could have a material adverse effect on our financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Market conditions or operational impediments may hinder our access to natural gas and NGL markets or delay or curtail our natural gas and NGL production.

Market conditions or the unavailability of natural gas and NGL processing, transportation or storage arrangements may hinder our access to natural gas and NGL markets or delay or curtail our production. The availability of a ready market for our natural gas and NGL production depends on a number of factors, including the demand for and supply of natural gas and NGLs, the proximity of our natural gas and NGL production to and capacity of pipelines and storage facilities, gathering systems and other transportation, processing, fractionation, refining and export facilities, competition for such facilities and the inability of such facilities to gather, transport, store or process our natural gas and NGL production due to shutdowns or curtailments arising from mechanical, operational or weather related matters, including hurricanes and other severe weather conditions, or pandemics such as the COVID-19 pandemic or regulatory action related thereto.

Our firm transportation and storage agreements require us to pay demand charges for firm transportation and storage capacities that we do not utilize. If we fail to utilize our firm transportation and storage capacities due to production shortfalls or otherwise, then our margins, results of operations and financial performance could be adversely affected.

We enter into long-term firm transportation agreements, which as of June 30, 2022, provided us with a network of approximately 867,500 MMBtu/d of combined firm transportation capacity to East Coast, Gulf Coast, and Southeast markets as it relates to our upstream business units. Additionally, BKV-BPP Power has long-term firm transportation and storage agreements, which, as of June 30, 2022, provided BKV-BPP Power with 75,000 MMBtu/d of firm transportation and 2,812,500 MMBtu of firm storage with Energy Transfer. We are obligated under these arrangements to pay a demand charge for firm transportation and storage capacity rights on a majority these pipeline and storage systems regardless of the amount of pipeline or storage capacity we utilize, subject to our right to release all or a portion of our firm transportation or storage capacities to other shippers and reduce our exposure to demand charges. See “*Business — Marketing and Differentials*.”

If our anticipated production does not exceed the minimum quantities provided in the agreements, and we are unable to purchase natural gas and NGLs from third parties or release our capacity to other shippers, then our margins, results of operations and financial performance could be adversely affected.

Drilling for natural gas wells is a high-risk activity with many uncertainties that could adversely affect our business, financial condition or results of operations.

Drilling natural gas wells, including development wells, involves numerous risks, including the risk that we may not encounter commercially productive natural gas and NGL reserves (including “dry holes”). We must incur significant expenditures to drill and complete wells, the costs of which are often uncertain. It is possible that we will make substantial expenditures on drilling and not discover reserves in commercially viable quantities.

Specifically, we often are uncertain as to the future cost or timing of drilling, completing and operating wells, and our drilling operations and those of our third-party operators may be curtailed, delayed or canceled. The cost of our drilling, completing and well operations may increase and our results of operations and cash flows from such operations may be impacted, as a result of a variety of factors, including:

- unexpected drilling conditions;
- title problems;
- pressure or irregularities in formations;
- equipment failures or accidents;
- adverse weather conditions, such as winter storms, flooding and hurricanes, and changes in weather patterns;
- compliance with, or changes in, environmental laws and regulations relating to air emissions, hydraulic fracturing and disposal of produced water, drilling fluids and other wastes, laws and regulations imposing conditions and restrictions on drilling and completion operations and other laws and regulations, such as tax laws and regulations;
- the availability and timely issuance of required governmental permits and licenses; and
- the availability of, costs associated with, and terms of contractual arrangements for, properties, including mineral licenses and leases, pipelines, facilities and equipment to gather, process, compress, store, transport and market natural gas and NGLs and related commodities.

For instance, in our drilling operations across NEPA and the Barnett from time to time we experience certain issues and the occurrence of risks, including, for example, mechanical and instrument or tool failures, drilling difficulties associated with drilling in swelling clay or shales and unconsolidated formation, particularly in certain parts of our Barnett development acreage, wellbore instability and other geological hazards, loss of well control, loss of drilling fluids, inability to establish fluid circulation, loss of drill pipe, loss of casing integrity, stuck tools and drill pipes, insufficient cementing of casing, among other typical shale drilling challenges.

Our failure to recover our investment in wells, increases in the costs of our drilling operations or those of our third-party operators, and/or curtailments, delays or cancellations of our drilling operations or those of our third-party operators in each case due to any of the above factors or other factors, may materially and adversely affect our business, financial condition and results of operations.

Drilling, completions, workover and hydraulic fracturing operations are operationally complex activities which present certain risks that could adversely affect our business, financial condition or results of operations.

In our drilling operations, from time to time we experience certain issues and encounter risks, including, for example, mechanical and instrument or tool failures; drilling difficulties associated with drilling in swelling clay or shales and unconsolidated formation, particularly in select parts of our Barnett development acreage; wellbore instability and other geological hazards; loss of well control and associated hydrocarbon release and/or natural gas clouds; loss of drilling fluids circulation; surface spills of various drilling or well fluids; subsurface collision with existing wells; proximity of adjacent water wells or aquifers; inability to establish drilling fluid circulation; loss or compromise of drill pipe or casing integrity; surface pumping operations and associated pressure and hydrocarbon hazards; stuck and lost-in-hole tools, drill pipe or casing; large drilling equipment and machinery including electrical hazards; insufficient cementing of casing causing unwanted casing pressure or fluid migration; surface overpressure events from large machinery (horsepower), equipment or well pressure; fines and violations related to relevant laws and regulations; fires and explosions; personnel safety hazards such as working at heights, driving or equipment operation, energy isolation, excavation and trenching and more; structural damage and collapse to large equipment and machinery; major damage or malfunction to key equipment or processes; in certain instances, close proximity of operations to residences and/or communities; among other typical shale basin drilling challenges and risks.

In our hydraulic fracturing, workover and completions activities, from time to time we experience certain issues and encounter risks, including, for example, mechanical and instrument or tool failures; loss of well control and associated hydrocarbon release and/or natural gas clouds; well kick or flowback during completion or fracturing operations; lost or stuck in hole wireline, coiled tubing or workover strings and tools; loss or compromise of workover string, tubing or casing integrity; large completions, wireline, coiled tubing and workover rig equipment and machinery including electrical hazards; insufficient cementing of casing causing unwanted casing pressure or fluid migration while fracturing or thereafter; proximity of adjacent water wells or aquifers and adjacent producing wells; surface spills of various fracturing, freshwater or well fluids or chemicals; surface pumping and flowback operations and associated pressure and hydrocarbon hazards; surface overpressure events from large machinery (horsepower), equipment or well pressure; fines and violations related to relevant laws and regulations; fires and explosions; personnel safety hazards such as working at heights, driving or equipment operation, energy isolation, excavation and trenching and more; structural damage and collapse to large equipment and machinery; major damage or malfunction to key equipment or processes; in certain instances, close proximity of operations to residences and/or communities; among other typical fracturing, workover and completion challenges and risks.

We may incur losses as a result of title defects in the properties in which we invest.

It is our practice in acquiring oil and natural gas leases or interests not to incur the expense of retaining lawyers to examine the title to the mineral interest at the time of acquisition. Rather, we rely upon the judgment of lease brokers or landmen who perform the fieldwork in examining records in the appropriate governmental office before attempting to acquire a lease or other interest in a specific mineral interest. The existence of a material title deficiency can render a lease or other interest worthless and can adversely affect our results of operations and financial condition. The failure of title on a lease, in a unit or any other mineral interest may not be discovered until after a well is drilled, in which case we may lose the lease and the right to produce all or a portion of the minerals under the property.

Our identified drilling locations are scheduled to be drilled over many years, making them susceptible to uncertainties that could materially alter the occurrence or timing of their drilling. In addition, we may not be able to raise the substantial amount of capital that would be necessary to drill such locations.

Our management team has identified drilling locations as an estimation of our future development activities on our existing acreage. These identified drilling locations represent a significant part of our growth strategy. Our ability to drill and develop these identified drilling locations depends on a number of factors, including commodity prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, drilling conditions, drilling results, lease expirations, gathering system, marketing and transportation constraints, regulatory approvals, urban growth and other factors. If commodity prices become depressed or decline materially from current levels, the number of locations would decrease as increasing numbers of locations would become uneconomic, and any such decrease may be significant. Even to the extent any locations remain capable of economic production, we may determine not to drill such locations until commodity prices recover. Because of these uncertain factors, we do not know if the identified drilling locations will ever be drilled or if we will be able to produce natural gas and NGLs from these drilling locations. In addition, unless production is established within the spacing units covering the undeveloped acres on which some of the identified locations are located, the leases for such acreage will expire. Therefore, our actual drilling activities may materially differ from those presently identified.

Part of our strategy involves drilling using the latest available horizontal drilling and completion techniques, which involves risks and uncertainties in their application.

To the extent we target emerging areas, the results of our horizontal drilling efforts in such areas will generally be more uncertain than drilling results in areas that are more developed and have more established production from horizontal formations. Because emerging areas and associated target formations have limited or no production history, we are less able to rely on past drilling results in those areas as a basis to predict our future drilling results. In addition, horizontal wells drilled in shale formations, as distinguished from vertical wells, utilize multilateral wells and stacked laterals, all of which may be subject to well spacing, density and proration requirements, which requirements could adversely impact our ability to maximize the efficiency of our horizontal wells related to reservoir drainage over time. Further, access to adequate gathering systems or pipeline takeaway capacity and the availability of drilling rigs and other services may be more challenging in new or emerging areas. If our drilling results are less than anticipated or we are unable to execute our drilling program because of capital constraints, access to gathering systems, takeaway capacity constraints or otherwise, availability of drilling surface acreage, or commodity prices decline, our investment in these areas may not be as economic as we anticipate, we could incur material write-downs of unevaluated properties and the value of our undeveloped acreage could decline in the future.

Our operations are substantially dependent on the availability of water. Restrictions on our ability to obtain water may have an adverse effect on our financial condition, results of operations and cash flows.

Water is an essential component of both the drilling and hydraulic fracturing processes. Historically, we have been able to purchase water from local landowners and other sources for use in our operations. Some areas in which we have operations have experienced drought conditions that could result in restrictions on water availability or use. Such drought conditions and water stress may become more frequent or intense as a result of climate change. If we are unable to obtain water to use in our operations from local sources or are unable to transport and store such water, we may be unable to economically produce natural gas and NGLs in the affected areas, which could have an adverse effect on our financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

The unavailability or high cost of equipment, supplies, personnel and oilfield services could adversely affect our ability to execute our development and exploitation plans on a timely basis and within budget, and consequently could adversely affect our anticipated cash flow.

We utilize third-party services to maximize the efficiency of our operations. The cost of oilfield services typically fluctuates based on demand for those services. While we currently have excellent relationships with oilfield service companies, there is no assurance that we will be able to contract for such services on a timely basis or that the cost of such services will remain at a satisfactory or affordable level. Shortages, quality or the high cost of equipment, supplies or personnel could delay or adversely affect our development and exploitation operations, which could have a material adverse effect on our business, financial condition or results of operations.

We have limited control over activities on properties we do not operate, which could reduce our production and revenues.

As of June 30, 2022, we operated approximately 93% of our net (70% of our gross) acreage. With respect to our natural gas midstream business, we do not operate the NEPA midstream entities, and in the Barnett, as of June 30, 2022, approximately 25% of our gross operated production volumes were gathered and processed by our owned and operated system. We have limited control over properties and midstream facilities which we do not operate or do not otherwise control operations. If we do not operate or otherwise control the properties and midstream facilities in which we own an interest, we do not have control over normal operating procedures, expenditures or future development of the underlying properties. The failure of an operator of wells in which we own a non-operating interest or an operator of midstream facilities in which we have an interest to adequately perform operations, an operator's financial difficulties, including as a result of price volatility or an operator's breach of the applicable agreements, could reduce our production and revenues. The success and timing of the drilling and development activities on properties operated by others, as well as the midstream activities with respect to our assets, therefore, depends upon a number of factors outside of our control, including the operator's timing and amount of capital expenditures, expertise and financial resources, inclusion of other participants in drilling wells and use of technology.

Risks Related to Our Power Generation Business

We operate our power generation business through a joint venture which we do not control.

We and BPPUS each have a 50% interest in the BKV-BPP Power Joint Venture. For the six months ended June 30, 2022 and the year ended December 31, 2021, our interest in the BKV-BPP Power Joint Venture represented approximately (11.1)% and approximately 0.2% of our revenues, respectively.

In accordance with the terms of the Limited Liability Company Agreement of BKV-BPP Power (the "BKV-BPP Power LLC Agreement"), the BKV-BPP Power Joint Venture is managed by a board of directors consisting of eight members, four of which are appointed by us and four of which are appointed by BPPUS. Consequently, BKV-BPP Power may not take certain material actions without the consent of BPPUS. For example, without the prior consent of BPPUS, the BKV-BPP Power Joint Venture may not:

- make distributions or determine the amount of cash to be distributed;
- make capital expenditures, including acquisitions; or
- incur indebtedness in an amount greater than $1,500,000.

See "*Certain Relationships and Related Party Transactions — BKV-BPP Power Limited Liability Company Agreement.*"

We face certain risks associated with shared control, and BPPUS may at any time have economic, business or legal interests or goals that are inconsistent with ours.

We may be required to make additional capital contributions to the BKV-BPP Power Joint Venture.

In addition, BPPUS may be required to make additional capital contributions to fund items approved in the annual budget or other matters approved by the board of directors of BKV-BPP Power. We do not control the timing or the amount which we may be required to contribute. If we fail to make additional capital contributions to BKV-BPP Power, as approved by the board of directors, such failure could be deemed an event of default under the JV LLCA. If an event of default occurs, the non-defaulting party will be entitled to (i) sell the assets of the joint venture and dissolve the joint venture on reasonable terms deemed acceptable to the BKV-BPP board, (ii) obtain specific performance of the non-defaulting party's obligations, and/or (iii) exercise any other right or remedy provided in law or in equity. If we default on any obligation to make an additional capital contribution to BKV-BPP Power and any of these events were to occur, it could have a material adverse effect on the BKV-BPP Power Joint Venture and on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Operation of electric generation facilities involves significant risks and hazards customary to the power industry that could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

The ongoing operation of Temple I involves risks that include performance below expected levels of output or efficiency, as well as the unavailability of key equipment or breakdown or failure of equipment or processes (including an inability to obtain key equipment from Siemens natural gas generators and steam turbines and Benson heat recovery steam generators, which are used by Temple I), due to wear and tear, latent defect, design error or operator error or force majeure events, among other things. Unplanned outages of generating units, including extensions of scheduled outages due to mechanical failures or other problems, occur from time to time and are an inherent risk of the business. Unplanned outages typically increase operation and maintenance expenses and capital expenditures and may reduce revenue available to be distributed to BPPUS and us as a result of selling fewer megawatt hours or require us to incur significant costs as a result of obtaining replacement power from third parties in the open market to satisfy forward power sales obligations. Our inability to operate the BKV-BPP Power electric generation assets efficiently, manage capital expenditures and costs and generate distributions from Temple I could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Maintenance, expansion and refurbishment of electric generation facilities involve significant risks that could result in unplanned power outages or reduced output.

Temple I may require periodic upgrading and improvement. Any unexpected operational or mechanical failure, including failure associated with breakdowns and forced outages, could reduce the facility's generating capacity below expected levels, reducing potential cash distributions to BPPUS and us. Unanticipated capital expenditures associated with maintaining, upgrading or repairing our facility may also reduce profitability.

If we make any major modifications to Temple I, we may be required to install the best available control technology or to achieve the lowest achievable emission rates as such terms are defined under and determined pursuant to the new source review provisions of the Clean Air Act ("CAA") at the time of such modifications. Any such modifications could likely result in substantial additional capital expenditures. We may also choose to repower, refurbish or upgrade our facility based on our assessment that such activity will provide adequate financial returns. Such facility requires time for development and capital expenditures before commencement of commercial operations, and key assumptions underpinning a decision to make such an investment may prove incorrect, including assumptions regarding construction costs, timing, available financing and future fuel and power prices. These events could have a material adverse effect on the BKV-BPP Power Joint Venture, and thus on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Temple I may operate, wholly or partially, without long-term power sales agreements.

Temple I may operate without long-term power sales agreements for some or all of its generating capacity and output and therefore be exposed to market fluctuations. Without the benefit of long-term power sales agreements for the facility, we cannot be sure that the BKV-BPP Power Joint Venture will be able to sell any or all of the power generated by the facility at commercially attractive rates or that the facility will be able to operate profitably. This could lead to less predictable revenues, future impairments of the facility's property, plant and equipment or the closing of the facility, resulting in economic losses and liabilities, which could have a material adverse effect on the BKV-BPP Power Joint Venture, and thus on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

BKV-BPP Power enters into financially settled Heat Rate Call Options ("HRCOs") that may expose it to basis and buyback risk in its operations.

To reduce its exposure to fluctuations in the market price of electricity and natural gas, BKV-BPP Power enters into financially settled HRCOs, which are contracts for the financial purchase and sale of power based on a floating price of natural gas at a predetermined location using a predetermined conversion factor, or heat rate, required to turn the fuel input into electricity. BKV-BPP Power is exposed to basis risk in its operations when its derivative contracts settle financially, and it delivers physical electricity on different terms. For example, if BKV-BPP Power enters into an HRCO, it hedges its electricity production based on an agreed price for that electricity, but physical electricity must be delivered to delivery points in the market it serves. BKV-BPP Power is exposed to basis risk between the hub price specified in the HRCO and the price that it receives for the sales of physical electricity. BKV-BPP Power attempts to hedge basis risk where possible, but hedging instruments are sometimes not economically feasible or available in the quantities that it requires. BKV-BPP Power's hedging activities do not provide it with protection for all of its basis risk and could result in economic losses and liabilities, which could have a material adverse effect on the BKV-BPP Power Joint Venture, and thus on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Additionally, by using derivative instruments to economically hedge exposure to changes in power prices, we could limit the benefit we would receive from increases in the power prices, which could have an adverse effect on our financial condition. For example, as of June 30, 2022, we had unrealized losses of approximately $54.9 million on two HRCOs as a result of increased power pricing. In the event BKV-BPP Power is not able to satisfy its obligations under the HRCO, it must purchase power at prevailing market price to satisfy the HRCO. Likewise, increases in power pricing could limit the benefit we receive under HRCOs and result in losses. Either such event could have a material adverse effect on the BKV-BPP Power Joint

Venture, and thus on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Our costs, results of operations, financial condition, cash flows and ability to pay dividends could be adversely impacted by the disruption of the fuel supplies necessary to generate power at Temple I, whether as a result of failure of contractual counterparties, disruption in fuel delivery infrastructure or otherwise.

Delivery of natural gas to fuel Temple I is dependent upon the infrastructure (including natural gas pipelines) available to serve such generation facility as well as upon the continuing financial viability of contractual counterparties. As a result, the BKV-BPP Power Joint Venture is subject to the risks of disruptions or curtailments in the production of power at our generation facility if a counterparty fails to perform or if there is a disruption in the fuel delivery infrastructure. Any such disruptions or curtailments could have a material adverse effect on the BKV-BPP Power Joint Venture, and thus on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Risks Related to Our CCUS Business

Our ability to establish large scale CCUS projects is subject to numerous risks and uncertainties and we may be unable to pursue our CCUS business, either wholly or in significant measure.

A key element of our business strategy includes the development of a CCUS business. We have no prior experience in the development and operation of a CCUS business, which poses different challenges and risks than our existing upstream and midstream businesses. We may be unable to execute on our business plans, demand for these new services may not develop on a large or economic scale, or we may fail to operate our CCUS business effectively. Our CCUS business may also present novel issues in law, taxation, emission offset accounting and accreditation, safety or environmental policy, subsurface storage, supply chain, project design and other areas that we may not be able to manage effectively or that could change considerably. Management's assessment of the risks in this line of business may be inexact and not identify or resolve all the problems that we would face. If we were unable to develop a commercially successful CCUS business effectively or at all, it could limit our future growth.

Due to the early stage nature of CCUS projects and the sector generally, CCUS projects face considerable risks. In particular, our BKV dCarbon Ventures CCUS project with EnLink faces, and any of our future CCUS projects, including projects we expect to develop with Verde CO2 will face, operational, technological, regulatory and financial risks (including the risk that EnLink, or any of our other future counterparties to a CCUS project, will not meet their financial or performance obligations with respect to the CCUS project). Further, while we have identified a potential CCUS project pipeline of nearly 30 million metric tons of CO_2 per year that are in different stages of the evaluation process, we cannot assure you that we will reach a final investment decision on any of such potential projects. Further, our ability to successfully develop our BKV dCarbon Ventures CCUS project with EnLink and any future potential CCUS projects, including projects we expect to develop with Verde CO2, depends on a number of factors that we are not able to fully control, including the following:

- Commercial scale carbon capture is an emerging sector, and there are not substantial precedents to gauge the likely range of structures or economic terms that will be necessary to reach agreeable terms.
- CCUS injection wells are currently subject to overlapping state and federal jurisdiction and new and evolving regulatory frameworks. The timetable for issuance of permits and authorizations required for a CCUS project is uncertain and could entail a multi-year process. The issuance of permits may be subject to regulatory delays and third-party challenges. We cannot guarantee that we will be able to obtain necessary permits on a timely basis, on favorable terms, or at all.
- As CCUS and carbon management represent an emerging sector, regulations may evolve rapidly, which could impact the feasibility of one or more of our anticipated projects. To the extent regulatory requirements are amended or more stringently enforced or new regulatory requirements are added, we may incur additional delays and/or costs in the pursuit of one or more of our carbon capture projects, which costs may be material or may render any one or more of our projects uneconomical.

- We may not own the pore space at all of our CCUS project sites, which may require us to enter into agreements with multiple owners to secure the necessary real estate rights for the extent of the geologic formation that may be utilized. The failure to obtain necessary pore space rights from all owners, in the absence of a state law mechanism for eminent domain or forced amalgamation, could have a material adverse effect on any proposed CCUS project.
- Robust monitoring, recordkeeping and reporting required in connection with CCUS projects may increase the costs of such operations. Different methodologies may be required to satisfy various regulatory and non-regulatory requirements regarding GHG emissions/sequestration at one or more of our projects, including but not limited to compliance with the U.S. Environmental Protection Agency's ("EPA") mandatory Greenhouse Gas Reporting Program.
- CCUS injection wells and carbon sequestration reservoirs or formations may experience integrity, operating or boundary breaches resulting in additional costs, liability and risk from undesired well casing pressures, breakthrough of injected CO_2 to the land surface, CO_2 plume migration outside of expected or modeled results into undesired or unwanted surface or subsurface areas, well integrity issues or various other outcomes.
- Carbon capture may be viewed as a pathway to the continued use of fossil fuels, notwithstanding that CO_2 emissions are intended to be captured. There may be organized opposition to carbon capture, including our projects, alleging concerns relating to the environment, environmental justice, health or safety, or the federal and state governments may cease supporting carbon capture and sequestration.
- The development of a CCUS project may require us to enter into long-term joint ventures with large carbon emitters (which may need to finance and build, often over a multi-year period, the equipment to capture CO_2 emissions from various industrial processes) and operators of infrastructure for transporting CO_2 (or other GHGs), and we may not be able to do so on agreeable terms or at all.

The development of our CCUS business is expected to require material capital investments.

We currently expect to invest up to $250 million over the next three years in connection with our CCUS project development partnership with Verde CO2. Our CCUS projects are expected to have material capital requirements, and there is no certainty that we will be able to finance these projects on reasonable terms or at all. CCUS activities subject us to the financial risks of rising costs of equipment and capital, possible delays in acquiring them, along with the financial impact of our expending capital on these activities in advance of realizing any CCUS cash flows, any of which could negatively impact our financial condition and operational results in future periods.

To the extent CO_2 transportation pipelines are not already present in proposed project areas, or if they do not extend to one or more of our project sites, we may be required to convert existing non-CO_2 pipelines, or build new CO_2 pipelines or lateral connections, which will require more time before we can bring together captured CO_2 emissions and transport them to appropriately tested and prepared sequestration sites, require much larger capital expenditures and may be subject to various environmental and other permitting requirements and authorizations as well as third-party easements that could be difficult or costly to obtain, which may render one or more projects uneconomical or impractical. The availability of eminent domain for carbon capture pipelines varies by state and can be highly controversial; there may be organized opposition to eminent domain for carbon capture pipelines, including those associated with our projects, from environmental or landowner groups. Additionally, even in areas where such pipelines are in place, our use of them may require reaching agreements on CO_2 transportation with operators of the pipelines.

The commercial viability of our CCUS projects depends, in part, on certain financial and tax incentives provided by the U.S. federal government.

The economics of CCUS projects depend on financial and tax incentives that could be changed or terminated and that may not currently be sufficient for our CCUS projects to be economical. For example, our qualification for the majority of available Section 45Q tax credits is dependent upon our ability to meet certain wage and apprenticeship requirements, the details of which have not yet been released and which are expected to be included in future guidance.

CCUS projects will require storage of CO_2 in subterranean reservoirs over long periods of time. If accidental releases or subsurface migration of CO_2 from our CCUS activities were to occur in the course of operating one or more of our CCUS sites, there is the risk of government recapture of Section 45Q tax credits previously claimed by or issued to us, as well as a risk of trespass or other tort or property claims related to the accidental release or migration of CO_2 beyond the permitted boundaries of any anticipated project as well as the potential for fines and penalties for violations of environmental requirements.

A successful CCUS project in the United States must comply with what we anticipate will be a stringent regulatory scheme involving multiple federal and state permits applicable to the subsurface injection of CO_2 for geologic sequestration. Moreover, when we are the operator of a CCUS project, we must demonstrate and maintain levels of financial assurance sufficient to cover the cost of corrective action, injection well plugging, post-injection site care and site closure, and emergency and remedial response. There is no assurance that we will be successful in obtaining permits or adequate levels of financial assurance for one or more of our CCUS projects or that permits can be obtained on a timely basis, whether due to difficulty with the technical demonstrations required to obtain such permits, public opposition, undeveloped regulatory framework, or otherwise.

There can be no assurances that we will be able to execute on our CCUS strategy and successfully develop our CCUS project with EnLink in the Barnett or any future CCUS projects, including projects we expect to develop with Verde CO2, and any failure to do so in whole or in any significant measure could have a material adverse effect on our liquidity, financial condition, results of operations and ability to pay dividends on our common stock.

Risks Related to Our Midstream Business

Midstream operations are complex activities which present certain risks that could adversely affect our business, financial condition or results of operations.

In operating our midstream and production facilities, from time to time we experience certain issues and encounter risks, including, for example, mechanical and instrument or tool failures; loss of well, pressure vessel, tank or other related equipment control and associated hydrocarbon release and/or natural gas clouds; loss or compromise of casing integrity during production; unwanted casing pressure or fluid migration during production operations; unwanted migration of sequestered carbon dioxide or other fluids in injection wells; temporary and permanent surface facility operations and associated pressure and hydrocarbon hazards; surface overpressure events and other hazards resulting from machinery (horsepower), equipment or well pressure; fines and violations related to relevant laws and regulations; fires and explosions; pipeline loss of containment due to integrity issues, pipeline strikes or other reasons and associated hydrocarbon release; personnel safety hazards such as working at heights, driving or equipment operation, energy isolation, excavation and trenching and more; major damage or malfunction to key equipment or processes; structural damage and collapse to equipment and machinery; in certain instances, close proximity of operations to residences and/or communities; among other typical midstream and production facilities challenges and risks.

Our near-term business plan contemplates the execution of midstream contracts with certain third parties in order to allow us to supply our own natural gas directly to Temple I and its firm intrastate natural gas storage service at the Bammel storage facility.

We cannot assure you that we will succeed in any effort to establish midstream contracts that would allow us to supply our own natural gas directly to Temple I and its firm intrastate natural gas storage service at the Bammel storage facility. Although the physical infrastructure exists to supply our own natural gas directly to Temple I and the Bammel storage facility, our ability to utilize that infrastructure depends on whether we can successfully negotiate and enter into new midstream contracts on satisfactory terms or at all. If we fail to enter into such contracts on satisfactory terms or at all, we may be unable to achieve the synergistic cost savings we anticipated in connection with the BKV-BPP Power Joint Venture, which could have a material adverse effect on the BKV-BPP Power Joint Venture, and thus on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

We depend on our natural gas midstream system for the gathering and processing of a substantial percentage of our natural gas production.

As of June 30, 2022, we own and operate approximately 778 miles of gathering pipeline, 65 midstream compressors and one amine processing unit. In the event that our natural gas midstream system is unable to process our natural gas production, or its operations are otherwise disturbed or curtailed, we could experience a disruption in our ability to transport our natural gas production, which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Construction of midstream projects subjects us to risks of construction delays, cost over-runs, limitations on our growth and negative effects on our financial condition, results of operations, cash flows and liquidity.

From time-to-time, we may plan and construct midstream projects, some of which may take a number of months before commercial operation, such as construction of natural gas, NGL and produced water gathering or transportation systems and construction of related facilities. These projects are complex and subject to a number of factors beyond our control, including delays from third-party landowners, the permitting process, government and regulatory approval, compliance with laws, unavailability of materials, labor disruptions, environmental hazards, financing, accidents, weather and other factors. Any delay in the completion of these projects could have a material adverse effect on our financial condition, results of operations, cash flows and ability to pay dividends on our common stock. The construction of these midstream facilities requires the expenditure of significant amounts of capital, which may exceed our estimated costs. Estimating the timing and expenditures related to these development projects is very complex and subject to variables that can significantly increase expected costs. Should the actual costs of these projects exceed our estimates, our liquidity and financial condition could be adversely affected. This level of development activity requires significant effort from our management and technical personnel and places additional requirements on our financial resources and internal financial controls. We may not have the ability to attract and/or retain the necessary number of personnel with the skills required to bring complicated projects to successful conclusions.

We do not own all of the land on which our pipelines and other midstream facilities are located, which could disrupt our operations.

We do not own all of the land on which our pipelines and other midstream facilities are located, and we are therefore subject to the possibility of more onerous terms and/or increased costs to retain necessary land use if we do not have valid rights-of-way or leases or if such rights-of-way or leases lapse or terminate. We sometimes obtain the rights to land owned by third parties and governmental agencies for a specific period of time. Our loss of these rights, through our inability to renew right-of-way contracts, leases, or otherwise, could cause us to cease operations on the affected land, increase costs related to continuing operations elsewhere, and reduce our revenue.

Risks Related to Our Business Generally

Substantially all of our oil and gas and midstream properties are concentrated in Texas and Northeast Pennsylvania, making us vulnerable to risks associated with operating in only two geographic areas.

Substantially all of our oil and gas and midstream properties are located in Texas and Northeast Pennsylvania. As a result of this geographic concentration, an adverse development in the natural gas, NGL and oil and/or midstream business in either or both of these operating areas could have a greater impact on our financial condition, results of operations and cash available to pay dividends on our common stock than if we were more geographically diversified. Due to the concentrated nature of our properties, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in these areas caused by governmental regulation, processing or transportation capacity constraints, water shortages or other drought related conditions, availability of equipment, facilities, personnel or services market limitations or interruption of the processing or transportation of natural gas, NGLs and oil.

In addition, the weather in these areas can be extreme and can cause interruption in our operations. Severe weather can result in damage to our facilities entailing longer operational interruptions and significant capital expenditures. For instance, during 2021, Winter Storm Uri in Texas resulted in over 1.5 Bcfe of curtailed production and significant freezing and associated downtime across our facilities and equipment.

The effect of fluctuations on supply and demand may become more pronounced within specific geographic natural gas, NGL and oil producing areas, which may cause these conditions to occur with greater frequency or magnify the effects of these conditions. A number of our properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more diversified portfolio of properties. Such delays or interruptions could have a material adverse effect on our financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

A financial crisis or deterioration in general economic, business or industry conditions could materially adversely affect our results of operations, financial condition and ability to pay dividends on our common stock.

Concerns over global economic conditions, stock market volatility, energy costs, geopolitical issues, inflation and U.S. Federal Reserve interest rate increases in response, the availability and cost of credit, and slowing of economic growth in the United States and fears of a recession have contributed and may continue to contribute to economic uncertainty and diminished expectations for the global economy.

Although inflation in the United States had been relatively low for many years, there was a significant increase in inflation beginning in the second half of 2021, which has continued into 2022, due to a substantial increase in the money supply, a stimulation focused fiscal policy, a significant rebound in consumer demand as COVID-19 restrictions were relaxed, the Russia-Ukraine war and worldwide supply chain disruptions resulting from the economic contraction caused by COVID-19 and lockdowns followed by a rapid recovery. Inflation rose from 5.4% in June 2021 to 7.0% in December 2021 to 8.6% in May 2022. We have experienced and expect for the foreseeable future to experience supply chain constraints and inflationary pressure on our cost structure. For example, since the end of the third quarter of 2021, our natural gas production business line has experienced 13% in inflationary cost increases. Our 2022 new drill and completion program, in that same period, has experienced 22% overall inflationary cost increases. In addition, during such period, significant cost increases have occurred in services, labor, fuel, proppant and steel tubulars, with tubular cost increases exceeding 75%. These supply chain constraints and inflationary pressures will likely continue to adversely impact our operating costs and if we are unable to manage our supply chain, our ability to procure materials and equipment in a timely and cost-effective manner, if at all, may be negatively impacted, which could materially adversely impact our results of operations, financial condition and ability to pay dividends on our common stock.

In addition, continued hostilities between Russia and the Ukraine and the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the economies of the United States and other countries. The ongoing conflict in Ukraine could continue to have repercussions globally and in the United States by continuing to cause uncertainty, not only in the natural gas, NGL and oil markets, but also in the capital markets. Such uncertainty could result in stock price volatility and supply chain disruptions, as well as higher natural gas, NGL and oil prices which could potentially result in increased inflation worldwide and could negatively impact demand for natural gas, NGLs, oil and electricity.

Concerns about global economic growth can result in a significant adverse impact on global financial markets and commodity prices. In addition, any financial crisis may cause us to face limitations on our ability to borrow under our debt agreements, service our debt obligations, access the debt and equity capital markets and complete asset purchases or sales and may cause increased counterparty credit risk on our derivative instruments and such counterparties to cause us to post collateral guaranteeing performance.

Further, if there is a financial crisis or the economic climate in the United States or abroad deteriorates, worldwide demand for hydrocarbon-based products could materially decrease, which could impact the price at which natural gas and NGLs from our properties are sold, affect the ability of vendors, suppliers and customers associated with our properties to continue operations and ultimately materially adversely impact our results of operations, financial condition and ability to pay dividends on our common stock. If a material adverse change occurs in our business such that an event of default occurs under our debt agreements, the lenders under such agreements may be able to accelerate the maturity of our debt.

Events outside of our control, including an epidemic or outbreak of an infectious disease, such as COVID-19, or the threat thereof, could have a material adverse effect on our business, liquidity, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

We face risks related to pandemics, epidemics, outbreaks or other public health events, or the threat thereof, that are outside of our control, and could significantly disrupt our business and operational plans and adversely affect our liquidity, financial condition, results of operations, cash flows and ability to pay dividends on our common stock. The COVID-19 pandemic has adversely affected the global economy and has resulted in unprecedented governmental actions in the United States and countries around the world, including, among other things, social distancing guidelines, travel restrictions and stay-at-home orders, among other actions, which caused a significant decrease in activity in the global economy and the demand for oil, and to a lesser extent, natural gas and NGLs.

The nature, scale and scope of the above-described events, combined with the uncertain duration and extent of governmental actions, prevent us from identifying all potential risks to our business. Additionally, the effects of the COVID-19 pandemic might worsen the likelihood or the impact of other risks already inherent in our business. We believe that the known and potential impacts of the COVID-19 pandemic and related events include, but are not limited to, the following:

- disruption in the demand for natural gas, NGLs and oil and other petroleum products;
- intentional project delays until commodity prices stabilize;
- a potential future downgrade of our credit rating and potentially higher borrowing costs in the future;
- a need to preserve liquidity, which could result in reductions, delays or changes in our capital expenditures;
- supply chain disruptions, resulting in shortages of, and increased pricing pressures on, among other things, equipment, services and labor;
- liabilities resulting from operational delays due to decreased productivity resulting from stay-at-home orders affecting our workforce or facility closures resulting from the COVID-19 pandemic;
- future asset impairments, including impairment of our natural gas and NGL properties and other property and equipment; and
- infections and quarantining of our employees and the personnel of vendors, suppliers and other third parties.

New variants of COVID-19 could cause further commodity market volatility and resulting financial market instability, or any other event described above, and these are variables beyond our control that may adversely impact our operating cash flows, distributions from unconsolidated affiliates, our ability to pay dividends on our common stock and our ability to access the capital markets.

The success of our business plan depends, in part, on achieving net zero Scope 1 and Scope 2 emissions in our owned and operated upstream business.

The development of our CCUS business is critical to our ability to achieve our net zero emissions goals, which address our Scope 1 and Scope 2 emissions in our owned and operated upstream businesses, by the end of 2025 and our long-term goal of eliminating and/or offsetting Scope 3 emissions. Although our goal is to achieve net zero Scope 1 and Scope 2 emissions in our owned and operated upstream businesses by the end of 2025, we may not meet our goal by this target date or at all. If we are not able to successfully develop our CCUS business or CCUS projects, our ability to achieve our net zero emissions goals for Scope 1, Scope 2 and Scope 3 emissions also would be materially and adversely affected. Further, there can be no assurances that we will be able to execute on our CCUS strategy and successfully develop our CCUS project with EnLink in the Barnett, or any future CCUS projects, and any failure to do so in whole or in any significant measure could have a material adverse effect on our ability to meet our Scope 1, 2 and 3 emissions goals. Even if we are able to successfully develop such projects, the underlying agreements may not apportion us the right to claim all emissions offsets, which may impact our net zero strategy. See "— *Risks Related to Our CCUS Business — Our ability to establish large scale CCUS projects is subject to numerous risks and uncertainties and we may be unable to pursue our CCUS business, either wholly or in significant measure.*"

We may not be able to generate enough cash flow to meet our debt obligations or fund our other liquidity needs.

As of September 14, 2022, our outstanding debt consisted of (i) $191.0 million in aggregate principal amount under the Subordinated Intercompany Loan Agreements (as defined herein) with BNAC, a wholly owned subsidiary of our parent, Banpu, which are subordinated to our obligations under the Term Loan Credit Agreement, (ii) $570.0 million in aggregate principal amount under the Term Loan Credit Agreement, (iii) $45.0 million in aggregate principal amount under our OCBC Credit Facility and (iv) $75.0 million in aggregate principal amount under our Revolving Credit Agreement. The Term Loan Credit Agreement, which we entered into in connection with closing of the Exxon Barnett Acquisition on June 30, 2022, allows us to borrow up to $600.0 million in the aggregate in the form of multiple loans during the period commencing with the effective date and ending on the date that is six months thereafter solely to finance the Exxon Barnett Acquisition, provides that amounts repaid may not be reborrowed, and requires annual amortization payments equal to 20% of the original balance. On June 30, 2022, we borrowed $570.0 million of term loans under the Term Loan Credit Agreement. In addition to interest expense and principal on our long-term debt, we have demands on our cash resources including, among others, operating expenses and capital expenditures.

In addition to the Term Loan Credit Agreement, we are party to the Revolving Credit Facilities (as defined herein), which include a $55.0 million uncommitted OCBC Credit Facility and a $25.0 million uncommitted SCB Credit Facility (as defined herein) and the Revolving Credit Agreement. We use the Revolving Credit Facilities for letters of credit and working capital purposes and borrowings under the Revolving Credit Agreement for working capital purposes.

Our ability to pay the principal and interest on our long-term debt and to satisfy our other liabilities will depend upon future performance and our ability to repay or refinance our debt as it becomes due. Our future operating performance and ability to refinance will be affected by economic and capital market conditions, results of operations and other factors, many of which are beyond our control. Our ability to meet our debt service obligations also may be impacted by changes in prevailing interest rates, as borrowings under the Subordinated Intercompany Loan Agreements, the Term Loan Credit Agreement, the Revolving Credit Facilities and the Revolving Credit Agreement bear interest at floating rates.

We may not generate sufficient cash flow from operations. Without sufficient cash flow, there may not be adequate future sources of capital to enable us to service our indebtedness or to fund our other liquidity needs. If we are unable to service our indebtedness and fund our operating costs, we will be required to adopt alternative strategies that may include:

- reducing or delaying capital expenditures;
- seeking additional debt financing or equity capital;
- selling assets; or
- restructuring or refinancing debt.

We may not be able to complete such alternative strategies on satisfactory terms, if at all. Our inability to generate sufficient cash flows to satisfy our debt obligations and fund our liquidity needs, or to refinance our indebtedness on commercially reasonable terms, would materially and adversely affect our financial condition and results of operations and may limit our ability to pay dividends on our common stock.

We may be unable to achieve or maintain a low target level of indebtedness.

If we refinance all of our existing debt, or we receive the requisite consents from our existing lenders, we may incur significant additional indebtedness in the future in order to make acquisitions or to develop our properties or for other general corporate purposes.

Our level of indebtedness could affect our operations in several ways, including the following:

- a significant portion of our cash flows could be used to service our indebtedness;
- a high level of debt would increase our vulnerability to general adverse economic and industry conditions;
- the covenants contained in the agreements governing our outstanding indebtedness limit our ability to borrow additional funds, dispose of assets, pay dividends on our common stock, and make certain investments;
- a high level of debt may place us at a competitive disadvantage compared to our competitors that are less leveraged and therefore, may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing;
- our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry; and
- a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, general corporate, or other purposes.

An increase in our level of indebtedness may further reduce our financial flexibility. Further, a high level of indebtedness increases the risk that we may default on our debt obligations. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions, commodity prices, and financial, business, and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our debt and future working capital, borrowings, or equity financing may not be available to pay or refinance such debt. Factors that will affect our ability to raise cash through an offering of our capital stock or a refinancing of our debt include financial market conditions (including any financial crisis), the value of our assets, and our performance at the time we need capital.

The agreements governing our indebtedness contain restrictive covenants that may limit our ability to respond to changes in market conditions, pursue business opportunities or pay dividends to our stockholders.

The agreements governing our indebtedness contain restrictive covenants that limit our ability to, among other things:

- incur additional debt;
- incur additional liens;
- sell, transfer or dispose of assets;
- merge or consolidate, wind-up, dissolve or liquidate;
- pay dividends and distributions on, or repurchases of, equity;
- make acquisitions and investments, other than direct investments in natural gas, NGL and oil properties and other assets in permitted lines of business;
- enter into certain transactions with our affiliates;
- enter into sale-leaseback transactions;
- make optional or voluntary payment of subordinated debt;
- change the nature of our business;
- change our fiscal year to make changes to the accounting treatment or reporting practices;
- amend constituent documents;
- enter into certain hedging transactions.

The Term Loan Credit Agreement and the Revolving Credit Agreement contain, and any future debt agreement may contain, covenants that prohibit us from paying dividends on our common stock under certain circumstances. For additional information regarding the restrictions contained in the Term Loan Credit Agreement and the Revolving Credit Agreement on our ability to pay dividends to our stockholders, see "— *Risks Related to the Offering and Our Common Stock — The agreements governing our indebtedness impose restrictions on dividend payments*."

In addition, the Term Loan Credit Agreement, the Revolving Credit Agreement and certain of our other debt agreements require us to maintain financial ratios and tests. Also, the administrative agent under the Term Loan Credit Agreement has approval rights over our annual budget and our quarterly cash forecasts for the succeeding 12-month period. In addition to customary events of default, the Term Loan Credit Agreement and the Revolving Credit Agreement include an event of default if there is a material adverse change in our business.

The requirement that we comply with these provisions may materially adversely affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, withstand a continuing or future downturn in our business or pay dividends to our stockholders.

If we are unable to comply with the restrictions and covenants in our debt agreements, there could be an event of default under the terms of such agreements, which could result in an acceleration of repayment.

If we are unable to comply with the restrictions and covenants in the Subordinated Intercompany Loan Agreements, Term Loan Credit Agreement, Revolving Credit Facilities, the Revolving Credit Agreement or any future debt agreement or if we default under the terms of the Subordinated Intercompany Loan Agreements, Term Loan Credit Agreement, Revolving Credit Facilities, the Revolving Credit Agreement or any future debt agreement, there could be an event of default. Our ability to comply with these restrictions and covenants, including meeting any financial ratios and tests, may be affected by events beyond our control. Further, if, after this initial public offering, Banpu and its wholly owned subsidiaries cease to own at least 51% of our equity interests, or if any such holder allows any lien to exist on our equity interests that they own, such event will be an event of default under the Term Loan Credit Agreement and the Revolving Credit Agreement, which may result in amounts owed by us thereunder to become immediately due and payable. As a result, we cannot assure that we will be able to comply with these restrictions and covenants or meet such financial ratios and tests. In the event of a default under the Subordinated Intercompany Loan Agreements, Term Loan Credit Agreement, Revolving Credit Facilities, the Revolving Credit Agreement or any future debt agreement, the lenders could terminate their commitments to lend or accelerate the loans and declare all amounts borrowed due and payable. If any of these events occur, our assets might not be sufficient to repay in full all of our outstanding indebtedness and we may be unable to find alternative financing. Even if we could obtain alternative financing, it might not be on terms that are favorable or acceptable to us. Additionally, we may not be able to amend the Term Loan Credit Agreement, Revolving Credit Facilities, the Revolving Credit Agreement or any future debt agreement or obtain needed waivers on satisfactory terms.

Our borrowings under the Subordinated Intercompany Loan Agreements, Term Loan Credit Agreement, Revolving Credit Facilities and Revolving Credit Agreement expose us to interest rate risk.

Our results of operations are exposed to interest rate risk associated with borrowings under the Subordinated Intercompany Loan Agreements, Term Loan Credit Agreement, Revolving Credit Facilities and Revolving Credit Agreement, which bear interest at rates based on the Secured Overnight Financing Rate ("SOFR") or an alternative floating interest rate benchmark. In response to inflation, the U.S. Federal Reserve has increased interest rates four times in 2022 and signaled that additional interest rate increases should be expected in 2022. On July 28, 2022, it raised interest rates by 0.75%, representing the fourth increase in interest rates during 2022 to date. Raising or lowering of interest rates by the U.S. Federal Reserve generally causes an increase or decrease, respectively, in SOFR and other floating interest rate benchmarks. As such, if interest rates increase, so will our interest costs. If interest rates continue to increase, it may have a material adverse effect on our results of operations, financial condition and ability to pay dividends on our common stock.

Our hedging activities do not provide downside protection for all of our production and could result in financial losses or could reduce our net income. Further, our derivative contracts contain certain restrictions and covenants.

From time to time, we enter into derivatives contracts in connection with our natural gas and NGLs, including, for instance, swaps, producer collars and enhanced three-way collars. These derivative arrangements are subject to mark-to-market accounting treatment, and the changes in fair market value of our derivative contracts are reported in our statement of operations and comprehensive loss each quarter, which may result in significant non-cash gains or losses. Accordingly, our earnings may fluctuate significantly as a result of changes in fair value of our derivative instruments.

These derivative arrangements are designed to reduce our exposure to commodity price decreases. Therefore, to the extent our production is not hedged, we are exposed to declines in commodity prices. In addition, our derivative arrangements may be inadequate to protect us from continuing and prolonged declines in commodity prices. Further, while designed to reduce our exposure to commodity price decreases, these derivatives arrangements may also limit the potential gains we might otherwise receive from increases in commodity prices if such prices rise over the price established by our derivative contracts. For example, for the six months ended June 30, 2022 and 2021, we incurred a realized loss on derivatives of approximately $250.6 million and $22.1 million, respectively. We incurred a realized loss on derivatives of approximately $268.7 million for the year ended December 31, 2021 and a realized gain on derivatives of approximately $10.4 million for the year ended December 31, 2020. For the six months ended June 30, 2022 and 2021, we had an unrealized loss on derivatives of approximately $200.1 million and 156.2 million, respectively. For the years ended December 31, 2021 and 2020, we had an unrealized loss on derivatives of approximately $115.2 million and an unrealized gain on derivatives of approximately $10.3 million, respectively. In trying to manage our exposure to commodity price risk, we may end up with too many or too few derivative contracts, depending upon where commodity prices settle relative to our derivative price thresholds and how our natural gas and NGL volumes fluctuate relative to our expectations when the derivatives were established.

As of June 30, 2022, we have hedged approximately 457,000 MMBtu/d and 365,000 MMBtu/d of our natural gas production for the remainder of 2022 and 2023, respectively. We have hedged approximately 16,033 Bbl/d and 5,000 Bbl/d of NGL production for the remainder of 2022 and 2023, respectively. Our results of operations, liquidity and financial condition would be negatively impacted if prices of natural gas and NGLs were to become depressed or decline materially from current levels, or there is otherwise an unexpected material impact on commodity prices, and we have experienced variances in our results of operations and financial condition due to our hedging transactions.

Our hedging activities do not provide downside protection for all of our production. In addition, our ability to use hedging transactions to protect us from future commodity price declines will be dependent upon commodity prices at the time we enter into future hedging transactions and our future levels of hedging and, as a result, our future net cash flows may be more sensitive to commodity price changes. Further, if commodity prices decline materially, we will not be able to replace our hedges or enter into new hedges at favorable prices.

Further, our derivative contracts contain certain restrictions and covenants customary for such types of instruments. For example, an ISDA Master Agreement for certain of our derivative contracts (the “Master Agreement”) previously contained a covenant that restricted us from creating, issuing, incurring or assuming additional indebtedness in excess of $75.0 million. In June 2022, in connection with the completion of the Exxon Barnett Acquisition, we borrowed $570.0 million of term loans under the Term Loan Credit Agreement. In connection with exceeding the $75.0 million indebtedness threshold, on August 4, 2022, we executed an amendment to the Master Agreement pursuant to which we are required to novate or terminate, at our election, at least $100.0 million in derivative contracts by October 4, 2022. As of September 9, 2022, we terminated derivative contracts of $100.2 million with the counterparty to satisfy this requirement. In connection with such termination, we are required to make cash payments to the counterparty in an aggregate amount of $100.2 million by November 30, 2022. If we fail to satisfy our obligations under the amendment, the debt incurrence covenant in the Master Agreement would apply. This amendment also includes a cross-default provision pursuant to which a default by us of the covenants under our Term Loan Credit Agreement would cause a default under the Master Agreement. See “*Note 14 — Commitments* *and Contingencies*" to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional information regarding the Master Agreement.

Subject to restrictions in the Term Loan Credit Agreement and the Revolving Credit Agreement, our hedging strategy and future hedging transactions will be determined at our discretion and may be different than what we have done on a historical basis. In the future, we may enter into additional derivative arrangements or reduce our derivative arrangements. The prices at which we hedge our production in the future will be dependent upon commodities prices at the time we enter into these transactions, which may be substantially higher or lower than current prices. Accordingly, our price hedging strategy may not protect us from significant declines in prices received for our future production. Conversely, our hedging strategy may limit our ability to realize cash flows from future commodity price increases. It is also possible that a substantially larger percentage of our future production will not be hedged as compared with the next few years, which would result in our natural gas and NGL revenues becoming more sensitive to commodity price fluctuations.

Our hedging transactions could expose us to counterparty credit risk.

Our hedging transactions expose us to risk of financial loss if a counterparty fails to perform under a derivative contract. The risk of counterparty nonperformance is of particular concern in the event of disruptions in the financial markets or the significant decline in commodity prices, which could lead to sudden changes in a counterparty's liquidity and impair their ability to perform under the terms of the derivative contract. We are unable to predict sudden changes in a counterparty's creditworthiness or ability to perform. Even if we do accurately predict sudden changes, our ability to negate the risk may be limited depending upon market conditions. Furthermore, the bankruptcy of one or more of our hedge providers or some other similar proceeding or liquidity constraint might make it unlikely that we would be able to collect all or a significant portion of amounts owed to us by the distressed entity or entities.

During periods of falling commodity prices, our hedge receivable positions increase, which increases our exposure. If the creditworthiness of our counterparties deteriorates and results in their nonperformance, we could incur a significant loss.

We may experience difficulty in achieving and managing future growth.

Future growth may place strains on our resources and cause us to rely more on project partners and independent contractors, possibly negatively affecting our financial condition, results of operations, cash flows and ability to pay dividends on our common stock. Our ability to grow will depend on a number of factors, including:

- our ability to acquire additional assets and to successfully integrate acquisitions we may make;
- the results of our drilling program;
- commodity prices;
- our ability to develop existing prospects;
- our ability to obtain leases or options on properties for which we have seismic data;
- our ability to acquire additional seismic data;
- our ability to identify and acquire new exploratory prospects;
- our ability to continue to retain and attract skilled personnel;
- our ability to maintain or enter into new relationships with project partners and independent contractors; and
- our access to capital.

We are a holding company with no operations of our own, and we depend on our subsidiaries and our joint venture for cash to fund all of our operations, taxes and other expenses and any dividends that we may pay.

Our operations are conducted entirely through our subsidiaries and the BKV-BPP Power Joint Venture. Our ability to generate cash to meet our debt and other obligations, to cover all applicable taxes payable and to declare and pay any dividends on our common stock is dependent on the earnings and the receipt of funds through distributions from our subsidiaries and the BKV-BPP Power Joint Venture. Our subsidiaries' and the BKV-BPP Power's ability to generate adequate cash depends on a number of factors, including development of reserves, successful acquisitions of complementary properties, advantageous drilling conditions, natural gas, NGL and oil prices, successful production and sales of electricity, compliance with all applicable laws and regulations and other factors.

Our business is subject to operating hazards that could result in substantial losses or liabilities for which we may not have adequate insurance coverage.

Natural gas and NGLs operations are subject to many risks, including well blowouts, craterings, explosions, uncontrollable flows of natural gas, NGLs or well fluids, fires, pipe, casing or cement failures, abnormal pressure, pipeline leaks, ruptures or spills, vandalism, pollution, releases of toxic gases, adverse weather conditions or natural disasters and other environmental hazards and risks. If any of these hazards occur, we could sustain substantial losses as a result of:

- injury or loss of life;
- severe damage to or destruction of property, natural resources and equipment;
- pollution or other environmental damage;
- investigatory, monitoring, and cleanup responsibilities;
- regulatory investigations and penalties or lawsuits;
- loss of, or delay in revenue;
- suspension or impairment of operations; and
- repairs to resume operations.

We maintain insurance against some, but not all, potential losses or liabilities arising from our operations in accordance with what we believe are customary industry practices and in amounts and at costs that we believe to be prudent and commercially practicable. Our insurance includes deductibles that must be met prior to recovery, as well as sub-limits and/or self-insurance. Additionally, our insurance is subject to exclusions and limitations. Our insurance does not cover every potential risk associated with our operations, including the potential loss of significant revenues. We can provide no assurance that our coverage will adequately protect us against liability from all potential consequences, damages and losses.

We currently have insurance policies covering our operations that include coverage for general liability, property damage to certain of our real and personal property, and certain personal property of others, excess liability, physical damage to our upstream and midstream properties, operational control of wells, redrilling expenses, pollution and cleanup, site pollution incidents, damage to lease property, business and contingent business interruption, management liability, automobile liability, third-party liability, workers' compensation, employer's liability, kidnap and ransom and other coverages. Our insurance policies provide coverage for losses or liabilities relating to pollution, but are largely limited to coverage for sudden and accidental occurrences. For example, the site pollution incident policy we maintain includes coverage for obligations, expenses or claims that we may incur from a sudden incident that results in negative environmental effects, including obligations, expenses or claims related to seepage and pollution, cleanup and containment, evacuation expenses and control of the well (subject to policy terms and conditions). In the specific event of a well blowout or out-of-control well resulting in negative environmental effects, such operator's extra expense coverage would be our primary source of coverage, with the general liability and excess liability coverage referenced above also providing certain coverage.

We may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the risks presented. Some forms of insurance may become unavailable in the future or unavailable on terms that we believe are economically acceptable. No assurance can be given that we will be able to maintain insurance in the future at rates that we consider reasonable, and we may elect to maintain minimal or no insurance coverage. If we incur substantial liability from a significant event and the damages are not covered by insurance or are in excess of policy limits, then we would have lower revenues and funds available to us for our operations, that could, in turn, have a material adverse effect on our business, financial condition, results of operations and ability to pay dividends on our common stock.

Additionally, we rely to a large extent on transportation owned and operated by third parties and damage to, or destruction of, those third-party facilities could affect our ability to process, transport and sell our production. To a limited extent, we maintain business interruption insurance related to our processing plants where we are insured for potential losses from the interruption of production caused by loss of or damage to the processing plant.

We may be unable to make accretive acquisitions or successfully integrate acquired businesses or assets, and any inability to do so may disrupt our business and hinder our ability to grow.

There is intense competition for acquisition opportunities in our industry and we may not be able to identify attractive acquisition opportunities. Even if we do identify attractive acquisition opportunities, we may not be able to complete the acquisition or do so on commercially acceptable terms. We may not be able to obtain contractual indemnities from sellers for liabilities incurred prior to our purchase of the business, asset or property. No assurance can be given that we will be able to identify additional suitable acquisition or asset exchange opportunities, negotiate acceptable terms, obtain financing for acquisitions on acceptable terms or successfully acquire identified targets. In addition, there can be no assurance that Banpu will not engage in competition with us in the future. See "*Risk Factors — Risks Related to Our Relationship with Banpu and its Affiliates — Banpu's interests, including interests in certain corporate opportunities, may conflict with our interests and the interests of our other stockholders. Conflicts of interest between us and Banpu could be resolved in a manner unfavorable to us and our other stockholders.*" Competition for acquisitions may increase the cost of, or cause us to refrain from, completing acquisitions.

We may make acquisitions of properties or businesses that complement or expand our current business in the future. The successful acquisition of natural gas and NGL properties requires an assessment of several factors, including:

- recoverable reserves;
- future commodity prices;
- operating costs; and
- potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain and rely on numerous assumptions and we may not be able to identify accretive acquisition opportunities. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems, nor will it permit us to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Reviews may not always be performed on every well, and environmental problems, such as groundwater contamination, are not necessarily observable even when a review is performed. Even when problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of the problems. Market forces often prevent us from negotiating contractual indemnification for environmental liabilities and require us to acquire properties on an "as is" basis.

The success of any of our acquisitions, including the Exxon Barnett Acquisition, will depend on our ability to integrate effectively the acquired business into our existing operations. The process of integrating acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of our managerial and financial resources which may divert management's attention from other business concerns. In addition, possible future acquisitions may be larger and for purchase prices significantly higher than those paid for earlier acquisitions. Our failure to achieve consolidation savings, to integrate the acquired businesses and assets into our existing operations successfully, or to minimize any unforeseen operational difficulties could have a material adverse effect on our financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

In addition, the Subordinated Intercompany Loan Agreements, Term Loan Credit Agreement, Revolving Credit Facilities and the Revolving Credit Agreement will limit our ability to enter into mergers or combination transactions. These debt arrangements also limit our ability to incur indebtedness and liens, which could indirectly limit our ability to engage in acquisitions.

Our business requires substantial capital expenditures. We may be unable to obtain required capital or financing on satisfactory terms or be able to fund our working capital needs from cash flow from operations, which could lead to a decline in our reserves.

The energy industry is capital intensive. We have made and expect to continue to make substantial capital expenditures in our businesses for the acquisition, exploration, production and development of natural gas and NGL reserves, as well as the gathering, processing and transportation of natural gas and NGLs. Our capital expenditures in 2021 totaled $63.9 million, primarily relating to completion of drilled but uncompleted wells prior to January 1, 2021, projects to increase reserve recovery and investment in non-operated wells.

The actual amount and timing of our future capital expenditures may differ materially from our estimates as a result of, among other things, commodity prices, actual drilling results, the availability of drilling rigs and other services and equipment, and regulatory, technological and competitive developments. A sustained decline in commodity prices may result in a decrease in our actual capital expenditures, which would negatively impact our ability to grow production. Although we intend to finance our future capital expenditures primarily through cash flow from operations and through available capacity under the Revolving Credit Facilities, our future needs may require us to alter or increase our capitalization substantially through the increase in the size of our working capital facilities, issuance of additional debt or equity securities or the sale of assets.

Our cash flow from operations and access to capital are subject to a number of variables, including:

- the estimated quantities of our natural gas and NGL reserves;
- the amount of hydrocarbon we produce from existing wells;
- the prices at which we sell our production;
- the levels of our operating expenses;
- take-away and storage capacity;
- our ability to acquire, locate, develop and produce new reserves; and
- our ability to borrow under the Revolving Credit Facilities and any additional working capital facilities that we obtain.

If our revenues decrease as a result of lower commodity prices, operating difficulties, declines in reserves or for any other reason, we may have limited ability to obtain the capital necessary to sustain our planned capital budget or operations at current levels. If additional capital is needed, we may not be able to obtain debt or equity financing on terms acceptable to us, if at all. If cash flow generated by our operations or available capacity under the Revolving Credit Facilities are not sufficient to meet our capital requirements, the failure to obtain additional financing could result in a curtailment of our operations relating to development of our properties, which in turn could lead to a decline in our reserves and production, and could adversely affect our business, financial condition, results of operations and ability to pay dividends on our common stock.

We may be unable to dispose of nonstrategic assets on attractive terms and may be required to retain liabilities for certain matters.

We regularly review our asset base to assess the market value versus holding value of existing assets with a view to optimizing deployed capital. Our ability to dispose of nonstrategic assets or complete dispositions, such as acreage that we do not intend to place on our production schedule prior to lease expirations, could be affected by various factors, including the availability of buyers willing to purchase the nonstrategic assets at prices acceptable to us. Sellers typically retain certain liabilities or agree to indemnify buyers for certain matters. The magnitude of any such retained liability or indemnification obligation may be difficult to quantify at the time of the transaction and ultimately may be material. Also, as is typical in divestiture transactions, third parties may be unwilling to release us from guarantees or other credit support provided prior to the sale of the divested assets.

As a result, after a sale, we may remain secondarily liable for the obligations guaranteed or supported to the extent that the buyer of the assets fails to perform these obligations.

We may be unable to compete effectively with larger companies, which may adversely affect our ability to generate sufficient revenues.

The energy industry is intensely competitive, and we compete with other companies that have greater resources than we do. Our ability to acquire additional properties and to discover reserves in the future will be dependent upon our ability to evaluate and select suitable properties to consummate transactions in a highly competitive market. Many of our larger competitors not only drill for and produce natural gas, NGLs and oil, but they also engage in refining operations and market petroleum and other products on a regional, national or worldwide basis. Our competitors may be able to pay more for natural gas and NGL properties, evaluate, bid for and purchase a greater number of properties than our financial or human resources permit and attract capital at lower rates. In addition, these companies may have a greater ability to continue drilling, production and workover activities during periods of low natural gas and NGL prices, to contract for drilling, production and workover equipment, to pay more for and secure trained personnel, and to absorb the burden of present and future federal, state, local and other laws and regulations. The natural gas, NGL and oil industry has periodically experienced shortages of drilling rigs, equipment, hydraulic fracturing fleets, supply chain resources, pipelines and personnel, which has delayed development drilling and other exploitation activities and has caused significant price increases. Competition has been strong in hiring experienced personnel, particularly in the engineering and technical, accounting and financial reporting, tax and land departments. In addition, competition is strong for attractive natural gas, NGL and oil producing properties, natural gas, NGL and oil companies, and undeveloped leases and drilling rights. Further, the current inflation may affect us more than it may affect some of our larger competitors. Our inability to compete effectively with our competitors could have a material adverse impact on our business activities, financial condition and results of operations.

The energy industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, we may be placed at a competitive disadvantage or competitive pressures may force us to implement those new technologies at substantial costs. Further, competitors may obtain patents which might prevent us from implementing new technologies. In addition, other energy companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before we can. We may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies we use now or in the future were to become obsolete or if we are unable to use the most advanced commercially available technology, our business, financial condition and results of operations could be materially adversely affected.

The inability of one or more of our significant counterparties to meet their payment or performance obligations may adversely affect our financial results.

We are subject to certain credit risks associated with nonpayment or nonperformance by our counterparties, including joint interest partners and customers. Joint interest receivables arise from billing our joint interest partners who own a partial working interest in our natural gas and NGL wells. These entities participate in our natural gas and NGL wells primarily based on their ownership in leases on which we operate, and we have limited ability to control their participation in our natural gas and NGL wells. Sales receivables arise from the sale of our natural gas and NGL production to our customers. We currently market, directly or indirectly, our natural gas and NGL production to energy marketing companies, refineries, gas processors, petrochemical companies, local distribution companies, power plants and other end users.

We maintain credit procedures and policies to mitigate the credit risks posed by our counterparties. However, our credit procedures and policies may not be adequate to fully eliminate the risk and we do not require all of our counterparties to post collateral. If we fail to adequately assess the creditworthiness of our existing or future significant counterparties, or their creditworthiness unexpectedly materially deteriorates, any resulting nonpayment or nonperformance by them could have a materially adverse effect on our financial condition, results of operations and ability to pay dividends on our common stock.

Our business could be negatively affected by security threats and disruptions, including electronic, cybersecurity or physical security threats and other disruptions.

Our businesses face various security threats, including cybersecurity threats to gain unauthorized access to sensitive information or to render data or systems unusable; threats to the security of our facilities and infrastructure or third-party facilities and infrastructure, such as processing plants and pipelines; and threats from terrorist acts. The potential for such security threats has subjected our operations to increased risks that could have a material adverse effect on our business. In particular, our implementation of various procedures and controls to monitor and mitigate security threats and to increase security for our information, facilities and infrastructure may result in increased capital and operating costs. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. Security breaches could lead to losses of sensitive information, critical infrastructure or capabilities essential to our operations and could have a material adverse effect on our reputation, financial position, results of operations, cash flows and ability to pay dividends on our common stock. Cybersecurity attacks in particular are becoming more sophisticated and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and systems and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The risk of a cybersecurity attack may increase as a result of the increased volume of “remote” work due to workplace policy changes resulting from the spread of COVID-19. These events could damage our reputation and lead to financial losses from remedial actions, loss of business or potential liability.

We may face various risks associated with the long-term trend toward increased activism against natural gas, NGL and oil exploration and development activities.

Opposition toward natural gas, NGL and oil drilling and development activity has been growing globally. Companies in the natural gas, NGL and oil industry are often the target of activist efforts from both individuals and non-governmental organizations regarding safety, environmental compliance and business practices. Anti-development activists are working to, among other things, reduce access to federal and state government lands and delay or cancel certain projects such as the development of natural gas, NGL and oil shale plays. For example, environmental activists continue to advocate for increased regulations or bans on shale drilling and hydraulic fracturing in the United States, even in jurisdictions that are among the most stringent in their regulation of the industry. Future activist efforts could result in the following:

- delay or denial of drilling permits;
- shortening of lease terms and reduction in lease size;
- restrictions on installation or operation of production, gathering or processing facilities;
- restrictions on the use of certain operating practices, such as hydraulic fracturing, or disposal of related waste materials, such as hydraulic fracking fluids and production;
- increased severance and/or other taxes;
- cyber-attacks;
- legal challenges or lawsuits;
- negative publicity about our business or the natural gas, NGL and oil industry in general;
- increased costs of doing business;
- reduction in demand for our products; and
- other adverse effects on our ability to develop our properties and expand production.

We may need to incur significant costs associated with responding to these initiatives, and there is no guarantee that our responses will produce favorable outcomes or results. Complying with any resulting additional legal or regulatory requirements that are substantial could have a material adverse effect on our business, financial condition, cash flows, results of operations and ability to pay dividends on our common stock.

Prolonged negative investor sentiment toward upstream natural gas, NGL and oil focused companies could limit our access to capital funding, which would constrain liquidity.

Certain segments of the investor community have developed negative sentiment towards investing in our industry. Recent equity returns in the sector versus other sectors have led to lower natural gas, NGL and oil representation in certain key equity market indices. Some investors, including certain pension funds, university endowments and family foundations, have stated policies to reduce or eliminate their investments in the natural gas, NGL and oil sector based on social and environmental considerations. Certain other stakeholders have pressured commercial and investment banks to stop funding natural gas, NGL and oil projects. If this negative sentiment continues for a prolonged period of time, it may reduce the availability of capital funding for potential development projects, each of which could have a material adverse effect our financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

We may be involved in legal proceedings that could result in substantial liabilities.

Like many energy companies, in the ordinary course of our business, we are from time to time involved in various disputes and disagreements that may lead to legal and other proceedings, such as title, royalty or contractual disputes, regulatory compliance matters and personal injury or property damage matters. Such legal proceedings are inherently uncertain and their results cannot be predicted. Regardless of the outcome, such proceedings could have an adverse impact on us because of legal costs, diversion of management and other personnel and other factors. In addition, it is possible that a resolution of one or more such proceedings could result in liability, penalties or sanctions, as well as judgments, consent decrees or orders requiring a change in our business practices, which could materially and adversely affect our business, prospects, financial condition, results of operations, cash flows and ability to pay dividends on our common stock. Accruals for such liability, penalties or sanctions may be insufficient, and judgments and estimates to determine accruals or range of losses related to legal and other proceedings could materially change from one period to the next.

Loss of our information and computer systems could adversely affect our business.

We are heavily dependent on our information systems and computer-based programs, including our well operations information, seismic data, electronic data processing and accounting data. If any of such programs or systems were to fail or create erroneous information in our hardware or software network infrastructure, possible consequences include our loss of communication links, inability to find, produce, process and sell natural gas and NGLs and inability to automatically process commercial transactions or engage in similar automated or computerized business activities. Any such consequence could have a material adverse effect on our business.

We are highly dependent on our executive officers and technical personnel, the loss of any of whom could adversely affect our operations. Additionally, the continued success of our business depends on our ability to attract and retain experienced technical personnel.

We depend on the services of our senior management and technical personnel. There can be no assurance that we would be able to replace such members of management with comparable replacements or that such replacements would integrate well with our existing team. Further, the loss of the services of our senior management could have a material adverse effect on our business, financial condition and results of operations. We do not maintain, nor do we plan to obtain, any “key-man” life insurance against the loss of any of these individuals. As a result, we are not insured against any losses resulting from the death of our key employees. The loss of the services of our senior management or technical personnel could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Our continued success will depend, in part, on our ability to attract and retain experienced technical personnel, including geologists, engineers and other professionals. Competition for these professionals is strong and will likely intensify as a significant portion of today's engineers, geologists and other professionals working within the oil and natural gas industry will reach the age of retirement in the coming years. Acquiring and retaining these personnel could prove more difficult or cost substantially more than estimated.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including disclosure about our executive compensation, that apply to other public companies.

We are classified as an "emerging growth company" under the JOBS Act. In addition, we have reduced Sarbanes-Oxley Act compliance requirements, as discussed elsewhere, for as long as we are an emerging growth company, which may be up to five full fiscal years. Unlike other public companies, we will not be required to, among other things, (i) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (ii) provide certain disclosure regarding executive compensation required of larger public companies or (iii) hold nonbinding advisory votes on executive compensation.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our common stock to be less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

Risks Related to Environmental, Legal Compliance and Regulatory Matters

We are subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of conducting our operations.

Our natural gas and NGL exploration and production operations are subject to complex and stringent laws and regulations. To conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. Failure or delay in obtaining regulatory approvals or drilling and related permits could have a material adverse effect on our ability to develop our properties, and receipt of drilling and related permits with onerous conditions could increase our compliance costs or decrease our opportunities to execute projects and develop acreage. In addition, regulations regarding conservation practices and the protection of correlative rights affect our operations by limiting the quantity of natural gas and NGLs we may produce and sell.

We are subject to federal, state and local laws and regulations as interpreted and enforced by governmental authorities possessing jurisdiction over various aspects of the exploration, production and transportation of natural gas and NGLs. The possibility exists that new laws, regulations or enforcement policies could be more stringent and significantly increase our compliance costs or cause us to cease operations. If we are not able to recover the resulting costs through insurance or increased revenues, our financial condition and ability to pay dividends on our common stock could be adversely affected.

Increased attention to ESG matters and environmental conservation measures may adversely impact our business.

Increasing attention to climate change, societal expectations on companies to address climate change, investor and societal expectations regarding voluntary ESG initiatives and disclosures and consumer demand for alternative forms of energy may result in increased costs (including but not limited to increased costs related to compliance, stakeholder engagement, contracting and insurance), reduced demand for our products, reduced profits, increased investigations and litigation and negative impacts on our access to capital markets. Increasing attention to climate change, environmental justice and environmental conservation, for example, may result in demand shifts for natural gas, NGL and oil products and additional governmental investigations and private litigation against us. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to the asserted damage, or to other mitigating factors.

Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures are based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring and reporting on many ESG matters. Such disclosures may also be at least partially reliant on third-party information that we have not, or cannot, independently verify. In addition, we expect there will likely be increasing levels of regulation, disclosure-related and otherwise, with respect to ESG matters, and increased regulation will likely lead to increased compliance costs as well as scrutiny that could heighten all of the risks identified in this risk factor. We may also take certain actions to improve the ESG profile of our company and/or products, but we cannot guarantee that such actions will have the desired effect.

Additionally, in March 2022, the SEC proposed new rules relating to the disclosure of a range of climate-related data, risks and opportunities. We are currently assessing this rule, but we cannot predict the costs of implementation or any potential adverse impacts resulting from the rule. To the extent this rule is finalized as proposed, we or our customers could incur increased costs related to the assessment and disclosure of climate-related risks. In addition, enhanced climate disclosure requirements could accelerate the trend of certain stakeholders and lenders restricting or seeking more stringent conditions with respect to their investments in certain carbon intensive sectors.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy-related assets could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our access to and costs of capital. Also, institutional lenders may decide not to provide funding for fossil fuel energy companies based on climate change and natural capital related concerns, which could affect our access to capital for potential growth projects. Moreover, to the extent ESG matters negatively impact our reputation, we may not be able to compete as effectively to recruit or retain employees. Such ESG matters may also impact our suppliers or customers, which may adversely impact our business, financial condition, or results of operations.

Energy conservation measures and technological advances could reduce demand for natural gas, NGL and oil.

Energy conservation measures, alternative fuel requirements, governmental requirements for renewable energy resources, increasing consumer demand for alternatives to natural gas, NGL and oil, technological advances in fuel economy and energy generation devices could reduce demand for natural gas, NGLs and oil. The impact of the changing demand for natural gas, NGL and oil services and products may have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Significant physical effects of climatic change have the potential to damage our facilities, disrupt our production activities and cause us to incur significant costs in preparing for or responding to those effects.

Climate change could have an effect on the severity of weather (including hurricanes, droughts and floods), sea levels, the arability of farmland, changes in temperature and other meteorological patterns, and water availability and quality. If such effects were to occur, our development and production operations have the potential to be adversely affected. Potential adverse effects could include damages to our facilities from powerful winds or rising waters in low lying areas, disruption of our production activities either because of climate related damages to our facilities or in our costs of operation potentially arising from such climatic effects, less efficient or non-routine operating practices necessitated by climate effects or increased costs for insurance coverage in the aftermath of such effects. Significant physical effects of climate change could also have an indirect effect on our financing and operations by disrupting the transportation or process-related services provided by midstream companies, service companies or suppliers with whom we have a business relationship. We may not be able to recover through insurance some or any of the damages, losses or costs that may result from potential physical effects of climate change. We have developed and started to implement a plan to address the potential impacts of climate change on our operations, but we cannot assure you that our operations will not be negatively impacted by climate change.

Federal, state and local legislative and regulatory initiatives relating to hydraulic fracturing as well as governmental reviews of such activities could result in increased costs and additional operating restrictions or delays in the completion of natural gas and NGL wells and adversely affect our production.

Hydraulic fracturing is used in many of our operations to stimulate production of hydrocarbons, particularly natural gas and NGLs. The process involves the injection of water, sand and additives under pressure into a targeted subsurface formation to fracture the surrounding rock and stimulate production. The U.S. Congress (“Congress”) from time to time has considered legislation to amend the federal Safe Drinking Water Act (“SDWA”) to remove the exemption currently available to hydraulic fracturing, which would place additional regulatory burdens upon hydraulic fracturing operations, including requirements to obtain a permit prior to commencing operations adhering to certain construction requirements, to establish financial assurance, and to require reporting and disclosure of the chemicals used in those operations. This legislation has not passed.

Hydraulic fracturing (other than that using diesel) is currently generally exempt from regulation under the SDWA’s UIC program and is typically regulated by state oil and natural gas commissions or similar agencies. However, several federal agencies have asserted regulatory authority or pursued investigations over certain aspects of the process.

For example, in June 2016, the EPA adopted effluent limitations for the treatment and discharge of wastewater resulting from onshore unconventional natural gas, NGL and oil extraction facilities to publicly owned treatment works and, in 2014, the EPA asserted regulatory authority pursuant to the UIC program over hydraulic fracturing activities involving the use of diesel and issued guidance covering such activities.

Also, in December 2016, the EPA released its final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that “water cycle” activities associated with hydraulic fracturing may impact drinking water resources “under some circumstances.” The final report identified the following risks: water withdrawals for fracturing in times or areas of low water availability; surface spills during the management of fracturing fluids, chemicals or produced water; injection of fracturing fluids into wells with inadequate mechanical integrity; injection of fracturing fluids directly into groundwater resources; discharge of inadequately treated fracturing wastewater to surface waters; and disposal or storage of fracturing wastewater in unlined pits. To date, EPA has taken no further action in response to the December 2016 report.

In addition, some states have adopted, and other states are considering adopting, regulations that restrict or could restrict hydraulic fracturing in certain circumstances. Further, state and local governmental entities have exercised the regulatory powers to regulate, curtail or in some cases prohibit hydraulic fracturing. New laws or regulations that impose new obligations on, or significantly restrict hydraulic fracturing, could make it more difficult or costly for us to perform hydraulic fracturing activities and thereby affect our determination of whether a well is commercially viable and increase our cost of doing business. Such increased costs and any delays or curtailments in our production activities could have a material adverse effect on our business, prospects, financial condition, results of operations, liquidity and ability to pay dividends on our common stock.

Regulatory action may cause us to shut in or curtail production.

Our rate of production and access to transportation and storage options may also be affected by U.S. federal and state regulation of oil and natural gas production. Actions of foreign oil producers such as Saudi Arabia and Russia and the impact on global demand of the COVID-19 pandemic materially decreased global crude oil prices and generated a surplus of oil. As a result, regulatory action to curtail production has been contemplated in Texas. For example, the TRRC, which regulates the production of oil and natural gas in the State of Texas, held a hearing in April 2020 regarding potential production cuts for producers in Texas in light of the recent decline in oil prices globally. While the TRRC ultimately declined to institute mandatory production cuts, the agency may choose to revisit the issue. Global and domestic oil prices have recovered substantially to the point that TRRC curtailments are highly unlikely. However, if the TRRC decides to limit the production of crude oil in Texas, our business and results of operations are not likely to be materially and adversely impacted given that our production comes from dry gas wells.

Any such production limitations will likely force us to shut in production. If we are forced to shut in production as a result of regulatory actions or otherwise, we will likely incur greater costs to bring the associated production back online. Cost increases necessary to bring the associated wells back online may be significant enough that such wells would become uneconomic at low commodity price levels, which may lead to decreases in our proved reserve estimates and potential impairments and associated charges to our earnings. If we are able to bring wells back online, there is no assurance that such wells will be as productive following recommencement as they were prior to being shut in. Any shut in or curtailment of the natural gas and NGLs produced from our fields could adversely affect our financial condition, results of operations, cash flows, ability to pay dividends on our common stock and ability to fulfill our obligations under our firm transportation service agreements.

Our operations are subject to a series of risks relating to climate change that could result in increased compliance or operating costs, limit the areas in which we may conduct natural gas and NGL exploration and production activities, and reduce demand for the natural gas and NGLs we produce.

Climate change continues to attract considerable public and scientific attention. As a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of carbon dioxide, methane and other GHGs. These efforts have included consideration of cap-and-trade programs, carbon taxes, GHG reporting and tracking programs and regulations that directly limit GHG emissions from certain sources.

In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, the Inflation Reduction Act, recently passed by Congress, imposed several new climate-related requirements on oil and gas operations. Additionally, President Biden has highlighted addressing climate change as a priority of his administration and has issued several executive orders addressing climate change. In August 2022, the U.S. Congress passed, and President Biden signed into law, the Inflation Reduction Act of 2022, which appropriates significant federal funding for renewable energy initiatives and, for the first time ever, imposes a fee on GHG emissions from certain facilities. The emissions fee and funding provisions of the law could increase our operating costs and accelerate the transition away from fossil fuels, which could in turn adversely affect our business and results of operations.

Moreover, following the U.S. Supreme Court finding in 2007 that GHG emissions constitute a pollutant under the CAA, the EPA adopted regulations that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, and together with the DOT, imposing GHG emissions and fuel economy standards for vehicles in the United States. The regulation of methane from oil and gas facilities has been subject to uncertainty in recent years. The EPA previously had promulgated New Source Performance Standards ("NSPS") imposing limitations on methane emissions from sources in the oil and gas sector. Subsequently, in September 2020, the Trump Administration rescinded those methane standards and removed the transmission and storage segments from the oil and gas source category under the CAA's NSPS. However, on June 30, 2021, President Biden signed a resolution passed by Congress under the Congressional Review Act nullifying the September 2020 rule, effectively reinstating the prior standards. In addition, on November 15, 2021, the EPA proposed rules that would establish requirements for methane emissions from existing and modified oil and gas sources and impose additional requirements for new sources with respect to methane emissions. The EPA has announced that it hopes to finalize these rulemakings by the end of 2022. The reinstatement of direct regulation of methane emission for new sources and the promulgation of requirements for existing oil and gas sources and enhanced requirements for new sources could result in increased compliance costs or otherwise impact our results of operations.

Various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. For example, several states, including Pennsylvania and New Mexico, have proposed or adopted regulations restricting the emission of methane from exploration and production activities. At the international level, President Biden has recommitted the

United States to the Paris Agreement and, in April 2021, announced a goal of reducing the United States' economy-wide GHG emissions by 50-52% below 2005 levels by 2030. In November 2021, the international community gathered in Glasgow at the 26th Conference to the Parties on the UN Framework Convention on Climate Change ("COP26"), during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non-CO_2 GHGs. Relatedly, the United States and European Union jointly announced the launch of the "Global Methane Pledge," which aims to cut global methane pollution at least 30% by 2030 relative to 2020 levels, including "all feasible reductions" in the energy sector. President Biden also agreed in November 2021 to cooperate with Chinese leader Xi Jinping on accelerating the transition to a global net zero economy. The impacts of these pledges, agreements and any legislation or regulation promulgated to fulfill the United States' commitments under the Paris Agreement, COP26, or other international conventions cannot be predicted at this time. However, to the extent these developments result in new restrictions on natural gas and NGL operations, increase operational costs, or otherwise reduce the demand for natural gas and NGLs, they could have a material adverse effect on our business.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates now in public office. On January 27, 2021, President Biden issued an executive order that calls for substantial action on climate change, including, among other things, the increased use of zero-emission vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and increased emphasis on climate-related risks across government agencies and economic sectors. The Biden Administration also issued orders temporarily suspending the issuance of authorizations, and suspending the issuance of new leases pending a study, for oil and gas development on federal lands, although such orders are no longer in effect. For more information, see "*Business — Government Regulation and Environmental Matters*." As a result, we cannot predict the full impact of these developments or whether the Biden Administration may pursue further restrictions. Other actions that could be pursued by the Biden Administration may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as more restrictive GHG emission limitations for oil and gas facilities.

Increasing attention to global climate change has resulted in increased investor attention and an increased risk of public and private litigation, which could increase our costs or otherwise adversely affect our business. A number of parties have sought to bring suit against the largest oil and gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing, handling or marketing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages, or alleging that the companies have been aware of the adverse effects of climate change for some time but failed to adequately disclose those impacts. The ultimate outcome and impact to us of any such litigation cannot be predicted with certainty, and we could incur substantial legal costs associated with defending these and similar lawsuits in the future. Stockholder activism has also recently been increasing in our industry, and stockholders may attempt to effect changes to our business or governance, whether by stockholder proposals, public campaigns, proxy solicitations or otherwise. Any of these risks could result in unexpected costs, negative sentiments about us, disruptions in our operations, increases to our operating expenses and reduced demand for our products, which in turn could have an adverse effect on our business, financial condition and results of operations.

There are also increasing financial risks for fossil fuel producers as stockholders currently invested in fossil-fuel energy companies may elect in the future to shift some or all of their investments into other sectors. Institutional lenders who provide financing to fossil-fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. For example, at COP26, the Glasgow Financial Alliance for Net Zero ("GFANZ") announced that commitments from over 450 firms across 45 countries had resulted in over $130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. President Biden signed an executive order calling for the development of a "climate finance plan" and, separately, the Federal Reserve has joined the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate-related risks in the financial sector. More recently, in November 2021, the Federal Reserve issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. Limitation of investments in and financings for fossil fuel energy companies could result in the restriction, delay or cancellation of drilling programs or development or production activities.

Additionally, in March 2022, the SEC proposed new rules relating to the disclosure of a range of climate-related data, risks and opportunities. The proposed rule would impose several new disclosure obligations, including (i) disclosure on an annual basis of a registrant's Scope 1 and Scope 2 GHG emissions, with third-party independent attestation of such emissions for accelerated filers, (ii) disclosure on an annual basis of a registrant's Scope 3 GHG emissions for accelerated filers, (iii) disclosure on how the board of directors and management oversee climate-related risks and certain climate-related governance items, (iv) disclosure of information related to a registrant's publicly announced climate-related targets, goals and/or transition plans and (v) disclosure on whether and how climate-related events and transition activities impact line items above a threshold amount on a registrant's consolidated financial statements, including the impact of the financial estimates and the assumptions used. We are currently assessing this rule, but we cannot predict the costs of implementation or any potential adverse impacts resulting from the rule. To the extent this rule is finalized as proposed, we or our customers could incur increased costs related to the assessment and disclosure of climate-related risks. In addition, enhanced climate disclosure requirements could accelerate the trend of certain stakeholders and lenders restricting or seeking more stringent conditions with respect to their investments in certain carbon intensive sectors. The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and gas sector or otherwise restrict the areas in which this sector may produce oil and gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and gas. Additionally, political, litigation and financial risks may result in us restricting or cancelling production activities, incurring liability for infrastructure damages as a result of climatic changes, or having an impaired ability to continue to operate in an economic manner. One or more of these developments could have a material adverse effect on our business, financial condition and results of operations.

Our ability to pursue our business strategies may be adversely affected if we incur costs and liabilities due to a failure to comply with environmental, health and safety laws or regulations or a release into the environment.

We may incur significant costs and liabilities as a result of environmental requirements applicable to the operation of our wells, gathering systems and other facilities. These costs and liabilities could arise under a wide range of federal, state and local environmental, health and safety laws and regulations, including, for example, the following federal laws and their state counterparts, as amended from time to time:

- the CAA, which regulates the emission of air pollutants from many sources, imposes various preconstruction, monitoring and reporting requirements and is relied upon by the EPA as authority for adopting climate change regulatory initiatives relating to GHG emissions;
- the Federal Water Pollution Control Act, also known as the Clean Water Act ("CWA"), which regulates discharges of pollutants from facilities to state and federal waters and establishes the extent to which waterbodies are subject to federal jurisdiction and rulemaking as protected waters of the United States;
- the SDWA, which is designed to protect the quality of the nation's public drinking water through adoption of drinking water standards and UIC over the subsurface injection of fluids into belowground formations;
- the federal Resource Conservation and Recovery Act, as amended ("RCRA"), which imposes requirements for the generation, treatment, storage, transport, disposal and cleanup of nonhazardous and hazardous wastes;
- the federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), which imposes liability on generators, and those who arrange for the transportation, treatment or disposal, of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur as well as on present and certain past owners and operators of those sites;

- the Emergency Planning and Community Right-to-Know Act, which requires facilities to implement a safety hazard communication program and disseminate information to employees, local emergency planning committees and response departments about toxic chemical uses and inventories; and
- the Endangered Species Act ("ESA"), which restricts activities that may affect federally identified endangered and threatened species or their habitats through the implementation of operating limitations or restrictions or a temporary, seasonal or permanent ban on operations in affected areas.

These U.S. laws and their implementing regulations, as well as state counterparts, generally restrict the level of pollutants emitted to ambient air, discharges to surface water and disposals or other releases or threats of release to surface, soils and groundwater. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties, the imposition of investigatory, remedial and corrective action obligations, the incurrence of capital expenditures, the occurrence of delays in the permitting, development or expansion of projects and the issuance of orders enjoining some or all of our future operations in a particular area. Certain environmental laws impose strict joint and several liability, without regard to fault or legality of conduct, for costs required to clean up and restore sites where hazardous substances or other wastes have been disposed of or otherwise released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hazardous substances, wastes or other materials into the environment. In addition, these laws and regulations may restrict the rate of natural gas and NGL production or underground injection, disposal, and sequestration of CO_2. Historically, our environmental compliance costs have not had a material adverse effect on our results of operations; however, there can be no assurance that such costs will not be material in the future or that such future compliance will not have a material adverse effect on our business and operating results.

In addition, as a result of these environmental, health and safety laws and regulations, and their impact on our operations, we rely on specialized contracted companies to perform the majority of the specialized services inherent in the oil and gas industry. As such, we rely on the ability of these contractors to provide trained labor and properly designed and maintained equipment unique to their services. With the cyclical nature of the oil and gas business, the personnel used by these specialized contractors to perform these services may differ significantly in experience levels. From time to time, these specialized contractors may use new personnel that are still in training or may further sub-contract these services to other companies or personnel. There is a risk that these sub-contractors are unqualified or under-trained or that their equipment is not properly designed or maintained, which could result in work being performed inadequately or unsafely.

Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the oil and gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability. To the extent laws are enacted or other governmental action is taken that restricts drilling or production or imposes more stringent and costly operating, waste handling, disposal and cleanup requirements, our business, prospects, financial condition or results of operations could be materially adversely affected.

Our gathering systems and processing, treating and fractionation facilities are subject to state regulation that could have a material adverse effect on our operations and cash flows.

State regulation of gathering systems and processing, treating and fractionation facilities includes safety and environmental requirements. In addition, several of our gas gathering systems are also subject to non-discriminatory take requirements and complaint-based state regulation with respect to our rates and terms and conditions of service. Our NGL gathering pipelines and operations may also be or become subject to state public utility or related jurisdiction which could impose additional safety and operational regulations relating to the design, siting, installation, testing, construction, operation, replacement and management of NGL gathering facilities. State and local regulation may cause us to incur additional costs, limit our operations, or prevent us from choosing the customers to which we provide service, any or all of which could have a material adverse effect on our operations and revenue.

Temple I is subject to the rules and regulations of the Public Utility Commission of Texas (the "PUCT") and ERCOT, which could have a material adverse effect on our operations and cash flows.

Temple I is subject to the rules and regulations of the PUCT and ERCOT. These regulations can impact the operations of generation facilities, which in turn can impact associated costs and revenues. For example, the PUCT is currently considering changes to its rules regarding weatherization of power plants, which could increase capital and operations and maintenance costs for generation facilities. In addition, from time to time, ERCOT makes changes to its protocols or takes out of market actions that impact the wholesale power market. These regulations may cause us to incur additional costs or face delays, or otherwise could have a material adverse effect on our operations and cash flows.

We may face unanticipated water and other waste disposal costs as a result of increased water-related regulations.

We may be subject to regulation that restricts our ability to discharge water produced as part of our natural gas and NGL production operations. Productive zones frequently contain water that must be removed for the natural gas and NGLs to produce, and our ability to remove and dispose of sufficient quantities of water from the various zones will determine whether we can produce natural gas and NGLs in commercial quantities. The produced water must be transported from the leasehold and/or injected into disposal wells. The availability of disposal wells with sufficient capacity to receive all of the water produced from our wells may affect our ability to produce our wells. Also, the cost to transport and dispose of that water, including the cost of complying with regulations concerning water disposal, may reduce our profitability. Where water produced from our projects fails to meet the quality requirements of applicable regulatory agencies, our wells produce water in excess of the applicable volumetric permit limits, the disposal wells fail to meet the requirements of all applicable regulatory agencies, or we are unable to secure access to disposal wells with sufficient capacity to accept all of the produced water, we may have to shut in wells, reduce drilling activities, or upgrade facilities for water handling or treatment. The costs to dispose of this produced water may increase if any of the following occur:

- we cannot obtain future permits from applicable regulatory agencies;
- water of lesser quality or requiring additional treatment is produced;
- our wells produce excess water;
- new laws and regulations require water to be disposed in a different manner; or
- costs to transport the produced water to the disposal wells increase.

In June 2016, the EPA adopted effluent limitations for the treatment and discharge of wastewater resulting from onshore unconventional natural gas, NGL and oil extraction facilities to publicly owned treatment works. The disposal of fluids gathered from natural gas, NGL and oil producing operations in underground disposal wells has been pointed to by some groups and regulators as a potential cause of increased induced seismic events in certain areas of the country, particularly in Oklahoma, Texas, Colorado, Kansas, New Mexico and Arkansas. Certain states have begun to consider or adopt laws and regulations that may restrict or otherwise prohibit oilfield fluid disposal in certain areas or underground disposal wells, and state agencies implementing those requirements may issue orders directing certain wells in areas where seismic incidents have occurred to restrict or suspend disposal well operations or impose standards related to disposal well construction and monitoring. Any one or more of these developments could also increase our cost to dispose of our produced water.

A change in the jurisdictional characterization of some of our assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of our assets, which may cause our revenues to decline and operating expenses to increase.

Our natural gas gathering operations are generally exempt from the jurisdiction and regulation of the Federal Energy Regulatory Commission ("FERC"), except for certain anti-market manipulation provisions. Section 1(b) of the Natural Gas Act ("NGA") exempts natural gas gathering facilities from regulation by FERC as a natural gas company as defined under that statute. We believe the natural gas pipelines in our gathering systems meet the traditional tests FERC has used to establish a pipeline's status as a gathering pipeline not subject to regulation by FERC. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services is fact intensive and the subject of ongoing litigation. If FERC were to consider the status of our gathering systems and determine that they are subject to FERC regulation, the rates for, and terms and conditions of, services provided by those gathering systems would be subject to modification by FERC under the NGA or the Natural Gas Policy Act (“NGPA”). Such regulation could decrease revenue, increase operating costs, and adversely affect our business, financial condition, and results of operations. In addition, if any of our facilities were found to have provided services or otherwise operated in violation of the NGA or NGPA, it could result in the imposition of civil penalties as well as a requirement to disgorge charges collected for such services in excess of the rates established by FERC.

The pipelines used to gather and transport natural gas we produce are subject to regulation by the U.S. Department of Transportation (“DOT”) under the Natural Gas Pipeline Safety Act of 1968, as amended, the Pipeline Safety Act of 1992, as reauthorized and amended, and the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (“2011 Pipeline Safety Act”). The Pipeline and Hazardous Materials Safety Administration (“PHMSA”) has established a risk-based approach to determine which gathering pipelines are subject to regulation and what safety standards regulated gathering pipelines must meet. In April 2016, pursuant to one of the requirements of the 2011 Pipeline Safety Act, PHMSA published a proposed rulemaking that would expand integrity management requirements and impose new pressure testing requirements on currently regulated gas gathering and transmission pipelines. The proposal would also significantly expand the regulation of gas gathering lines, subjecting previously unregulated pipelines to requirements regarding damage prevention, corrosion control, public education programs, and maximum allowable operating pressure limits, among others. PHMSA later announced that the agency would issue three separate final rulemakings relating to the original proposed rule for natural gas pipelines. In October 2019, PHMSA submitted three major rules to the Federal Register, including rules focused on: the safety of gas transmission pipelines (the first of three parts of the so-called gas Mega Rule), the safety of hazardous liquid pipelines and enhanced emergency order procedures. The gas transmission rule requires operators of gas transmission pipelines constructed before 1970 to determine the material strength of their lines by reconfirming the maximum allowable operating pressure. In addition, the rule updates reporting and records retention standards for gas transmission pipelines. PHMSA is expected to issue the second and third parts of the gas Mega Rule in the near future. The safety and hazardous liquid pipelines rule would extend leak detection requirements to all non-gathering hazardous liquid pipelines and require operators to inspect affected pipelines following extreme weather events or natural disasters to address any resulting damage. Finally, the enhanced emergency procedures rule focuses on increased emergency safety measures. In particular, this rule increases the authority of PHMSA to issue an emergency order that addresses unsafe conditions or hazards that pose an imminent threat to pipeline safety. Additional future regulatory action expanding PHMSA’s jurisdiction and imposing stricter integrity management requirements is possible. The adoption of laws or regulations that apply more comprehensive or stringent safety standards could require us to install new or modified safety controls, pursue new capital projects, or conduct maintenance programs on an accelerated basis, all of which could require us to incur increased operating costs that could be significant. In addition, should we fail to comply with PHMSA or comparable state regulations, we could be subject to substantial fines and penalties. The maximum civil penalties PHMSA can impose are $239,142 per pipeline safety violation per day, with a maximum of $2,391,412 for a related series of violations.

Restrictions on drilling, completion, production or related activities intended to protect certain species of wildlife may adversely affect our ability to conduct drilling activities in some of the areas where we operate.

Natural gas and NGL operations in our operating areas can be adversely affected by seasonal or permanent restrictions on drilling activities designed to protect various wildlife, such as those restrictions imposed under the ESA. Seasonal restrictions may limit our ability to operate in protected areas and can intensify competition for drilling rigs, oilfield equipment, services, supplies and qualified personnel, which may lead to periodic shortages when drilling is allowed. These constraints and the resulting shortages or high costs could delay our operations and materially increase our operating and capital costs. Permanent restrictions imposed to protect endangered species could prohibit drilling in certain areas or require the implementation of expensive mitigation measures. The designation of previously unprotected species in areas where we operate as threatened or endangered could cause us to incur increased costs arising from species protection measures or could result in limitations on our exploration, development and production activities that could have an adverse impact on our ability to develop and produce our reserves. To the extent species are listed or re-designated under the ESA or similar state laws, or previously unprotected species are designated as threatened or endangered in areas where our properties are located, operations on those properties could incur increased costs arising from species protection measures and face delays or limitations with respect to production activities thereon. There is also increasing interest in nature-related matters beyond protected species, such as general biodiversity, which may similarly require us to incur costs or take other measures which may materially impact our business or operations.

Potential transactions that could benefit our stockholders may be subject to regulatory review and approval requirements, including pursuant to foreign investment regulations and review by governmental entities such as the Committee on Foreign Investment in the United States ("CFIUS"), or may be ultimately prohibited.

Potential transactions we consider may be subject to regulatory review and approval requirements by governmental entities, or ultimately prohibited. For example, CFIUS has authority to review direct or indirect foreign investments in U.S. companies. Among other things, CFIUS is empowered to require certain foreign investors to make mandatory filings, to charge filing fees related to such filings, and to self-initiate national security reviews of foreign direct and indirect investments in U.S. companies if the parties to that investment choose not to file voluntarily. In the case that CFIUS determines an investment to be a threat to national security, CFIUS has the power to unwind or place restrictions on the investment. Whether CFIUS has jurisdiction to review an acquisition or investment transaction depends on, among other factors, the nature and structure of the transaction, including the level of beneficial ownership interest and the nature of any information or governance rights involved. For example, investments that result in "control" of a U.S. business by a foreign person always are subject to CFIUS jurisdiction. CFIUS's expanded jurisdiction under the Foreign Investment Risk Review Modernization Act of 2018 and implementing regulations that became effective on February 13, 2020 further includes investments that do not result in control of a U.S. business by a foreign person but afford certain foreign investors certain information or governance rights in a U.S. business that has a nexus to "critical technologies," "critical infrastructure" and/or "sensitive personal data."

For so long as Banpu retains a material ownership interest in us, we may be deemed a "foreign person" under the regulations relating to CFIUS. As such, potential transactions involving a U.S. business or foreign business with U.S. subsidiaries that we may wish to pursue may be subject to CFIUS review. If a particular transaction falls within CFIUS's jurisdiction, we may determine that we are required to make a mandatory filing or that we will submit to CFIUS review on a voluntary basis, or to proceed with the transaction without submitting to CFIUS and risk CFIUS intervention, before or after closing the transaction. CFIUS may decide to block or delay transactions that could benefit our stockholders, impose conditions with respect to such transactions or request the President of the United States to order us to divest all or a portion of the assets or companies we acquired without first obtaining CFIUS approval, which may limit the attractiveness of, delay or prevent us from pursuing certain target companies or assets that we believe would otherwise be beneficial to us and our stockholders, any of which could have a material adverse effect on our financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Our sales of natural gas and NGLs, and any hedging activities related to such commodities, expose us to potential regulatory risks.

Sales of natural gas and NGLs are not currently regulated and are made at negotiated prices. However, the federal government historically has been active in the area of natural gas and NGL sales regulation. We cannot predict whether new legislation to regulate natural gas and NGL sales might be proposed, what proposals, if any, might actually be enacted by Congress or the various state legislatures and what effect, if any, the proposals might have on our operations.

Additionally, the Federal Trade Commission and the Commodity Futures Trading Commissions (the "CFTC") hold statutory authority to monitor certain segments of the physical and futures energy commodities markets relevant to our business. These agencies have imposed broad regulations prohibiting fraud and manipulation of such markets. With regard to our physical sales of natural gas and NGLs, and any hedging activities related to these energy commodities, we are required to observe the market-related regulations enforced by these agencies, which hold substantial enforcement authority. Failure to comply with such regulations, as interpreted and enforced, could materially and adversely affect our financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

The adoption of derivatives legislation and regulations by Congress related to derivative contracts could have an adverse impact on our ability to hedge risks associated with our business.

Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) establishes federal oversight and regulation of over-the-counter (“OTC”) derivatives and requires the CFTC and the SEC to enact further regulations affecting derivative contracts, including the derivative contracts we use to hedge our exposure to price volatility through the OTC market. Although the CFTC and the SEC have issued final regulations in certain areas, final rules in other areas and the scope of relevant definitions and/or exemptions still remain to be finalized.

In one of its rulemaking proceedings still pending under the Dodd-Frank Act, the CFTC issued on December 5, 2016, a re-proposed rule imposing position limits for certain futures and option contracts in various commodities (including natural gas, NGL and oil) and for swaps that are their economic equivalents. Under the proposed rules on position limits, certain types of hedging transactions are exempt from these limits on the size of positions that may be held, provided that such hedging transactions satisfy the CFTC’s requirements for certain enumerated “bona fide hedging” transactions or positions. A final rule has not yet been issued. Similarly, on December 2, 2016, the CFTC has reissued a proposed rule regarding the capital a swap dealer or major swap participant is required to set aside with respect to its swap business, but the CFTC has not yet issued a final rule.

The CFTC has also adopted final rules regarding aggregation of positions, under which a party that controls the trading of, or owns 10% or more of the equity interests in, another party will have to aggregate the positions of the controlled or owned party with its own positions for purposes of determining compliance with position limits unless an exemption applies. The CFTC’s aggregation rules are now in effect, though CFTC staff have granted relief from various conditions and requirements in the final aggregation rules until the earlier of August 12, 2025 and the effective date of any rulemaking that codifies the relief. With the implementation of the final aggregation rules and upon the adoption and effectiveness of final CFTC position limits rules, our ability to execute our hedging strategies described above could be limited. It is uncertain at this time whether, when and in what form the CFTC’s proposed new position limits rules may become final and effective.

The CFTC issued a final rule on margin requirements for uncleared swap transactions on January 6, 2016, which includes an exemption from any requirement to post margin to secure uncleared swap transactions entered into by commercial end-users in order to hedge commercial risks affecting their business. In addition, the CFTC has issued a final rule authorizing an exemption from the otherwise applicable mandatory obligation to clear certain types of swap transactions through a derivatives clearing organization and to trade such swaps on a regulated exchange, which exemption applies to swap transactions entered into by commercial end-users in order to hedge commercial risks affecting their business. The mandatory clearing requirement currently applies only to certain interest rate swaps and credit default swaps, but the CFTC could act to impose mandatory clearing requirements for other types of swap transactions. The Dodd-Frank Act also imposes recordkeeping and reporting obligations on counterparties to swap transactions and other regulatory compliance obligations.

All of the above regulations could increase the costs to us of entering into financial derivative transactions to hedge or mitigate our exposure to commodity price volatility and other commercial risks affecting our business. While it is not possible at this time to predict when the CFTC will issue final rules applicable to position limits or capital requirements, depending on our ability to satisfy the CFTC’s requirements for a commercial end-user using swaps to hedge or mitigate our commercial risks, these rules and regulations may require us to comply with position limits and with certain clearing and trade-execution requirements in connection with our financial derivative activities. When a final rule on capital requirements for swap dealers is issued, the Dodd-Frank Act may require our current swap dealer counterparties to post additional capital as a result of entering into uncleared financial derivatives with us, which capital requirements rule could increase the costs to us of future financial derivatives transactions. The Volcker Rule provisions of the Dodd-Frank Act may also require our current bank counterparties that engage in financial derivative transactions to spin off some of their derivatives activities to separate entities, which separate entities may not be as credit-worthy as the current bank counterparties. Under such rules, other bank counterparties may cease their current business as hedge providers. These changes could reduce the liquidity of the financial derivatives markets thereby reducing the ability of entities like us, as commercial end-users, to have access to financial derivatives to hedge or mitigate our exposure to commodity price volatility.

As a result, the Dodd-Frank Act and any new regulations issued thereunder could significantly increase the cost of derivative contracts (including through requirements to post cash collateral), which could adversely affect our capital available for other commercial operations purposes, materially alter the terms of future swaps relative to the terms of our existing bilaterally negotiated financial derivative contracts and reduce the availability of derivatives to protect against commercial risks we encounter.

If we reduce our use of derivative contracts as a result of the new requirements, our results of operations may become more volatile and cash flows less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Finally, the legislation was intended, in part, to reduce the volatility of commodity prices, which some legislators attributed to speculative trading in derivatives and commodity instruments related to natural gas, NGLs and oil. Our revenues could therefore be adversely affected if a consequence of the legislation and regulations is to lower commodity prices. Any of these consequences could have a material adverse effect on our consolidated financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

Potential future legislation or the imposition of new or increased taxes or fees may generally affect the taxation of natural gas, NGL and oil exploration and development companies and may adversely affect our cash flows.

During the past two years, there have been a significant number of federal and state level legislative proposals that, if enacted into law, would make significant changes to tax laws, including to certain key U.S. federal and state income tax provisions currently available to natural gas, NGL and oil exploration and development companies. For example, late last year the U.S. House of Representatives passed legislation that was not ultimately enacted and, earlier this year, the Biden administration set forth several tax proposals, that would, if ultimately enacted into law, make significant changes to U.S. tax laws. Such proposals include, but are not limited to, (i) an increase in the U.S. federal income tax rates applicable to corporations, (ii) the repeal of the percentage depletion allowance for certain natural gas, NGL and oil properties, (iii) the elimination of current deductions for intangible drilling and development costs and (iv) an increase in the amortization period for geological and geophysical costs paid or incurred in connection with the exploration for, or development of, oil or natural gas, NGL and oil within the United States. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. Additionally, the states in which we operate or own assets may impose new or increased taxes or fees on natural gas, NGL and oil extraction. The passage of any legislation as a result of these proposals and other similar changes in U.S. federal income tax laws or the imposition of new or increased taxes or fees on natural gas, NGL and oil extraction could adversely affect our operations and cash flows.

Our tax liabilities potentially are subject to periodic audits by U.S. federal, state and local taxing authorities. Although we believe we have used reasonable interpretations and assumptions in calculating our tax liabilities, the final determination of these tax audits and any related proceedings cannot be predicted with certainty. Any adverse outcome of any such tax audits or related proceedings could result in unforeseen tax-related liabilities that may, individually or in the aggregate, materially affect our cash tax liabilities, and, as a result, our business, financial condition, results of operations, and liquidity.

Our business is subject to complex and evolving laws and regulations regarding privacy and data protection.

The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. New laws and regulations governing data privacy and the unauthorized disclosure of personal or confidential information pose increasingly complex compliance challenges and could potentially elevate our costs. Any failure to comply with these laws and regulations could result in significant penalties and legal liability. We continue to monitor and assess the impact of these laws, which in addition to penalties and legal liability, could impose significant costs for investigations and compliance, require us to change our business practices and carry significant potential liability for our business should we fail to comply with any such applicable laws.

Risks Related to Our Relationship with Banpu and its Affiliates

Banpu is our controlling stockholder and exercises substantial influence over us, and your ability to influence matters requiring stockholder approval may be limited.

Upon completion of this offering, Banpu will indirectly own approximately % of our outstanding common stock (or approximately % if the underwriters exercise in full their option to purchase additional shares). Our outstanding common stock is entitled to one vote per share. As a result of its ownership of our common stock, Banpu will indirectly own approximately % of the combined voting power of our common stock immediately after completion of this offering (or approximately % if the underwriters exercise in full their option to purchase additional shares). As a result of this ownership, Banpu has a substantial influence on our affairs and its voting power will constitute a substantial percentage of any quorum of our stockholders voting on any matter requiring the approval of our stockholders. Such matters include the election of directors, the adoption of amendments to our certificate of incorporation and bylaws and the approval of mergers or the sale of all or substantially all of our assets. Banpu's control or significant influence over us also may delay, defer or prevent an acquisition by a third party or other change of control of our Company and may make some transactions more difficult or impossible without the support of Banpu, even if such events are in the best interests of our other stockholders.

In addition, pursuant to our Stockholders' Agreement, for so long as BNAC and Banpu beneficially own 10% or more of our voting stock, BNAC will be entitled to designate for nomination to our board of directors a number of individuals approximately proportionate to such beneficial ownership, provided that (i) from the completion of this offering until the first anniversary of the completion of this offering, at least three board seats will not be BNAC designees, (ii) from and after the first anniversary of the completion of this offering until the first date on which BNAC and Banpu beneficially own 50% or less of our voting stock, at least four board seats will not be BNAC designees, and (iii) from and after the first date on which BNAC and Banpu beneficially own 50% or less of our voting stock, a number of board seats equal to the minimum number of directors that would constitute a majority of the total number of directors comprising our board of directors will not be BNAC designees. See "*Management — Controlled Company*," "*Principal Stockholders"* and "*Certain Relationships and Related Party Transactions — Stockholders' Agreement*."

In addition, we do not control the BKV-BPP Power Joint Venture. We and BPPUS jointly control BKV-BPP Power through a board of directors consisting of eight members, four of which are appointed by us and four of which are appointed by BPPUS. See "*Risks Related to Our Power Generation Business — We operate our power generation business through a joint venture which we do not control*." Further, if, after this initial public offering, Banpu and its wholly owned subsidiaries cease to own at least 51% of our equity interests, or if any such holder allows any lien to exist on our equity interests that they own, such event will be an event of default under the Term Loan Credit Agreement and the Revolving Credit Agreement, which may result in the amounts owed by us thereunder to become immediately due and payable.

The interests of Banpu may differ from our interests or those of our other stockholders and the concentration of control in Banpu will limit other stockholders' ability to influence corporate matters. Banpu may take actions that our other stockholders do not view as beneficial or decline to take actions that our other stockholders view as beneficial, which may adversely affect our business, financial condition, results of operations and our ability to pay dividends on our common stock. In addition, Banpu's control or significant influence over us may have an adverse effect on the price of our common stock.

Historically we have relied on Banpu and its affiliates for capital investments sufficient to fund our business operations. Banpu has no obligation to make any further capital investments or to provide additional loan proceeds.

Prior to the consummation of this offering, we have relied on Banpu and its affiliates for the capital investments necessary to fund our business through loan proceeds and other contributions. Following this offering, Banpu and its affiliates will have no obligation to provide any additional funding, and instead, we expect to fund our capital expenditures through cash flows from operations and from borrowings under our Revolving Credit Facilities. Our future operating performance and to meet our debt service obligations will be affected by economic and capital market conditions, results of operations and other factors, many of which are beyond our control.

Restrictive covenants in the agreements governing the indebtedness of Banpu may limit our ability to incur additional debt.

The agreements governing the indebtedness of Banpu require it to maintain certain financial ratios and tests based on consolidated financial statements. Immediately after completion of this offering, Banpu, or a subsidiary of Banpu, will continue to have a substantial influence on our affairs and its voting power will constitute a substantial percentage of any quorum of our stockholders voting on any matter requiring the approval of our stockholders. As a result, Banpu may prevent us from taking corporate actions that could cause Banpu to fail to comply with the applicable provisions of its debt agreements, even when such actions are in our best interests and the interests of our other stockholders. This limitation may materially adversely affect our ability to obtain future financing or fund needed capital expenditures.

We expect to be a "controlled company" within the meaning of the NYSE rules and, as a result, will qualify for and could rely on exemptions from certain corporate governance requirements.

Upon the completion of this offering, Banpu will beneficially control a majority of the combined voting power of all classes of our outstanding voting stock. Pursuant to our Stockholders' Agreement, BNAC, through ownership interests in us held by BNAC and its affiliates, will have certain rights to designate individuals for nomination to our board of directors. "*Certain Relationships and Related Party Transactions — Stockholders' Agreement*" contains additional information regarding these risks. As a result, we expect to be a controlled company within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain NYSE corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors;
- the corporate governance and nominating committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- there be an annual performance evaluation of the nominating and governance and compensation committees.

These requirements will not apply to us as long as we remain a controlled company. Following this offering, we may utilize some or all of these exemptions. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE. "*Management — Controlled Company*" contains additional information regarding these risks.

Banpu's interests, including interests in certain corporate opportunities, may conflict with our interests and the interests of our other stockholders. Conflicts of interest between us and Banpu could be resolved in a manner unfavorable to us and our other stockholders.

Banpu could have interests that differ from, or conflict with, the interests of our other stockholders and could cause us to take certain actions even if the actions are not favorable to us or our other stockholders or are opposed by our other stockholders. Potential conflicts of interest or disputes may arise between Banpu and us in a number of areas relating to our past or ongoing relationships, including:

- tax, employee benefits, indemnification and other matters arising from this offering;
- employee retention and recruiting;
- corporate opportunities that may be attractive to both Banpu and us;
- the arrangements governing the BKV-BPP Power Joint Venture and any other new commercial arrangements between the Company and affiliates of Banpu in the future; and

- sales or other disposals by Banpu of all or a portion of its interest in us.

We may not be able to resolve potential conflicts and disputes with Banpu and even if we do, the resolution may be less favorable to us than if we were dealing with an unaffiliated third party. Because we are controlled or significantly influenced by Banpu, we may not have the leverage to negotiate amendments to the arrangements governing the BKV-BPP Power Joint Venture (if any are required) on terms as favorable to us as those we would negotiate with an unaffiliated third party.

Additionally, there can be no assurance that Banpu will not engage in competition with us in the future. Our certificate of incorporation provides that, to the fullest extent permitted by law, neither Banpu nor its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his or her director and officer capacities) or his or her affiliates will have any duty to refrain from (i) engaging in the same or similar business activities or lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that Banpu or its affiliates or any non-employee director acquires knowledge of a potential transaction or other business opportunity that may be a corporate opportunity for itself, himself or herself or its or his or her affiliates or for us or any of our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity.

Our certificate of incorporation also renounces, to the fullest extent permitted by law, any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries' employees.

Generally, neither Banpu nor our non-employee directors who also are directors, officers, employees, agents or affiliates of Banpu or its affiliates (other than us) will be liable to us or our stockholders for breach of any fiduciary duty solely by reason of the fact that any such person pursues or acquires any corporate opportunity for, or recommends or transfer any corporation opportunity to, Banpu or its affiliates (other than us), rather than to us. This renunciation will not extend to corporate opportunities expressly offered to one of our non-employee directors solely in his or her capacity as our director or officer.

These provisions create the possibility that a corporate opportunity of our Company may be used for the benefit of Banpu and may significantly impair our ability to grow.

Certain of our directors may have actual or potential conflicts of interest because of their positions with Banpu and/or their ownership of common stock or equity awards in Banpu.

Following this offering, six of our directors will be employees of Banpu or its affiliates. In addition, such directors may own capital stock or equity awards in Banpu. For certain of these individuals, their holdings of common stock or equity awards in Banpu may be significant compared to their total assets. Their position at Banpu or its affiliates and the ownership of capital stock or equity awards in Banpu creates, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for Banpu than for us. These decisions could include:

- corporate opportunities;
- the impact that operating or capital decisions (including the incurrence of indebtedness) relating to our business may have on Banpu's consolidated financial statements or current or future indebtedness (including related covenants);
- business combinations involving us;
- our dividend and stock repurchase policies;
- compensation and benefit programs and other human resources policy decisions;
- management stock ownership;
- the payment of dividends on our common stock; and

- determinations with respect to our tax returns.

As a result of these actual or apparent conflicts of interest, we may be precluded from pursuing certain growth initiatives or transactions that may be favorable to us or we may take certain actions even if the actions are not favorable to us or are opposed by our stockholders.

If Banpu experiences a change in control, you may not realize any change-of-control premium on shares of our common stock and we may become subject to the control of a presently unknown third party. Further, Banpu may sell, or pledge as collateral for its existing or future indebtedness, the shares of our common stock that it owns.

After this offering, Banpu will own approximately % of our outstanding common stock (or approximately % if the underwriters exercise in full their option to purchase additional shares). Subject to the provisions of the lock-up agreement entered into in connection with this offering, Banpu will not be restricted from selling some or all of its shares of our common stock in a privately negotiated transaction or otherwise, and a sale of its shares, if sufficient in size, could result in a change of control of our Company. Further, Banpu will not be restricted from pledging as collateral for its indebtedness the shares of our common stock held by it.

The ability of Banpu to sell its shares of our common stock, with no requirement for a concurrent offer to be made to acquire all of the shares of our common stock held by our other stockholders, could prevent you from realizing any change-of-control premium on your shares of our common stock that may otherwise accrue to Banpu on its sale of our common stock. In addition, if Banpu were to pledge as collateral for its indebtedness the shares of our common stock held by it, and Banpu were to default under such indebtedness, the lenders thereunder could foreclose upon and sell such shares to satisfy Banpu's obligations under such indebtedness.

Further, any acquiror or successor of all or a substantial number of Banpu's shares of our common stock will be entitled to exercise Banpu's voting control with respect to us. Such third party may have interests that conflict with those of our other stockholders. Any acquiror or successor to which Banpu transfers a controlling interest in us may attempt to cause us to revise or change our plans and strategies, as well as the agreements between Banpu and us described in this prospectus.

Risks Related to the Offering and Our Common Stock

Our actual operating results and activities could differ materially from the guidance we have disclosed herein.

We have presented herein certain forecasted operating results, costs and activities, including, without limitation, our future expected drilling activity and production. Any such forward-looking guidance represents our management's estimates as of the date hereof, is based upon a number of assumptions that are inherently uncertain and is subject to numerous business, political, economic, competitive, financial and regulatory risks, including the risks described under "*Risk Factors*" and "*Cautionary Statement Regarding Forward-Looking Statements.*" Many of these risks and uncertainties are beyond our control, such as declines in commodity prices and the speculative nature of estimating natural gas and NGL reserves and in projecting future rates of production. If any of these risks and uncertainties actually occur or the assumptions underlying our guidance are incorrect, our actual operating results, costs and activities may be materially and adversely different from our guidance. In addition, investors should also recognize that the reliability of any guidance diminishes the farther in the future that the data is forecast. In light of the foregoing, investors are urged to put our guidance in context and not to place undue reliance upon it.

We may not have sufficient available cash to pay any dividends on our common stock.

Holders of our common stock do not have a right to dividends on such shares unless declared or set aside for payment by our board of directors. Under Delaware law, cash dividends on capital stock may only be paid from "surplus" or, if there is no "surplus," from the corporation's net profits for the then-current or the preceding fiscal year. Unless we operate profitably, our ability to pay dividends on our common stock would require the availability of adequate "surplus," which is defined as the excess, if any, of net assets (total assets less total liabilities) over capital.

We may not have sufficient available cash to enable us to pay any dividends to our stockholders. The actual amount of available cash we will have to pay dividends will be reduced by the cost to fund acquisitions without issuing additional equity or debt, payments in respect of our debt instruments, other contractual obligations, operating expenses, general and administrative expenses, maintenance capital expenditures and reserves for future capital needs that our board of directors may determine are appropriate.

The payment of regular dividends on our common stock is subject to the discretion of our board of directors.

Our stockholders will have no contractual or other legal right to dividends. The payment of future dividends on our common stock will be at the discretion of our board of directors and any determination to pay dividends and the amount of any such dividends will depend on general economic and business conditions, our financial condition, capital requirements, results of operations, contractual limitations, legal, tax, regulatory and contractual restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, including the restrictions under our current and any future debt agreements, potential acquisition opportunities and the availability and desirability of financing alternatives, the need to service our indebtedness or other current and anticipated cash needs and any other factors our board of directors deem relevant. Events may occur, including a reduction in anticipated production volumes or realized prices or other events, which could materially impact the actual amount of any dividends we pay. Our board of directors will have the authority to establish cash reserves for the prudent conduct of our business, and the establishment of or increase in those reserves could result in a reduction in cash available for distribution to pay dividends on our common stock at anticipated levels. Accordingly, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our common stock, which could adversely affect the market price of our common stock. Investors are cautioned not to place undue reliance on the permanence of a dividend policy in making an investment decision.

The agreements governing our indebtedness impose restrictions on dividend payments.

The Term Loan Credit Agreement and the Revolving Credit Agreement contain, and any future debt agreement may contain, covenants that prohibit us from paying dividends on our common stock under certain circumstances. Both the Term Loan Credit Agreement and the Revolving Credit Agreement permit us to pay dividends to our stockholders only once each year and requires as a condition to any such dividend that (1) we have earned sufficient free cash flow (as defined in the Term Loan Credit Agreement), (2) our pro forma available cash is greater than $100.0 million and (3) our adjusted stockholders' equity (as defined generally to mean our stockholders' equity as determined in accordance with GAAP as of June 30 of the relevant year, adjusted to exclude certain unrealized earnout obligations and unrealized gains or losses resulting from hedging agreements and the application of the applicable accounting standard for the hedging instruments) is not less than $800.0 million. There can be no assurance that we will generate sufficient cash flow to permit us to pay dividends in compliance with the Term Loan Credit Agreement, the Revolving Credit Agreement or any other debt agreement.

Restrictions on distributions to us by our subsidiaries and affiliates under agreements governing their future indebtedness could limit our ability to pay dividends to holders of our common stock. These agreements contain financial tests and covenants that our subsidiaries and affiliates must satisfy prior to making distributions. If any of our subsidiaries or affiliates is unable to satisfy these restrictions or is otherwise in default under such agreements, it would be prohibited from making distributions to us that could, in turn, limit our ability to pay dividends to holders of our common stock.

The amount of our quarterly cash dividends, if any, may vary significantly both quarterly and annually and will be directly dependent on the performance of our business.

Investors who are looking for an investment that will pay regular and predictable quarterly dividends should not invest in our common stock. Our future business performance may be volatile and our cash flows may be unstable and we do not intend to maintain excess dividend coverage for the purpose of maintaining stability or growth in our dividends nor do we intend to reserve cash for dividends in future periods or incur debt to pay dividends. Because our dividends will be dependent upon the amount of cash we generate each quarter after payment of our fixed and variable expenses and after reserves for (i) debt service and other contractual obligations and fixed charges and (ii) future operating and capital needs, any future quarterly dividends paid to our stockholders will vary significantly from quarter to quarter and may be zero. See "*Dividend Policy*."

Our board of directors will initially adopt a policy to pay dividends to our stockholders, which could limit our ability to grow and make acquisitions.

As a result of our dividend policy, we will have limited cash available to fund acquisitions, and we will rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions. As such, to the extent we are unable to finance growth externally, our dividend policy may significantly impair our ability to grow.

To the extent we issue additional shares of common stock in connection with any acquisitions or as in-kind dividends, the payment of dividends on those additional shares of common stock may increase the risk that we will be unable to maintain or increase our per share dividend level. The incurrence of commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, would reduce the available cash that we have to distribute to our stockholders.

The requirements of being a public company, including compliance with the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the requirements of the Sarbanes- Oxley Act, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

Upon becoming a public company, we will be required to comply with new laws, regulations and requirements, certain corporate governance provisions of Sarbanes-Oxley Act, related regulations of the SEC and the requirements of the NYSE, with which we were not required to comply as a private company. Complying with these statutes, regulations and requirements will occupy a significant amount of our time and will significantly increase our costs and expenses. We will need to:

- institute a more comprehensive compliance function to test and conclude on the sufficiency of our internal control over financial reporting;
- comply with rules promulgated by the NYSE;
- prepare and distribute periodic public reports;
- establish new internal policies, such as those relating to insider trading; and
- involve and retain to a greater degree outside professionals in the above activities.

Furthermore, while we generally must comply with Section 404 of the Sarbanes-Oxley Act, we are not required to have our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting until our first annual report subsequent to our ceasing to be an "emerging growth company." We may not be required to have our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting until as late as our annual report for the year ending December 31, 2028. At any time, we may conclude that our internal controls, once tested, are not operating as designed or that the system of internal controls does not address all relevant financial statement risks. Once required to attest to the effectiveness of our internal control over financial reporting, our independent registered public accounting firm may issue a report that concludes it does not believe our internal control over financial reporting is effective. Compliance with Sarbanes-Oxley Act requirements may strain our resources, increase our costs and distract management; and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company, we will be subject to significant regulatory oversight and reporting obligations under U.S. federal securities laws and the continuous scrutiny of securities analysts and investors. In addition, most members of our management team have limited experience managing a public company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage us as a public company. These new obligations and constituents require significant attention from our management team and could divert our management team's attention away from the day-to-day management of our business, which could adversely affect our business, results of operations and financial condition.

Further, we expect that being a public company subject to these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers. We are currently evaluating these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future, or otherwise fail to maintain effective internal controls over financial reporting, which could result in a restatement of our financial statements or cause us to fail to meet our reporting obligations.

We have identified several material weaknesses in our internal control over financial reporting as of December 31, 2021, as described below. A "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

We did not design and maintain effective controls to communicate relevant information among departments to completely and accurately record and disclose transactions in the financial statements. This material weakness contributed to two additional material weaknesses in our internal controls. We did not design and maintain effective controls related to (i) the accounting for stock awards and common stock with certain put rights, including the value and classification of such arrangements, and (ii) the communication and evaluation of terms and conditions set forth in complex contracts, including certain of our commodity derivative contracts, relevant to our compliance with financial covenants and related disclosures.

Finally, we did not design and maintain effective controls related to the accounting for income taxes, which were not designed at a sufficient level of precision or rigor to prepare and review the tax rate reconciliation, return to provision, income tax provision, related income tax assets and liabilities, and disclosures in the consolidated financial statements, which also resulted in a material weakness in our internal control over financial reporting.

The material weaknesses described above resulted in audit adjustments to share capital and other mezzanine equity accounts, liquidity disclosures, income tax benefit, income taxes payable to related party and deferred tax assets. Additionally, each of the material weaknesses described above could result in a misstatement of the aforementioned account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

We have begun to take steps towards remediating these material weaknesses primarily by designing and implementing additional internal controls, including those related to (i) the communication of relevant information across departments, (ii) the valuation and classification of stock awards and common stock with certain put rights, (iii) the communication and evaluation of terms and conditions included in complex contracts relevant to our compliance with financial covenants and related disclosures, and (iv) the preparation and review of the income tax rate reconciliation, return to provision, income tax provision, related income tax assets and liabilities, and income tax disclosures. Although we believe we are addressing the internal control deficiencies that led to the material weaknesses, the measures we have taken, and plan to take, may not be effective.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. We cannot be certain that our efforts to develop and maintain our internal controls will be successful, that we will be able to maintain adequate control over financial reporting in the future, or that we will be able to comply with our obligations under Section 404 of the Sarbanes-Oxley Act.

We cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required by reporting requirements under Section 404 of the Sarbanes-Oxley Act after the completion of this offering. If material weaknesses emerge related to financial reporting, we encounter difficulties in implementing or improving our internal controls or we otherwise fail to develop and maintain effective internal control over financial reporting, our reputation and operating results could be harmed, we could fail to meet our reporting obligations, or we may have a restatement of our financial statements. Ineffective internal control over financial reporting could also cause current and potential investors to lose confidence in our reported financial information, which would harm our business and likely have a negative effect on the trading price of our shares of common stock.

There is no existing market for our common stock, and we do not know if one will develop.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in the Company will lead to the development of an active trading market on the stock exchange on which we list our common stock or otherwise or how liquid that market might become. If an active trading market does not develop, anyone purchasing our common stock may have difficulty selling it. The initial public offering price for the common stock was determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the open market following this offering. Consequently, purchasers of our common stock may be unable to sell it at prices equal to or greater than the price paid.

The following factors could affect our stock price:

- quarterly variations in our financial and operating results;
- public reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by our competitors;
- changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts;
- speculation in the press or investment community;
- the failure of research analysts to cover our common stock;
- sales of our common stock by us or our stockholders, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance interpretations or standards;
- additions or departures of key management personnel;
- actions by our stockholders;
- general market conditions, including, among other things, fluctuations in commodity prices;
- domestic and international political, economic, legal and regulatory factors unrelated to our performance; and
- the realization of any risks described in this “ *Risk Factors*” section.

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company’s securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management’s attention and resources and harm our business, operating results and financial condition.

Our governing documents, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our common stock. The existence of significant stockholders, such as Banpu, may have similar effects.

Some provisions of our governing documents could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders, including:

- providing for a classified board of directors;
- limitations on the removal of directors;
- limitations on the ability of our stockholders to call special meetings;
- establishing advance notice provisions for stockholder proposals and nominations for elections to the board of directors to be acted upon at meetings of stockholders;
- the requirement that the affirmative vote of the holders of at least 66 ⅔% in voting power of all the then-outstanding shares of our stock be obtained to amend and restate our existing bylaws or to remove directors;
- the requirement that the affirmative vote of the holders of at least 66 ⅔% in voting power of all the then-outstanding shares of our stock (or, if approved by at least 60% of our board of directors, a majority in voting power of all the then-outstanding shares of our stock) be obtained to amend our certificate of incorporation; and
- providing that the board of directors is expressly authorized to make, repeal, alter, amend and rescind our bylaws.

In addition, the existence of significant stockholders, such as Banpu, may have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of the Company. Moreover, Banpu's concentration of stock ownership in us may adversely affect the trading price of our common stock to the extent investors perceive a disadvantage in owning stock of a company with a significant stockholder.

Investors in this offering will experience immediate and substantial dilution of $ per share.

Based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover of this prospectus), purchasers of our common stock in this offering will experience an immediate and substantial dilution of $ per share in the as adjusted net tangible book value per share of common stock from the initial public offering price, and our as adjusted net tangible book value as of June 30, 2022 on a pro forma basis would be $ per share. This dilution is due in large part to earlier investors having paid substantially less than the initial public offering price when they purchased their shares. "*Dilution*" contains additional information.

Future sales of our common stock in the public market, or the perception that such sales may occur, could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.

We may issue additional shares of common stock or convertible securities in subsequent public offerings. After the completion of this offering, assuming the underwriters' option to purchase additional shares is fully exercised, we will have outstanding shares of common stock. This number includes shares of common stock that we are selling in this offering and shares of common stock that we may sell in this offering if the underwriters' option to purchase additional shares is fully exercised, which may be resold immediately in the public market. Immediately following the completion of this offering, Banpu will own shares of common stock, representing approximately % of our total outstanding common stock (or % if the underwriters' option to purchase additional shares is exercised in full) and management, directors and other employee and non-employee stockholders, collectively, will own shares of common stock, representing approximately % of our total outstanding common stock (or % if the underwriters' option to purchase additional shares is exercised in full). All such shares are restricted from immediate resale under the federal securities laws and all such shares are subject to the lock-up agreements between such parties and the underwriters described in "*Underwriting*" but may be sold into the market in the future.

Our Stockholders' Agreement will provide BNAC and its affiliates with the right, in certain circumstances, to require us to register their shares of our common stock constituting registrable securities under the Securities Act for sale into the public markets at any time following the date that is six months after the consummation of this offering. "*Shares Eligible for Future Sale*" and "*Certain Relationships and Related Party Transactions — Registration Rights*" contain additional information regarding such rights.

In addition, in connection with this offering, we intend to file a registration statement with the SEC on Form S-8 providing for the registration of shares of our common stock issued or reserved for issuance under our equity incentive plans. Subject to the satisfaction of vesting conditions and the expiration of lock-up agreements, shares registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction.

We cannot predict the size of future issuances of our common stock or securities convertible into common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition or shares owned by Banpu and such other stockholders), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock.

Our common stock will not be entitled to preemptive rights to buy shares from us. As a result, stockholders will not have the automatic ability to avoid dilution in their percentage ownership of us.

Terms of subsequent financings may adversely impact stockholder equity.

If we raise more equity capital from the sale of common stock, institutional or other investors may negotiate terms more favorable than the current prices of our common stock. If we issue debt securities, the holders of the debt would have a claim to our assets that would be prior to the rights of stockholders until the debt is paid. Interest on these debt securities would increase costs and could negatively impact our operating results.

In accordance with Delaware law and the provisions of our certificate of incorporation, we may issue one or more classes or series of preferred stock that ranks senior in right of dividends, liquidation or voting to our common stock. Preferred stock may have such designations, preferences, limitations and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine, and the issuance of preferred stock would dilute the ownership of our existing stockholders. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the common stock. The terms of any series of preferred stock may also reduce or eliminate the amount of cash available for payment of dividends to our holders of common stock or subordinate the claims of our holders of common stock to our assets in the event of our liquidation. Our common stock will not be subject to conversion, redemption or sinking fund provisions.

The representatives of the underwriters of this offering may waive or release parties to the lock-up agreements entered into in connection with this offering, which could adversely affect the price of our common stock.

We, Banpu and all of our directors and executive officers have entered into lock-up agreements with respect to their ownership of our common stock, pursuant to which we and they are subject to certain resale restrictions for a period of 180 days following the effectiveness date of the registration statement of which this prospectus forms a part. The representatives of the underwriters, at any time and without notice, may release all or any portion of the common stock subject to the foregoing lock-up agreements. If the restrictions under the lock-up agreements are waived, then common stock will be available for sale into the public markets, which could cause the market price of our common stock to decline and impair our ability to raise capital. "*Underwriting*" provides additional information regarding the lock-up agreements.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our common stock or if our operating results do not meet their expectations, our stock price could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover the Company downgrades our common stock or if our operating results do not meet their expectations, our stock price could decline.

Our certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our certificate of incorporation will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of the Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or employee of the Company to the Company or our stockholders, (iii) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL") or our governing documents, or (iv) action asserting a claim against the Company or any director, officer or employee of the Company, which claim is governed by the internal affairs doctrine. Notwithstanding the foregoing sentence, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under U.S. federal securities laws, including the Securities Act and the Exchange Act. This choice of forum may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our governing documents inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact included in this prospectus, regarding our strategy, future operations, financial position, estimated revenue and losses, projected costs, prospects, plans and objectives of management and dividend policy are forward-looking statements. When used in this prospectus, words such as “expect,” “project,” “estimate,” “believe,” “anticipate,” “intend,” “budget,” “plan,” “seek,” “envision,” “forecast,” “target,” “predict,” “may,” “should,” “would,” “could,” “will,” the negative of these term and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under “*Risk Factors*.” These forward-looking statements are based on management’s current belief, based on currently available information, as to the outcome and timing of future events.

Forward-looking statements may include statements about, among other things:

- our business strategy;
- our reserves;
- our financial strategy, liquidity and capital required for our development programs;
- our relationship with Banpu, including future agreements with Banpu;
- estimated natural gas, NGL and oil prices;
- our dividend policy;
- the timing and amount of future production of natural gas, NGL and oil;
- our hedging strategy and results;
- our drilling plans;
- competition and government regulation;
- legal, regulatory or environmental matters;
- marketing of natural gas, NGL and oil;
- business or leasehold acquisitions and integration of acquired businesses;
- our ability to develop existing prospects;
- costs of developing our properties and of conducting our operations;
- our plans to establish midstream contracts that allow us to supply our own natural gas directly to Temple I;
- our plan to continue to build out our power generation business and to expand into retail power;
- our CCUS business;
- our anticipated Scope 1, Scope 2 and Scope 3 emissions and our plans to eliminate and/or offset our Scope 1, Scope 2 and Scope 3 emissions in our owned and operated upstream business;
- the impact of the COVID-19 pandemic and its effects on our business and financial condition;
- general economic conditions;
- cost inflation;
- credit markets;
- our ability to service our indebtedness;
- our ability to expand our business, including through the recruitment and retention of skilled personnel;

- our future operating results;
- the remediation of our material weaknesses; and
- our plans, objectives, expectations and intentions.

The forward-looking statements included in this prospectus are based on current expectations and involve numerous risks and uncertainties, most of which are difficult or impossible to predict and many of which are beyond our control, incident to the exploration for and development, production and sale of natural gas, NGLs and oil. Assumptions relating to these forward-looking statements involve judgments, risks and uncertainties with respect to, among other things, market factors (including competition and inflation), market prices (including geographic basis differentials) of natural gas, NGLs and oil, results of future drilling and marketing activity, future production and costs (including availability of drilling and production equipment and services), legislative and regulatory initiatives, electronic, cyber or physical security breaches, drilling and other operating risks, environmental risks (including weather-related events), future business decisions, the uncertainty inherent in estimating natural gas, NGL and oil reserves and the other risks described under "*Risk Factors*."

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

Although we believe that the assumptions underlying these forward-looking statements are reasonable, should one or more of the risks or uncertainties described in this prospectus occur, or should underlying assumptions prove incorrect, actual outcomes and our results and financial condition may differ materially from those indicated in any forward-looking statements. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of such information should not be regarded as a representation by us or any other person that our objectives and plans will be achieved.

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

All forward-looking statements, expressed or implied, in this prospectus are based only on information currently available to us and speak only as of the date on which they are made. Except as otherwise required by applicable law, we disclaim any duty to publicly update any forward-looking statement, each of which is expressly qualified by the statements in this section, to reflect events or circumstances after the date of this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of our common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional shares), based on an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus).

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the net proceeds to us from this offering by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1.0 million shares in the number of shares we are offering would increase (decrease) the net proceeds to us from this offering by $ million, assuming that the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds we receive from the sale of our common stock in this offering to fund our capital expenditures and for other general corporate purposes.

DIVIDEND POLICY

At or prior to the closing of this offering, our board of directors will adopt a policy pursuant to which we intend to pay, subject to the factors described below, dividends to stockholders.

Each of the Term Loan Credit Agreement and the Revolving Credit Agreement permits us to pay dividends to our stockholders only once each year and requires as a condition to any such dividend that (1) we have earned sufficient free cash flow (as defined in the Term Loan Credit Agreement and the Revolving Credit Agreement), (2) our pro forma available cash is greater than $100.0 million and (3) our adjusted stockholders' equity (as defined generally to mean our stockholders' equity as determined in accordance with GAAP as of June 30 of the relevant year, adjusted to exclude certain unrealized earnout obligations and unrealized gains or losses resulting from hedging agreements and the application of the applicable accounting standard for the hedging instruments) is not less than $800.0 million.

CAPITALIZATION

The following table shows our capitalization as of June 30, 2022:

- on an actual basis; and
- on an as adjusted basis, after giving effect to the sale of shares of our common stock in this offering (which assumes that the underwriters do not exercise their option to purchase additional shares), at an assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and our receipt of the estimated net proceeds of this offering and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The as adjusted information set forth in the table below is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined when the initial public offering price is determined. You should read the following table together with "*Prospectus Summary — Summary Historical Consolidated Financial Data*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," "*Prospectus Summary — Summary Reserve, Production and Operating Data*," and our historical consolidated financial statements and the related notes thereto included elsewhere in this prospectus.

	As of June 30, 2022	
	Actual	As Adjusted
	(In thousands except share and per share data)	
Cash and cash equivalents, including restricted cash(1)	$ 186,634	$
Long-term debt, including current maturities:		
Notes payable to related party (2)	$ 191,000	$
Term Loan Credit Agreement	570,000	
Revolving Credit Facilities(3)	30,000	
Total long-term debt(4)	$ 791,000	$
Mezzanine equity(5):		
Common stock – minority ownership puttable shares	$ 71,286	$
Equity-based compensation	81,577	
Total mezzanine equity	$ 152,863	$
Stockholders' equity:		
Common stock, par value $0.01 per share: 300,000,000 authorized shares, 116,861,364 shares issued and outstanding, actual; and shares authorized, shares issued and outstanding, as adjusted(6)	$ 1,132	$
Treasury stock, shares at cost: 385,000 shares	(3,970)	
Additional paid-in capital	883,766	
Accumulated deficit	(179,393)	
Total stockholders' equity	$ 701,535	$
Total capitalization	$ 1,645,398	$

(1) Includes approximately $17.5 million of restricted cash, which represents cash borrowed as of June 30, 2022 under the Term Loan Credit Agreement which can only be used for costs related to the Exxon Barnett Acquisition. We anticipate the restricted cash will be used for remaining transaction and integration costs related to the Exxon Barnett Acquisition.

(2) Represents term loans under the $116 Million Loan Agreement and the $75 Million Loan Agreement (each as defined herein) with BNAC. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Loan Agreements and Credit Facilities*."

(3) As of September 14, 2022, our Revolving Credit Facilities consisted of (i) $45.0 million in aggregate principal amount under our OCBC Credit Facility and (ii) $75.0 million in aggregate principal amount under our Revolving Credit Agreement.

(4) As of September 6, 2022, our outstanding debt consisted of (i) $191.0 million in aggregate principal amount under the Subordinated Intercompany Loan Agreements and (ii) $570.0 million in aggregate principal amount under the Term Loan Credit Agreement, which excludes $6.6 million of debt issuance costs.

(5) Holders of certain minority ownership shares of our common stock, shares of our common stock issued as stock compensation and shares of common stock purchased through our employee stock purchase program have the right, at their respective option, to require the Company to repurchase the shares upon the occurrence of certain events. As a result, the fair value of these common shares are recognized within mezzanine equity in our consolidated balance sheets. In connection with the closing of this offering, the put rights with respect to these shares will be terminated and the related shares of common stock will be reclassified as permanent equity.

(6) The number of shares of our common stock issued and outstanding on an as adjusted basis assumes that the underwriters will not exercise their option to purchase additional shares. If the underwriters exercise in full their option to purchase additional shares, as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity, total capitalization and shares of common stock outstanding as of June 30, 2022 would have been $, $, $, $, and $, respectively.

The number of shares of our common stock set forth in the table above excludes an aggregate of additional shares of our common stock reserved for future awards pursuant to the 2022 Plan, including shares of common stock that may be issued upon vesting of outstanding equity awards, and shares of our common stock available for purchase by employees pursuant to the ESPP.

DILUTION

Purchasers of the common stock in this offering will experience immediate and substantial dilution in the net tangible book value per share of the common stock for accounting purposes. Our net tangible book value as of June 30, 2022 was $ million, or $ per share. Pro forma net tangible book value per share is determined by dividing our pro forma tangible net worth (tangible assets less total liabilities) by the total number of shares of common stock that will be outstanding immediately prior to the closing of this offering. After giving effect to the sale of the shares in this offering and further assuming the receipt of the estimated net proceeds (after deducting estimated underwriting discounts and commissions and estimated offering expenses), our adjusted pro forma net tangible book value as of June 30, 2022 would have been approximately $ million, or $ per share. This represents an immediate increase in the net tangible book value of $ per share to our existing stockholders and an immediate dilution (*i.e.*, the difference between the initial public offering price per share of our common stock and the adjusted pro forma net tangible book value per share of our common stock after this offering) to new investors purchasing shares of common stock in this offering of $ per share.

The following table illustrates the per share dilution to new investors purchasing shares of common stock in this offering:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of June 30, 2022	$	
Increase in pro forma net tangible book value per share attributable to new investors in this offering		
Less: As adjusted pro forma net tangible book value per share of common stock after giving effect to this offering		
Dilution in pro forma net tangible book value per share to new investors from this offering		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), would increase (decrease) the as adjusted net tangible book value per share after this offering by $ per share and increase (decrease) the dilution in pro forma net tangible book value per share to new investors in this offering by $ per share, in each case assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and less estimated underwriting discounts and commissions and estimated offering expenses payable by us (and if the underwriters exercise in full their option to purchase additional shares, the as adjusted net tangible book value per share would be $ per share, and the dilution in pro forma net tangible book value per share to new investors in this offering would be $ per share).

The above table and related discussion are based on the number of shares of our common stock to be outstanding as of the closing of this offering. The above table and related discussion exclude an aggregate of additional shares of our common stock reserved for future awards pursuant to the 2022 Plan and additional shares reserved to be available for purchase by employees pursuant to the ESPP.

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

On June 30, 2022, the Company closed the Exxon Barnett Acquisition pursuant to which it acquired certain natural gas upstream assets and associated midstream infrastructure in the Barnett (the "2022 Barnett Assets") from XTO Energy, Inc. and Barnett Gathering LLC, subsidiaries of Exxon Mobil Corporation, for an adjusted cash purchase price of $627.5 million, plus additional contingent consideration of up to $50.0 million depending on future natural gas prices. In connection with the Exxon Barnett Acquisition, the Company entered into a Term Loan Credit Agreement with a syndicate of banks and Bangkok Bank Public Company Limited (New York Branch), as the administrative agent. On June 30, 2022, the Company borrowed $570.0 million of term loans under the Term Loan Credit Agreement to fund a portion of the purchase price and other costs and expenses associated with the Exxon Barnett Acquisition. Additionally, in March 2022, the Company borrowed $75.0 million under a Loan Agreement (the "$75 Million Loan Agreement") with Banpu North America Corporation ("BNAC"), which owns 96.1% of the Company's shares of common stock, to fund the deposit for the Exxon Barnett Acquisition.

The following unaudited pro forma condensed combined consolidated financial statements (the "pro forma financial statements") present the combination of the historical condensed consolidated financial statements of the Company, as adjusted to give effect to the Exxon Barnett Acquisition, the related financing under the Term Loan Credit Agreement and the $75 Million Loan Agreement (collectively the "Transaction"). The Exxon Barnett Acquisition was consummated on June 30, 2022 and, therefore, the 2022 Barnett Assets and related financing are included in the historical balance sheet of the Company as of June 30, 2022, together with the related indebtedness under the Term Loan Credit Agreement and the $75 Million Loan Agreement, and no pro forma balance sheet is presented. The unaudited pro forma condensed combined consolidated statements of operations (the "pro forma statements of operations") present the historical audited consolidated statements of operations of the Company for the year ended December 31, 2021 and the historical unaudited condensed consolidated statements of operations of the Company for the six months ended June 30, 2022, in each case, after giving effect to the Transaction as if it had been consummated on January 1, 2021.

The pro forma financial statements were prepared in accordance with Article 11 of Regulation S-X under the Securities Act. The unaudited pro forma adjustments reflecting the Exxon Barnett Acquisition have been prepared in accordance with the acquisition method of accounting in accordance with FASB ASC Topic 805, *Business Combinations*, which requires all assets acquired and liabilities assumed to be recorded at fair value at the acquisition date. The purchase price adjustments recorded on June 30, 2022 are preliminary and are subject to change as additional information becomes available and as additional analysis is performed. For more information on the fair value of assets acquired and liabilities assumed see "*BKV Corporation Unaudited Condensed Consolidated Financial Statements* ." Upon consummation of the Transaction, management did not identify any differences in accounting policies that would have a material impact on the pro forma financial statements.

Certain of the historical amounts with respect to the 2022 Barnett Assets have been reclassified to conform to the Company's financial statement presentation.

Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the pro forma financial statements. In the Company's opinion, all adjustments that are necessary to present fairly the pro forma information have been made.

The pro forma financial statements are provided for illustrative purposes only and are not intended to represent what the Company's financial position or results of operations would have been had the Transaction occurred on the assumed date nor do they purport to project the future operating results or the financial position of the Company following the Transaction. The pro forma financial statements do not reflect projected synergies or future events that may occur after the Transaction, including, but not limited to, the anticipated realization of savings from potential operating efficiencies, asset dispositions, cost savings, or economies of scale that the Company may achieve as a result of the Transaction or the costs that may be necessary to incur in order to achieve such synergies or savings.

The pro forma adjustments reflecting the consummation of the Transaction are based on certain currently available information and certain assumptions and methodologies that the Company believes are reasonable under the circumstances. The pro forma adjustments, which are described in the accompanying notes, may be revised as additional information becomes available and is evaluated. Therefore, it is likely that the actual results will differ from the pro forma adjustments and it is possible the difference may be material. The Company believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Transaction based on information available to management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined consolidated financial information.

Additionally, the Company cannot assure that it will not incur charges in excess of those included in the pro forma total consideration related to the Transaction or that the Company's efforts to integrate the operations of the 2022 Barnett Assets will be successful.

The pro forma financial statements should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*," as well as the Company's historical consolidated financial statements and related notes, the historical statements of revenues and direct operating expenses and related notes for the 2022 Barnett Assets acquired in the Exxon Barnett Acquisition and other financial information included elsewhere in this prospectus. Historical and pro forma results are not necessarily indicative of results that may be expected for any future period.

BKV CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 2022
(in thousands, except per share amounts)

	BKV Corporation Historical	2022 Barnett Assets Historical	Transaction Accounting Adjustments[1]		Financing Adjustments		Pro Forma Combined	
Revenues and other operating income / Revenues								
Natural gas, NGL and oil sales	$ 656,431	$ —	$ 219,232	(aa)	$ —		$ 875,663	
Non-operated midstream revenues	3,344	—	3,621	(aa)	—		6,965	
Derivative losses, net	(450,784)	—	—		—		(450,784)	
Marketing revenues	5,328	—	—		—		5,328	
Other	1,327	—	248	(aa)	—		1,575	
Oil and condensate, gas and NGL sales	—	219,232	(219,232)	(aa)	—		—	
Midstream operating revenues	—	3,621	(3,621)	(aa)	—		—	
Other revenues	—	248	(248)	(aa)	—		—	
Total revenues and other operating income / Total revenues	**215,646**	**223,101**	**—**		**—**		**438,747**	
Operating expenses / Direct operating expenses								
Lease operating and workover	45,333	—	58,176	(aa)	—		103,509	
Taxes other than income	41,001	—	10,696	(aa)	—		51,697	
Gathering and transportation	98,756	—	25,321	(aa)	—		124,077	
Accretion of asset retirement obligation	5,320	—	1,773	(dd)	—		7,093	
Depreciation, depletion and amortization	36,800	—	24,642	(cc)	—		61,442	
General and administrative	51,497	—	—		—		51,497	
Accretion of right of use liabilities	135	—	—		—		135	
Lease operating expense	—	47,456	(47,456)	(aa)	—		—	
Overhead costs	—	10,720	(10,720)	(aa)	—		—	
Cost of goods sold	—	25,321	(25,321)	(aa)	—		—	
Production and property taxes	—	10,696	(10,696)	(aa)	—		—	
Total operating expenses / Total direct operating expenses	**278,842**	**94,193**	**26,415**		**—**		**399,450**	
Income (loss) from operations / Revenues in excess of direct operating expenses	**(63,196)**	**128,908**	**(26,415)**		**—**		**39,297**	
Other income and expense								
Loss on contingent consideration liabilities	(31,915)	—	—		—		(31,915)	
Interest expense	(6,698)	—	—		(21,891)	(ee)	(28,589)	
Other income	516	—	—		—		516	
Bargain purchase gain	163,653	—	—		—		163,653	
Gain on settlement of litigation	16,866	—	—		—		16,866	
Loss from equity affiliates	(23,958)	—	—		—		(23,958)	
Interest income	128	—	—		—		128	
Income (loss) from continuing operations before income taxes	**55,396**	**128,908**	**(26,415)**		**(21,891)**		**135,998**	
Income tax benefit (expense)	24,903	—	(23,573)	(ff)	5,035	(gg)	6,365	
Net income (loss) and comprehensive income (loss) attributable to BKV Corporation	**80,299**	**128,908**	**(49,988)**		**(16,856)**		**142,363**	
Less accretion of preferred stock redemption value	—	—	—		—		—	
Less preferred stock dividends	—	—	—		—		—	
Less deemed dividend on redemption of preferred stock	—	—	—		—		—	
Net income (loss) and comprehensive income (loss) attributable to common stockholders	**$ 80,299**	**$ 128,908**	**$ (49,988)**		**$ (16,856)**		**$ 142,363**	
Net income (loss) and comprehensive income (loss) per common share:								
Basic	$ 0.68						$ 1.21	(hh)
Diluted	$ 0.65						$ 1.16	(hh)
Weighted average number of common shares outstanding:								
Basic	117,310						117,310	
Diluted	123,221						123,221	

(1) Upon consummation of the Transaction, management did not identify any differences in accounting policies that would have a material impact on the unaudited pro forma combined consolidated financial information.

BKV CORPORATION

UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2021
(in thousands, except per share amounts)

	BKV Corporation Historical	2022 Barnett Assets Historical	Transaction Accounting Adjustments(1)		Financing Adjustments		Pro Forma Combined	
Revenues and other operating income / Revenues								
Natural gas, NGL and oil sales	$ 829,745	$ —	$ 307,980	(aa)	$ —		$1,137,725	
Non-operated midstream revenues	6,917	—	6,244	(aa)	—		13,161	
Derivative (losses) gains, net	(383,847)	—	—		—		(383,847)	
Marketing revenues	52,616	—	—		—		52,616	
Other	251	—	267	(aa)	—		518	
Oil and condensate, gas and NGL sales	—	307,980	(307,980)	(aa)	—		—	
Midstream operating revenues	—	6,244	(6,244)	(aa)	—		—	
Other revenues	—	267	(267)	(aa)	—		—	
Total revenues and other operating income / Total revenues	**505,682**	**314,491**	**—**		**—**		**820,173**	
Operating expenses / Direct operating expenses								
Lease operating and workover	88,105	—	97,748	(aa)	—		185,853	
Taxes other than income	45,650	—	21,667	(aa)	—		67,317	
Gathering and transportation	173,587	—	49,795	(aa)	—		223,382	
Accretion of asset retirement obligation	10,030	—	3,586	(dd)	—		13,616	
Depreciation, depletion and amortization	81,986	—	59,732	(cc)	—		141,718	
Exploration and impairment	34	—	—		—		34	
General and administrative	85,740	—	6,800	(bb)	—		92,540	
Accretion of right of use liabilities	227	—	—		—		227	
Lease operating expense	—	76,922	(76,922)	(aa)	—		—	
Overhead costs	—	20,826	(20,826)	(aa)	—		—	
Cost of goods sold	—	49,795	(49,795)	(aa)	—		—	
Production and property taxes	—	21,667	(21,667)	(aa)	—		—	
Total operating expenses / Total direct operating expenses	**485,359**	**169,210**	**70,118**		**—**		**724,687**	
Income (loss) from operations / Revenues in excess of direct operating expenses	**20,323**	**145,281**	**(70,118)**		**—**		**95,486**	
Other income and expense								
(Loss) gain on contingent consideration liabilities	(194,968)	—	—		—		(194,968)	
Interest expense	(2,134)	—	—		(48,884)	(ee)	(51,018)	
Other income	872	—	—		—		872	
Income from equity affiliates	910	—	—		—		910	
Interest income	8	—	—		—		8	
Income (loss) from continuing operations before income taxes	**(174,989)**	**145,281**	**(70,118)**		**(48,884)**		**(148,710)**	
Income tax benefit (expense)	40,526	—	(17,287)	(ff)	11,243	(gg)	34,482	
Net income (loss) and comprehensive income (loss) attributable to BKV Corporation	**(134,463)**	**145,281**	**(87,405)**		**(37,641)**		**(114,228)**	
Less accretion of preferred stock redemption value	(3,745)	—	—		—		(3,745)	
Less preferred stock dividends	(9,900)	—	—		—		(9,900)	
Less deemed dividend on redemption of preferred stock	(22,606)	—	—		—		(22,606)	
Net income (loss) and comprehensive income (loss) attributable to common stockholders	**$ (170,714)**	**$ 145,281**	**$ (87,405)**		**$ (37,641)**		**$ (150,479)**	
Net income (loss) and comprehensive income (loss) per common share:								
Basic	$ (1.46)						$ (1.29)	(hh)
Diluted	$ (1.46)						$ (1.29)	(hh)
Weighted average number of common shares outstanding:								
Basic	116,904						116,904	
Diluted	116,904						116,904	

(1) Upon consummation of the Transaction, management did not identify any differences in accounting policies that would have a material impact on the unaudited pro forma combined consolidated financial information.

NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. Basis of Presentation

The accompanying pro forma financial information was prepared based on the historical condensed consolidated financial statements of the Company and the historical statements of revenues and direct operating expenses for the 2022 Barnett Assets acquired in the Exxon Barnett Acquisition. The pro forma financial statements were prepared in accordance with GAAP and Article 11 of Regulation S-X under the Securities Act. The Exxon Barnett Acquisition was consummated on June 30, 2022 and, therefore, the 2022 Barnett Assets are included in the historical balance sheet of the Company at fair value as of June 30, 2022, together with the related indebtedness under the Term Loan Credit Agreement and the $75 Million Loan Agreement, and no pro forma balance sheet is presented.

The estimated purchase price consideration (including contingent consideration) and the fair value of assets acquired and liabilities assumed, which are included in the historical balance sheet of the Company, are as follows (in thousands):

Cash	$ 627,527
Contingent consideration	17,150
Total consideration	$ 644,677
Assets acquired and liabilities assumed:	
Inventory	150
Natural gas properties – developed	664,665
Midstream assets	254,813
Other property and equipment	8,907
Property taxes	(9,039)
Deferred tax liability	(49,789)
Revenues payable	(16,612)
Asset retirement obligations	(44,765)
Total identifiable net assets	$ 808,330
Bargain purchase gain	$(163,653)

The pro forma statements of operations present the historical audited consolidated statements of operations of the Company for the year ended December 31, 2021 and the historical unaudited condensed consolidated statements of operations for the six months ended June 30, 2022, in each case, after giving effect to the Transaction as if it had been consummated on January 1, 2021.

NOTE 2. Adjustments to the Unaudited Pro Forma Condensed Combined Consolidated Statements of Operations

The pro forma adjustments reflected in the pro forma statements of operations are based on preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the pro forma statements of operations:

(aa) Certain reclassification adjustments have been made to conform historical direct revenues and operating expenses with respect to the 2022 Barnett Assets to the financial statement presentation method of the Company.

- Reclassification of 2022 Barnett Assets historical Oil and condensate, gas and NGL sales to Natural gas, NGL and oil sales to conform with the Company's presentation of upstream revenues.
- Reclassification of 2022 Barnett Assets historical Midstream operating revenues to Non-operated midstream revenues to conform with the Company's presentation of midstream revenues.

- Reclassification of 2022 Barnett Assets historical Other revenues to Other to conform with the Company's presentation of other revenues.
- Reclassification of 2022 Barnett Assets historical Lease operating expense to Lease operating and workover to conform with the Company's presentation of lease operating and workover expense.
- Reclassification of 2022 Barnett Assets historical Overhead costs to Lease operating and workover to conform with the Company's presentation of lease operating and workover expense.
- Reclassification of 2022 Barnett Assets historical Cost of goods sold to Gathering and transportation expense to conform with the Company's presentation of gathering and transportation expense.
- Reclassification of 2022 Barnett Assets historical Production and property taxes to Taxes other than income to conform with the Company's presentation of Taxes other than income.

Upon consummation of the Transaction, management did not identify any differences in accounting policies that would have a material impact on the pro forma statements of operations.

(bb) Reflects the non-recurring transition services expense under the terms of the Transition Service Agreement, entered into between the Company and XTO Energy, Inc. in connection with the Exxon Barnett Acquisition. Under the terms of the Transition Services Agreement, XTO Energy Inc. will provide certain services to the Company to aid in the transitional period from July 1, 2022 through October 31, 2022. Services include marketing, accounting and tax, information systems, division orders/ownership changes, compliance and land administration.

(cc) Reflects the pro forma depreciation, depletion and amortization expense based on the preliminary purchase price allocation. The historical financial statements for the 2022 Barnett Assets did not include historical depreciation, depletion and amortization due to the abbreviated presentation. As a result, this adjustment reflects the full go forward expense related to these items based on the fair value of the assets acquired as of June 30, 2022 and the relevant remaining useful life of those assets.

Depletion for natural gas properties is calculated using the units of production method of accounting for oil and gas properties. Pro forma depletion expense for the year ended December 31, 2021 and the six months ended June 30, 2022 was $51.4 million and $20.5 million, respectively. Pro forma depletion expense for the year ended December 31, 2021 was calculated based on production volumes attributable to the natural gas properties in the 2022 Barnett Assets and the depletion rate reflecting the reserve volumes acquired.

Depreciation and amortization expense for other property and equipment is calculated using the straight line method. Pro forma depreciation and amortization expense for the year ended December 31, 2021 and the six months ended June 30, 2022 was $8.3 million and $4.1 million, respectively. The following table sets forth a listing of useful lives for other property and equipment:

	Useful Life
Pipelines	40 years
Compressors	25 years
Buildings	39 years
Furniture, fixtures, equipment, vehicles and other	5 years
Computer hardware and software	3 – 5 years

(dd) Reflects the pro forma accretion expense based on the preliminary purchase price allocation of the estimated fair value of the acquired proved natural gas properties included in the 2022 Barnett Assets. The present value of the estimated asset retirement obligation associated with the acquired natural gas producing properties as of June 30, 2022 is $44.8 million, which was calculated using an interest rate of 8.01%, inflation rate of 2.50% and the expected remaining useful life of each well, estimated as a range of 5 – 50 years.

(ee) Reflects the impact of the interest expense, inclusive of debt issuance costs amortization, that would have been recognized as a result of the incurrence of $570.0 million in new debt under the Term Loan

Credit Agreement used to fund a portion of the purchase price for the Exxon Barnett Acquisition and other costs and expenses associated with the acquisition, as well as the issuance of the $75 Million Loan Agreement with BNAC used to fund the deposit on the Exxon Barnett Acquisition.

The term loans mature five years after their initial incurrence and require the prepayment of 20% of their original principal amount on each anniversary of their initial incurrence. Loans under the Term Loan Credit Agreement bear interest at six-month term SOFR plus a credit spread adjustment of 0.10%, plus 4.75% per annum. The interest rate used for pro forma purposes is 7.43%, based on the six-month term SOFR on June 22, 2022 (established prior to funding). Pursuant to the terms of the Term Loan Credit Agreement, the rate will be adjusted every six months. As a result, the actual interest rate could vary for the year ended December 31, 2021 and the six months ended June 30, 2022, and a one-eighth of a percent variance in the interest rate would cause a change in interest expense of approximately $0.7 million and $0.4 million, respectively.

The $75 Million Loan Agreement matures five years after the initial incurrence and requires repayment of 20% of the original principal amount on each anniversary of the initial incurrence. The $75 Million Loan Agreement bears interest at six-month term SOFR plus 5.25% per annum. The interest rate used for pro forma purposes is 5.30%, based on the six-month term SOFR on March 10, 2022 (established prior to funding). The actual interest rate could vary for the year ended December 31, 2021 and the six months ended June 30, 2022, and a one-eighth of a percent variance in the interest rate would cause a change in interest expense by an immaterial amount.

(in thousands)	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Term Loan Credit Agreement		
Interest expense calculated for the period	$ 21,295	$ 42,943
Less: Actual interest expense included in historical financial statements	(824)	—
Adjustment related to incremental interest expense (1)	$ 20,471	$ 42,943
$75 Million Loan Agreement		
Interest expense calculated for the period	$ 1,998	$ 4,030
Less: Actual interest expense included in historical financial statements	(1,181)	—
Adjustment related to incremental interest expense	$ 817	$ 4,030

(1) Excludes debt issuance costs amortization for the six months ended June 30, 2022 and year ended December 31, 2021 of $0.6 million and $1.9 million, respectively.

(ff) Reflects the adjustment for the income tax provision for transaction accounting adjustments related to the six months ended June 30, 2022 and for the year ended December 31, 2021 of $23.6 million expense and $17.3 million expense, respectively. Income tax impacts of transaction accounting adjustments include adjustments to record depreciation, depletion and amortization (see adjustment (cc) above), accretion of asset retirement obligation (see adjustment (dd) above), and reflects estimated incremental income tax provision associated with the pro forma results of operations assuming the 2022 Barnett Asset's earnings had been subject to federal and state income tax. The pro forma estimated blended statutory rate for the periods presented is 23.0%.

(gg) Reflects the adjustment for the income tax provision for financing adjustments related to the six months ended June 30, 2022 and for the year ended December 31, 2021 of $5.0 million benefit and $11.2 million benefit, respectively. The pro forma estimated blended statutory rate used for the periods presented is 23.0%.

(hh) The pro forma adjustments on the Company's common stock and basic and diluted earnings per share are summarized below (in thousands except per share amounts):

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Pro forma basic EPS		
Numerator		
Basic combined pro forma net income (loss) attributable to Company common stockholders	$ 142,363	$ (150,479)
Denominator		
Historical basic weighted average Company shares outstanding	117,310	116,904
Pro forma basic weighted average Company shares outstanding	117,310	116,904
Pro forma basic net income (loss) per share attributable to Company common stockholders	$ 1.21	$ (1.29)
Pro forma diluted EPS		
Numerator		
Diluted combined pro forma net income (loss) attributable to Company common stockholders	$ 142,363	$ (150,479)
Denominator		
Historical diluted weighted average Company shares outstanding	123,221	116,904
Pro forma diluted weighted average Company shares outstanding	123,221	116,904
Pro forma diluted net income (loss) per share attributable to common Company stockholders	$ 1.16	$ (1.29)

NOTE 3. Supplemental Pro Forma Oil and Gas Reserves Information

The following tables present the estimated pro forma combined net proved developed and undeveloped natural gas, NGLs and oil reserves information as of December 31, 2021, along with a summary of changes in quantities of net remaining proved reserves during the year ended December 31, 2021.

The following estimated pro forma combined natural gas, NGLs and oil reserves information is not necessarily indicative of the results that might have occurred had the Transactions been completed on January 1, 2021 and is not intended to be a projection of future results. Future results may vary significantly from the results reflected because of various factors, including those discussed in the section entitled "*Risk Factors*" within this prospectus.

Natural Gas, NGL and Oil Reserve Quantities

	Natural Gas (MMcf)		
	BKV Corporation Historical	2022 Barnett Assets Historical	Pro Forma Combined
Balance December 31, 2020	1,985,532	661,897	2,647,429
Revision for previous estimates	828,360	—	828,360
Valuation revisions	—	359,153	359,153
Extensions and discoveries	152,597	—	152,597
Purchase of minerals in place	19,511	—	19,511
Improved recoveries	645,338	—	645,338
Production	(186,055)	(74,076)	(260,131)
Balance December 31, 2021	3,445,283	946,974	4,392,257
Proved developed reserves as of:			
December 31, 2020	1,893,158	661,897	2,555,055
December 31, 2021	2,494,925	946,974	3,441,899
Proved undeveloped reserves as of:			
December 31, 2020	92,374	—	92,374
December 31, 2021	950,358	—	950,358

	NGL (MBbls)		
	BKV Corporation Historical	2022 Barnett Assets Historical	Pro Forma Combined
Balance December 31, 2020	107,234	12,827	120,061
Revision for previous estimates	45,234	6,807	52,041
Extensions and discoveries	8,794	—	8,794
Purchase of minerals in place	—	—	—
Improved recoveries	13,722	—	13,722
Production	(9,829)	(1,283)	(11,112)
Balance December 31, 2021	165,155	18,351	183,506
Proved developed reserves as of:			
December 31, 2020	107,234	12,827	120,061
December 31, 2021	151,433	18,351	169,784
Proved undeveloped reserves as of:			
December 31, 2020	—	—	—
December 31, 2021	58	—	58

	Oil (MBbls)		
	BKV Corporation Historical	2022 Barnett Assets Historical	Pro Forma Combined
Balance December 31, 2020	723	125	848
Revision for previous estimates	258	77	335
Extensions and discoveries	9	—	9
Purchase of minerals in place	—	—	—
Improved recoveries	58	—	58
Production	(123)	(18)	(141)
Balance December 31, 2021	925	184	1,109

	Oil (MBbls)		
	BKV Corporation Historical	2022 Barnett Assets Historical	Pro Forma Combined
Proved developed reserves as of:			
December 31, 2020	723	125	848
December 31, 2021	867	184	1,051
Proved undeveloped reserves as of:			
December 31, 2020	—	—	—
December 31, 2021	13,722	—	13,722

Standardized Measure of Discounted Future Net Cash Flows

The following tables present the estimated pro forma discounted future net cash flows at December 31, 2021. The pro forma standardized measure information set forth below gives effect to the Transaction as if the Transaction had been completed on January 1, 2021. With respect to the disclosures below for BKV Corporation and the Exxon Barnett Acquisition, the amounts were determined by referencing the "Unaudited Supplemental Oil and Gas Disclosures" reported in BKV Corporation's annual financial statements for the year ended December 31, 2021 and the ExxonMobil Barnett Assets statements of revenues and direct operating expenses and related notes, included in this prospectus. See "*Where You Can Find More Information*" within this prospectus. The calculations assume the continuation of existing economic, operating and contractual conditions at December 31, 2021.

Therefore, the following estimated pro forma standardized measure is not necessarily indicative of the results that might have occurred had the Transactions been completed on January 1, 2021 and is not intended to be a projection of future results. Future results may vary significantly from the results reflected herein and because of various factors, including those discussed in the section entitled "*Risk Factors*" within this prospectus.

Discounted Future Net Cash Flows

The standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves for the year ended December 31, 2021 are as follows:

	For the Year Ended December 31, 2021		
(in thousands)	**BKV Corporation Hnistorical**	**2022 Barnett Assets Historical**	**Pro Forma Combined**
Future cash inflows	$ 15,029,839	$ 2,724,244	$17,754,083
Future production costs	(6,840,969)	(1,190,931)	(8,031,900)
Future development costs	(1,051,911)	(121,966)	(1,173,877)
Income tax expense	(1,501,984)	(14,302)	(1,516,286)
Future net cash flows	5,634,975	1,397,045	7,032,020
10% annual discount for estimated timing of cash flows	(3,222,086)	(688,067)	(3,910,153)
Standardized measure of discounted future net cash flows related to proved reserves	$ 2,412,889	$ 708,978	$ 3,121,867

Sources of Change in Discounted Future Net Cash Flows

The changes in the pro forma standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves for the year ended December 31, 2021 are as follows:

	For the Year Ended December 31, 2021		
(in thousands)	BKV Corporation Historical	2022 Barnett Assets Historical	Pro Forma Combined
Beginning of period	$ 510,410	$ 26,375	$ 536,785
Net change in sales and transfer prices and in production (lifting) costs related to future production	1,768,893	574,114	2,343,007
Changes in estimated future development costs	(393,235)	148	(393,087)
Sales and transfers of natural gas, NGLs and oil produced during the period	(522,403)	(188,565)	(710,968)
Net change due to extensions, discoveries and improved recovery	183,332	—	183,332
Purchase of minerals in place	19,050	—	19,050
Net change due to revisions in quantity estimates	1,266,086	278,939	1,545,025
Previously estimated development costs incurred during the period	60,406	—	60,406
Net change in future income taxes	(611,031)	(4,558)	(615,589)
Accretion of discount	56,096	2,815	58,911
Changes in timing and other	75,285	19,710	94,995
End of period	$ 2,412,889	$ 708,978	$3,121,867

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our historical consolidated financial statements and related notes included elsewhere in this prospectus. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expectations. "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" (included elsewhere in this prospectus) contain important information. We disclaim any duty to publicly update any forward-looking statements except as otherwise required by applicable law.

In this section, references to "BKV," the "Company," "we," "us," and "our" refer to BKV Corporation and its subsidiaries, unless otherwise indicated or the context otherwise requires. For more information on our organizational structure, see "Note 1 — General Information" to our historical consolidated financial statements included elsewhere in this prospectus.

Overview

We are a forward thinking, growth driven, vertically integrated energy company focused on creating value for our stockholders through the organic development of our properties as well as accretive acquisitions. Our core business is to produce natural gas from our owned and operated upstream businesses, which we expect to achieve net zero Scope 1 and Scope 2 emissions by the end of 2025. We maintain a "closed-loop" approach to our net zero emissions goal with our four business lines: natural gas production, natural gas gathering, processing and transportation, power generation and CCUS. Our business is operated as one reportable segment.

Recent Developments

CCUS Project with EnLink

On June 8, 2022, BKV dCarbon Ventures and EnLink reached a Phase I FID to develop our first CCUS project and entered into an agreement to dispose of and geologically sequester CO_2 generated as a byproduct of the production of our natural gas in the Barnett. This CCUS project will separate CO_2 from substantially all of our EnLink-gathered natural gas production, which we expect to achieve a maximum injection rate of up to 185,000 tons of CO_2 per year. We currently estimate the total project cost to us to be between $15.0 and $20.0 million. We are targeting commencement of CO_2 injection activities by the second half of 2023, subject to our ability to secure all required permits, at which point we expect this project to be one of the first permanent commercial CO_2 disposal and sequestration projects to come online in the United States. We expect this project to offset our current Scope 1 and 2 annual emissions by approximately 8%, bringing us closer to our goal of reaching net zero across Scope 1 and 2 upstream emissions by the end of 2025.

Exxon Barnett Acquisition

On June 30, 2022, we closed the acquisition (the "Exxon Barnett Acquisition") of natural gas upstream and associated midstream infrastructure in the Barnett from XTO Energy, Inc. and Barnett Gathering LLC, subsidiaries of Exxon Mobil Corporation, for a total purchase price of $750.0 million, plus additional contingent consideration of up to $50.0 million depending on future natural gas prices. Pursuant to the Exxon Barnett Acquisition, we acquired approximately 175,000 total net acres that are approximately 99% held by production, primarily in Tarrant, Johnson and Parker counties, and additional smaller positions in Jack, Wise, Denton, Erath, Hood and Ellis counties, Texas. These upstream assets include low decline wells, ideal for delivering consistent cash flow, and high average working interests of approximately 94% in over 2,100 operated wells. The Exxon Barnett Acquisition also included approximately 778 miles of gathering pipelines and compression and processing midstream infrastructure with, as of June 30, 2022, over 450 MMcf/d of throughput capacity and approximately 28 MMcf/d of third-party production being gathered on the system. In connection with the Exxon Barnett Acquisition, we entered into the Term Loan Credit Agreement with a syndicate of banks and Bangkok Bank Public Company Limited (New York Branch), as the administrative agent. The Term Loan Credit Agreement includes up to $600.0 million of commitments for term loans to be used solely to fund a portion of the purchase price for the Exxon Barnett Acquisition and other costs and expenses associated with the acquisition. As of June 30, 2022, there was $570.0 million in aggregate principal amount outstanding under the Term Loan Credit Agreement. See " — *Liquidity and Capital Resources — Loan Agreements and Credit Facilities — Term Loan Credit Agreement*" for more information.

Amendment to Derivative Agreement

On August 4, 2022, we entered into an amendment to our ISDA Master Agreement with a counterparty to our derivative contracts pursuant to which we agreed to terminate or novate, at our election, at least $100.0 million of our derivative contracts. As of September 9, 2022, we terminated derivative contracts of $100.2 million with the counterparty to satisfy this requirement. In connection with such termination, we are required to make cash payments to the counterparty in an aggregate amount of $100.2 million by November 30, 2022. We intend to make any such payments with cash flows from operations. See "*Note 14 — Commitments and Contingencies*'' to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional information regarding this agreement.

CCUS Project with Verde CO2

On August 22, 2022, we entered into a development agreement with Verde CO2 an independent carbon capture and sequestration developer and operator, to identify, evaluate and develop CCUS projects throughout the United States. This partnership is intended to expand our CCUS and GHG emissions reduction efforts by decarbonizing large industrial point sources through carbon capture and permanent sequestration. Pursuant to the development agreement, Verde CO2 will be responsible for the sourcing, development, performance and ongoing management of such CCUS projects and BKV dCarbon Ventures will provide funding for such projects. As of September 6, 2022, we have paid $8.3 million to Verde CO2 under the development agreement and we currently expect to invest up to $250 million over the next three years to equip BKV dCarbon Ventures with the resources needed to efficiently evaluate and build a pipeline of feasible CCUS projects. This investment in CCUS evaluation and development aligns with our goal to reach net zero emissions across Scope 1 and 2 by the end of 2025.

Revolving Credit Agreement

On August 24, 2022, we entered into the Revolving Credit Agreement with Bangkok Bank Public Company Limited (New York Branch), as the administrative agent and sole initial lender. The Revolving Credit Agreement includes $100.0 million of commitments for unsecured revolving loans used for short-term working capital and operating needs. As of September 14, 2022, $75.0 million in aggregate principal amount was outstanding under the Revolving Credit Agreement. See "— *Liquidity and Capital Resources — Loan Agreements and Credit Facilities — Revolving Credit Agreement*" for more additional information regarding the Revolving Credit Agreement.

Operational and Financial Highlights

Below are some highlights of our operating and financial results for the six months ended June 30, 2022 and 2021 and the years ended December 31, 2021 and 2020:

- Production of natural gas, NGLs, and oil was approximately 119.2 Bcfe and 123.3 Bcfe during the six months ended June 30, 2022 and 2021, respectively. Production of natural gas, NGLs, and oil was approximately 245.8 Bcfe and 111.7 Bcfe during the years ended December 31, 2021 and 2020, respectively.
- Average realized product prices were $5.51 per Mcfe and $2.35 per Mcfe for the six months ended June 30, 2022 and 2021, respectively. For the years ended December 31, 2021 and 2020, respectively, average realized product prices were $3.38 per Mcfe and $1.03 per Mcfe.
- For the six months ended June 30, 2022 and 2021, production revenues were $656.4 million and $289.3 million, respectively, and non-operated midstream revenues were $3.3 million and $4.0 million, respectively. For the years ended December 31, 2021 and 2020, net production revenues were $829.7 million and $115.0 million, respectively, and non-operated midstream revenues were $6.9 million and $7.5 million respectively.

- Lease operating expense was $44.1 million, or $0.37 per Mcfe, and $37.9 million, or $0.31 per Mcfe, for the six months ended June 30, 2022 and 2021, respectively. For the years ended December 31, 2021 and 2020, lease operating expense was $84.3 million, or $0.34 per Mcfe, and $30.1 million, or $0.27 per Mcfe, respectively.
- Net income for the six months ended June 30, 2022 was $80.3 million and net loss for the six months ended June 30, 2021 was $129.5 million. Net loss for the years ended December 31, 2021 and 2020 was $134.5 million and $43.3 million, respectively.
- Net cash provided by operating activities for the six months ended June 30, 2022 and 2021 was $160.8 million and $217.7 million, respectively. Net cash provided by operating activities for the year ended December 31, 2021 was $358.1 million, and net cash used in operating activities for the year ended December 31, 2020 was $7.4 million.
- Adjusted EBITDAX was $267.1 million and $181.6 million for the six months ended June 30, 2022 and 2021, respectively. Adjusted EBITDAX was $303.7 million and $65.1 million for the years ended December 31, 2021 and 2020, respectively.
- Adjusted Free Cash Flow was approximately $131.2 million and $122.7 million for the six months ended June 30, 2022 and 2021, respectively. Adjusted Free Cash Flow was approximately $165.1 million and $41.8 million for the years ended December 31, 2021 and 2020, respectively.
- Net cash used in investing activities was $705.8 million for the six months ended June 30, 2022, $627.5 million of which was used to acquire assets in the Exxon Barnett Acquisition. The remaining $78.3 million is attributable primarily to development activities and investments in developed property and underdeveloped acreage. Net cash used in investing activities was $161.9 million for the year ended December 31, 2021, $88.4 million of which was used on the initial investment in the BKV-BPP Power Joint Venture. The remaining $73.5 million included $63.9 million attributable to development activities and $7.6 million for developed property and undeveloped acreage acquisition.
- During the year ended December 31, 2021, we paid a dividend to common stockholders of $88.1 million, or $0.75 per share of our common stock. No dividends were paid during the six months ended June 30, 2022.

Adjusted EBITDAX and Adjusted Free Cash Flow are not financial measures calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See "*Prospectus Summary — Summary Historical Financial Information — Non-GAAP Financial Measures"* below for a description of each of these measures and a reconciliation of each of these measures to their most directly comparable GAAP measure.

Market Outlook

The natural gas and NGL industry is cyclical and commodity prices are highly volatile. According to the EIA, during the period from January 1, 2021 through June 30, 2022, the Henry Hub natural gas spot price reached a high of $23.86 per MMBtu on February 17, 2021 and a low of $2.43 per MMBtu on April 5, 2021. Since the Russia-Ukraine conflict first commenced, Henry Hub natural gas spot prices have trended higher, rising from $4.78 per MMBtu on February 24, 2022 to a high of $9.85 per MMBtu on August 22, 2022, according to the EIA.

We expect the natural gas and NGL markets will continue to be volatile in the future. Our revenue, profitability and future growth are highly dependent on the prices we receive for our natural gas and NGL production. See "*Risk Factors — Risks Related to Our Upstream Business and Industry — The volatility of natural gas and NGL prices due to factors beyond our control may materially and adversely affect our business, financial condition or results of operations, and our ability to make required capital expenditures, meet our debt service obligations and other financial commitments and to pay dividends on our common stock.*"

Although inflation in the United States had been relatively low for many years, there was a significant increase in inflation beginning in the second half of 2021, which has continued into 2022, due to a substantial increase in the money supply, a stimulation focused fiscal policy, a significant rebound in consumer demand as COVID-19 restrictions were relaxed, the Russia-Ukraine war and worldwide supply chain disruptions resulting from the economic contraction caused by COVID-19 and lockdowns followed by a rapid recovery. Inflation rose from 5.4% in June 2021 to 7.0% in December 2021 to 8.5% in July 2022. Global, industry-wide supply chain disruptions have resulted in widespread shortages of labor, materials and services. Such shortages have resulted in our facing significant cost increases for labor, materials and services. We do not expect these shortages and cost increases to reverse in the short term. Typically, as prices for natural gas, NGLs and oil increase, so do associated costs. Conversely, in a period of declining prices, associated cost declines are likely to lag and may not adjust downward in proportion to prices. We cannot predict the future inflation rate but to the extent inflation remains elevated, we may experience further cost increases in our operations, including costs for drill rigs, workover rigs, hydraulic fracturing fleets, tubulars and other well equipment, as well as increased labor costs. If we are unable to recover higher costs through higher commodity prices, our current revenue stream, estimates of future reserves, impairment assessments of natural gas and oil properties, and values of properties in purchase and sale transactions would all be significantly impacted.

How We Evaluate Our Business

We use a variety of financial and operational metrics to assess performance of our operations, including:

- Adjusted EBITDAX;
- Upstream Reinvestment Rate;
- Adjusted Free Cash Flow;
- Adjusted Free Cash Flow Margin;
- Production Volume; and
- Total Net Leverage Ratio.

Adjusted EBITDAX. We define Adjusted EBITDAX as net income (loss) before (1) non-cash derivative gain (loss), (2) accretion of asset retirement obligation, (3) accretion of right of use liability, (4) depreciation, depletion, and amortization, (5) exploration and impairment expense, (6) (loss) gain on contingent consideration liabilities, (7) interest expense, (8) income tax benefit (expense), (9) equity-based compensation expense, (10) bargain purchase gains and (11) income from equity affiliates. Adjusted EBITDAX is a supplemental non-GAAP financial measure that is used by our management and external users of our consolidated financial statements, such as industry analysts, investors, lenders, rating agencies and others to more effectively evaluate our operating performance and results of operation from period to period and against our peers. We believe Adjusted EBITDAX is a useful performance measure because it allows us to effectively evaluate our operating performance and results of operation from period to period and against our peers, without regard to our financing methods, corporate form or capital structure. See "*Prospectus Summary — Summary Historical Financial Information — Non-GAAP Financial Measures*" for a description of Adjusted EBITDAX and for a reconciliation of Adjusted EBITDAX to net loss, its most directly comparable GAAP measure.

Upstream Reinvestment Rate. Upstream Reinvestment Rate for any period is our total cash paid for upstream capital expenditures (excluding leasehold costs and acquisitions) for such period as a percentage of Adjusted EBITDAX for the same period. We use this metric to evaluate from period to period the efficient use of our upstream capital expenditures to maintain or grow our upstream production. We target an Upstream Reinvestment Rate of 40% or less to allow for funding of strategic initiatives. In addition, we target a Maintenance Reinvestment Rate of less than 30% and a Total Reinvestment Rate of less than 50%.

Adjusted Free Cash Flow. We define Adjusted Free Cash Flow as net cash provided by (used in) operating activities excluding changes in operating assets and liabilities, less total cash paid for capital expenditures (excluding leasehold costs and acquisitions). Adjusted Free Cash Flow is a supplemental non-GAAP financial measure that is used by our management and other external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others to assess our ability to internally fund our capital program, service or incur additional debt and to pay dividends. We believe Adjusted Free Cash Flow is a useful liquidity measure because it allows us and others to compare cash flow provided by operating activities across periods and to assess our ability to internally fund our capital program (including acquisitions), to reduce leverage, fund acquisitions and pay dividends to our stockholders. See "*Prospectus Summary — Summary Historical Financial Information — Non-GAAP Financial Measures*" for a description of Adjusted Free Cash Flow and for a reconciliation of Adjusted Free Cash Flow to net loss and net cash provided by (used in) operating activities, its most directly comparable GAAP measures.

Adjusted Free Cash Flow Margin. We define Adjusted Free Cash Flow Margin as the ratio of Adjusted Free Cash Flow for any period to total revenues, excluding derivative gains and losses, for such period. We use this metric to assess our liquidity relative to our revenues. Adjusted Free Cash Flow Margin illustrates the efficiency with which the Company generates Adjusted Free Cash Flow.

Production Volume. Production Volume for any period is defined as the volume of natural gas, NGLs or oil we extract from our Barnett and NEPA natural gas properties. We use this metric to monitor the efficiency and effectiveness of our upstream operations.

Total Net Leverage Ratio. Total Net Leverage Ratio is the ratio of our total debt less cash and cash equivalents to Adjusted EBITDAX. We use this metric to evaluate our total debt relative to our ability to generate cash through Adjusted EBITDAX. We target a Total Net Leverage Ratio of 1.0x or less to ensure adequate liquidity to meet debt obligations and a low debt burden to protect Adjusted Free Cash Flow. This metric also provides management with a benchmark of debt levels while considering growth opportunities and our ability to manage periods of commodity price volatility.

Factors that Affect Comparability of Our Results of Operations

Our historical financial condition and results of operations for the periods presented may not be comparable, either from period to period or going forward primarily for the following reasons:

Acquisitions. We intend to continue to grow our operations and financial results through strategic acquisitions like the Devon Barnett Acquisition and the Exxon Barnett Acquisition. Additionally, we may from time to time effect divestitures of certain of our non-core assets. As a result of our Devon Barnett Acquisition, the acquisition of Temple I by the BKV-BPP Power Joint Venture, as well as our recent Exxon Barnett Acquisition, our historical reserve, operating and financial data may not be comparable from period to period. For example, for the years ended December 31, 2021 and 2020, our total revenues were approximately $505.7 million and $143.3 million, respectively. As of June 30, 2022 and December 31, 2021, our total assets were approximately $2,642.4 million and $1,620.8 million, respectively, and our total liabilities were $1,788.0 million and $865.9 million, respectively. For the six months ended June 30, 2022 and 2021, our loss from BKV-BPP Power Joint Venture was approximately $24.0 million and zero, respectively. For the years ended December 31, 2021 and 2020, our income from BKV-BPP Power Joint Venture was approximately $0.9 million and zero, respectively.

Supply, demand, market risk and the impact on natural gas, NGLs and oil prices. As discussed above in "— *Market Outlook*," the natural gas and oil industry historically has been cyclical with highly volatile commodity prices. Natural gas and oil prices are subject to large fluctuations in response to relatively minor changes in the demand for natural gas, NGLs and oil. Prices are affected by current and expected supply and demand dynamics, including the market disruptions resulting from the Russian-Ukraine war, the impact of the COVID-19 pandemic and related erosion of demand for natural gas, NGLs and oil, U.S. supply growth driven by advances in drilling and completion technologies, and the delay of an agreement on production levels by members of OPEC and other oil producing countries, including Russia, resulting in increased supply in the global market. Other factors impacting supply and demand include weather conditions (including severe weather events), pipeline capacity constraints, inventory storage levels, basis differentials, export capacity, supply chain quality and availability, strength of the U.S. dollar as well as other factors, the majority of which are outside of our control. These commodity prices are likely to remain volatile in the future.

Public company expenses. We expect to incur incremental, non-recurring costs related to our transition to a publicly traded company, including the costs of this initial public offering and the costs associated with the initial implementation of our Sarbanes-Oxley Section 404 internal control implementation and testing. We also expect to incur additional significant and recurring expenses as a publicly traded corporation, including costs associated with the employment of additional personnel, compliance under the Exchange Act, annual and quarterly reports to common stockholders, registrar and transfer agent fees, national stock exchange fees, audit fees, legal fees, incremental director and officer liability insurance costs and director and officer compensation.

Winter Storm Uri. Our marketing revenues consist of our portion of net profits earned through an agreement we have in place with a third party who operates a commodity trading book. In 2021, we received higher than normal marketing revenues due to the pricing volatility surrounding abnormal weather events. Although the agreement remains in effect, we consider such levels of marketing revenues to be unusual and may not recur in future periods.

Factors that Significantly Affect Our Financial Condition and Results of Operations

We derive almost all of our revenues from the sale of natural gas and NGLs produced from our interests in properties located in the Barnett and NEPA. Our revenues, cash flow from operations and future growth depend substantially on factors beyond our control, such as economic, political and regulatory developments and competition from other sources of energy. Natural gas and NGL prices have historically been volatile and may fluctuate widely in the future due to a variety of factors, including but not limited to, prevailing economic conditions, supply and demand of hydrocarbons in the marketplace and geopolitical events such as wars or natural disasters. In the future, we will also be subject to fluctuations in commodity prices. Sustained periods of low natural gas prices could materially and adversely affect our financial condition, our results of operations, the quantities of natural gas and NGLs that we can economically produce and our ability to access capital.

From time to time, we utilize derivative contracts in connection with our natural gas operations to provide an economic hedge of our exposure to commodity price risk associated with anticipated future natural gas and NGL production. The derivative contracts we enter into consist of swaps, producer collars and enhanced three-way collars, subject to master netting agreements with each individual counterparty. While these arrangements are structured to reduce our exposure to commodity price decreases, they can also limit the benefit we might otherwise receive from commodity price increases. For example, for the six months ended June 30, 2022 and 2021, we had derivative losses, net of approximately $450.8 million and $178.3 million, respectively. For the years ended December 31, 2021 and 2020, we had derivative losses, net of approximately $383.8 million, and derivative gains, net of approximately $20.8 million, respectively. We elected not to designate our current portfolio of commodity derivative contracts as hedges for accounting purposes. Therefore, changes in fair value of these derivative instruments are recognized in earnings. See "— *Quantitative and Qualitative Disclosures About Market Risk — Commodity Price Risk and Hedging Activities*" for additional discussion of our commodity derivative contracts. Our results of operations, liquidity and financial condition would be negatively impacted if natural gas prices were to become depressed or decline materially from current levels, or there is otherwise an unexpected material impact on commodity prices, and we have experienced variances in our results of operations and financial condition due to our hedging transactions.

Businesses engaged in the exploration and production of natural gas and NGLs, such as ours, face the challenge of natural production declines. As initial reservoir pressures are depleted, natural gas and NGL production from a given well naturally decreases. Thus, as does any natural gas exploration and production company, we deplete part of our asset base with each unit of natural gas and NGLs we produce. We attempt to overcome this natural decline by drilling and refracturing to unlock additional reserves and acquiring more reserves than we produce. Our future growth will depend on our ability to enhance production levels from our existing reserves and to continue to add reserves in excess of production in a cost effective manner, through development of existing assets and acquisitions. Our ability to make capital expenditures to increase production from our existing reserves and to add reserves through drilling is dependent on our capital resources and can be limited by many factors, including our ability to access capital in a cost effective manner and to timely obtain drilling permits and regulatory approvals.

Other factors significantly affecting our financial condition and results of operations include, among others:

- success in drilling new wells;

- the availability of attractive acquisition opportunities and our ability to execute them;
- the amount of capital we invest in the leasing and development of our properties;
- facility or equipment availability and unexpected downtime; and
- delays imposed by or resulting from compliance with regulatory requirements.

Sources of Revenues

Currently, substantially all of our revenues are derived from the sale of our natural gas production and the NGLs that are extracted from processing our natural gas, though we also generate a portion of our revenues from the sale of crude oil, midstream and surface operations, a minority equity interest in a midstream system and certain marketing revenue and other income. Our midstream and surface operations primarily support our own exploration and production operations, with revenues generated primarily from fees charged for midstream and surface services, including transportation, freshwater sourcing and disposal and other services to us and our affiliates and, to a lesser extent, third parties.

We sell natural gas, NGLs and oil at specific delivery points. To deliver our products, we may incur third party fees for gathering and transportation. Fees incurred prior to transfer of control are recorded as gathering and transportation expenses. Fees incurred after transfer of control are recognized as a reduction to our transaction price. Pricing of commodities is subject to supply and demand as well as to seasonal, political and other conditions that we generally cannot control. Our revenues may vary significantly from period to period as a result of changes in volumes of production sold or changes in commodity prices.

Natural gas, NGL and oil sale revenues

Approximately 98.7% and 84.2% of our total revenues for the six months ended June 30, 2022 and 2021, respectively, were derived through the production and sale of natural gas, NGLs and oil. Approximately 93.3% and 93.8% of our total revenues, excluding net derivative (losses) gains, for the years ended December 31, 2021 and 2020, respectively, were derived through the production and sale of natural gas, NGLs and oil. Production of these resources occurs exclusively within the Barnett and NEPA. The following table presents the breakdown of our revenues from the production and sale of natural gas, NGLs and oil for periods presented:

	Six Months Ended June 30,		Year Ended December 31,	
	2022	2021	2021	2020
Natural gas sales	74%	60%	72%	89%
NGL sales	25%	39%	27%	10%
Oil sales	1%	1%	1%	1%

Our revenues are influenced by production volumes as well as commodity prices. The following table presents our historical production volumes for the periods presented:

	Six Months Ended June 30,		Year Ended December 31,	
	2022	2021	2021	2020
Production data				
Natural gas (MMcf)	90,092	93,459	186,055	96,159
NGLs (MBbls)	4,800	4,914	9,829	2,565
Oil (MBbls)	54	67	123	29
Total volumes (MMcfe)	119,220	123,342	245,767	111,722
Average daily total volumes (MMcfe/d)	658.7	681.4	673.3	306.1

Non-operated midstream revenues, net

Approximately 0.5% and 1.2% of our total revenues, excluding derivative losses, net, for the six months ended June 30, 2022 and 2021, respectively, were generated from our approximate 29.4% non-operated interest in a midstream system operated by Repsol. For the years ended December 31, 2021 and 2020, these non-operated midstream revenues amounted to approximately 0.7% and 6.1% of our total revenues, excluding net derivative (losses) gains, respectively. Revenues from our non-operated interest are recognized when services are rendered based on quantities transported and measured according to the underlying contract.

Marketing revenues

Approximately 0.8% and 14.6% of our total revenues, excluding derivative losses, net, for the six months ended June 30, 2022 and 2021, respectively, and approximately 5.9% and zero of our total revenues, excluding net derivative (losses) gains, net, for the years ended December 31, 2021 and 2020, respectively, consists of our portion of net profits earned through an agreement with Concord Energy, LLC, the third-party marketer of all of our natural gas production. Pursuant to this arrangement, we receive a fixed percentage of all net income realized in the resale of our and other producers' hydrocarbons. In February 2021, we received higher than normal marketing revenues due to the pricing volatility surrounding the events of Winter Storm Uri. Although the agreement remains in effect, we consider such levels of marketing revenues to be unusual and may not recur in future periods.

Other revenues

Other revenues consist of other miscellaneous revenue streams including the management fee from the BKV-BPP Power Joint Venture.

Realized commodity prices

Our results of operations are heavily influenced by commodity prices. Natural gas, NGL and oil prices have historically been volatile and are currently at near record-high levels. On December 31, 2021, the Henry Hub natural gas spot price was $3.82 per MMBtu, though during the period from January 1, 2021 through June 30, 2022, natural gas prices reached a high of $23.86 per MMBtu and a low of $2.43 per MMBtu. A future decline in commodity prices may adversely affect our business, financial condition or results of operations. Lower commodity prices may not only decrease our revenues, but also the amount of natural gas and oil that we can produce economically.

NYMEX Henry Hub, for gas prices, and NYMEX WTI, for oil prices, are widely used benchmarks for the pricing of natural gas and oil in the United States. The price we receive for our natural gas and oil production is generally different than the NYMEX price because of adjustments for delivery location ("basis"), relative quality and other factors. As such, our revenues are sensitive to the price of the underlying commodity to which they relate. The following is a comparison of average pricing excluding and including the effects of derivatives:

	For the Six Months Ended June 30,		For the Year Ended December 31,	
	2022	2021	2021	2020
Average prices:				
Natural gas (Mcf):				
Average NYMEX Henry Hub Price	$ 6.08	$ 3.22	$ 3.84	$ 2.08
Average Natural Gas Realized Price (excluding derivatives)	$ 5.41	$ 1.86	$ 3.21	$ 1.06
Average Natural Gas Realized Price (including derivatives)	$ 3.60	$ 1.85	$ 2.29	$ 1.17
Differential to NYMEX Henry Hub	$ (0.67)	$ (1.36)	$ (0.63)	$ (1.02)
NGLs (Bbl):				
Average NYMEX WTI Price	$ 102.01	$ 62.21	$ 67.92	$ 39.40
Average NGL Realized Price (excluding derivatives)	$ 34.06	$ 22.62	$ 22.90	$ 4.66
Average NGL Realized Price (including derivatives)	$ 29.40	$ 18.36	$ 16.03	$ 4.66
Differential to NYMEX WTI	$ (67.95)	$ (39.59)	$(45.02)	$(34.74)
Oil (Bbl):				
Average NYMEX WTI Price	$ 102.01	$ 62.21	$ 67.92	$ 39.40
Average Oil Realized Price (excluding derivatives)	$ 94.16	$ 60.51	$ 61.46	$ 46.67
Average Oil Realized Price (including derivatives)	$ 94.16	$ 60.51	$ 61.46	$ 46.67
Differential to NYMEX WTI	$ (7.85)	$ (1.70)	$ (6.46)	$ 7.27
High and low NYMEX prices:				
Oil (Bbl):				
High	$ 123.64	$ 74.21	$ 84.65	$ 63.27
Low	$ 75.99	$ 47.47	$ 47.62	$(37.63)
Natural gas (Mcf):				
High	$ 9.44	$ 23.86	$ 23.86	$ 3.35
Low	$ 3.73	$ 2.43	$ 2.43	$ 1.48

Commodity Price Risk and Derivatives and Hedging Activities

The volatility of energy markets makes it extremely difficult to predict future natural gas, NGL and oil price movements with any certainty, and our results of operations and cash flows are impacted by changes in market prices for natural gas, NGLs and oil. Lower natural gas, NGL and oil prices may reduce the amount of natural gas and oil that we can produce economically. This may also result in our having to make substantial downward adjustments to our estimated proved reserves. If this occurs or if our production estimates change or our exploration or development activities are curtailed, successful efforts accounting rules may require us to recognize impairment expense as a non-cash charge to earnings, and to the carrying value of our natural gas properties.

To achieve more predictable cash flow and to reduce our exposure to adverse fluctuations in commodity prices, from time to time we enter into derivative arrangements for our production. In most of our current positions, our hedging activity may also reduce our ability to benefit from increases in commodity prices. We will sustain losses to the extent our derivatives contract prices are lower than market prices, and conversely, we will recognize gains to the extent our derivatives contract prices are higher than market prices. The price we receive for sales of our natural gas, NGL, and oil is generally less than the NYMEX prices because of adjustments for basis, relative quality and other factors.

In the six months ended June 30, 2022, our derivative settlements decreased our natural gas revenue by $228.3 million and our NGL revenue by $22.4 million. In the six months ended June 30, 2021, our derivative settlements decreased our natural gas revenue by $1.1 million and decreased our NGL revenue by $20.9 million. In the year ended December 31, 2021, our derivative settlements decreased our natural gas revenue by $170.2 million and our NGL revenue by $67.6 million. In the year ended December 31, 2020, our derivative settlements increased natural gas revenue by $10.4 million.

The following table summarizes our outstanding natural gas and NGL derivative positions as of June 30, 2022. Prices to be realized for hedged production will be less than these NYMEX prices because of location, quality and other adjustments.

Instrument	MMBTU	Weighted Average Price (USD)	Weighted Average Price Sub Floor	Weighted Average Price Floor	Weighted Average Price Ceiling	Weighted Average Price Sub Ceiling	Fair Value as of June 30, 2022 (In thousands)
2022							
Swap	33,349,000	$ 4.33					$ (39,053)
Enhanced three-way collars	21,430,000		$ 2.51	$ 2.54	$ 3.08	$ 3.17	$ (108,025)
Collars	5,415,000			$ 2.84	$ 3.69		$ (11,189)
2023							
Swap	54,812,000	$ 3.91					$ (35,182)
Enhanced three-way collars	8,350,000			$ 2.45	$ 3.15	$ 3.15	$ (24,571)
Collars	50,100,000			$ 2.85	$ 3.75		$ (51,368)

The following table represents natural gas liquids commodity derivatives for contracts expiring throughout the year ending December 31, 2022 and 2023 based on the applicable index listed below:

Instrument	Commodity Reference Price	Volumes	Weighted Average Price (USD)	Fair Value at June 30, 2022 (In thousands)
2022				
Swaps	OPIS Purity Ethane Mont Belvieu	75,339,600	$ 0.35	$ (8,764)
Swaps	OPIS IsoButane Mont Belvieu Non-TET	1,932,000	$ 0.99	$ (964)
Collars	OPIS IsoButane Mont Belvieu Non-TET	4,636,800	$ 1.34	$ (138)
Swaps	OPIS Normal Butane Mont Belvieu Non-TET	3,864,000	$ 0.98	$ (1,642)
Collars	OPIS Normal Butane Mont Belvieu Non-TET	7,467,600	$ 1.40	$ (68)
Swaps	OPIS Pentane Mont Belvieu Non-TET	3,864,000	$ 1.46	$ (1,936)
Collars	OPIS Pentane Mont Belvieu Non-TET	11,331,600	$ 1.99	$ 76
Swaps	OPIS Propane Mont Belvieu Non-TET	11,592,000	$ 0.86	$ (3,973)
Collars	OPIS Propane Mont Belvieu Non-TET	31,164,000	$ 1.22	$ 108
2023				
Swap	OPIS Purity Ethane Mont Belvieu	38,325,000	$ 0.23	$ (4,307)
Swap	OPIS IsoButane Mont Belvieu Non-TET	3,832,500	$ 0.80	$ (1,610)
Swap	OPIS Normal Butane Mont Belvieu Non-TET	3,832,500	$ 0.80	$ (1,475)
Swap	OPIS Pentane Mont Belvieu Non-TET	7,665,000	$ 1.28	$ (4,109)
Swap	OPIS Propane Mont Belvieu Non-TET	22,995,000	$ 0.72	$ (6,778)

Principal Components of Cost Structure

Lease operating and workover

Lease operating and workover expenses reflect the costs incurred to maintain our production. Lease operating expenses represent the costs incurred for field employee salaries, saltwater disposal, repairs and maintenance, and other standard operating expenses. Workover expenses include those costs incurred to perform more substantial maintenance or remedial treatments on a well to restore or enhance production. Cost levels for certain of these expenses vary based on the volume of production, among other factors.

Taxes other than income

Taxes other than income consist of production taxes, severance taxes, impact fees and ad valorem taxes. Production and severance taxes are paid on produced natural gas and oil based on a percentage of the market value or sales prices of the natural gas and oil or at fixed per-unit rates established by state authorities. Impact fees are based on drilling activities and natural gas market prices. We pay ad valorem taxes based on the value of our reserves as well as the value of property and equipment.

Gathering and transportation

Gathering and transportation expenses are incurred in connection with the natural gas, NGL and oil gathering and transportation contracts we enter into with third parties. Pursuant to these contracts, third parties agree to deliver the natural gas, NGLs and oil we produce to our customers for a fee. The fees incurred prior to control transfer are classified as gathering and transportation expenses (in the Barnett) on the consolidated statement of operations, whereas any fees incurred after transfer of control are included as a reduction of the associated revenues (in NEPA).

Accretion of asset retirement obligations

Accretion of asset retirement obligations reflects the expense related to accretion of our asset retirement obligations. Our obligations are accreted using the interest method over the period from initial measurement to the expected timing of settlement and are measured using our credit-adjusted risk-free rate applied when the liability was initially measured.

Depreciation, depletion, and amortization

Depreciation, depletion, and amortization reflects the systematic expensing of the costs capitalized in connection with our costs to acquire, explore and develop natural gas, NGLs and oil. We use the successful efforts method of accounting for natural gas producing activities. Accordingly, we capitalize all costs associated with our acquisition, drilling, development, and retirement efforts and all successful exploration efforts and allocate these costs using the units of production method. Depreciation of midstream assets and other property and equipment is computed over an asset's estimated useful life using a straight-line basis.

Exploration and impairment

Exploration costs are costs related to unsuccessful leasing efforts, as well as geological and geophysical costs, including seismic costs, costs of unsuccessful exploratory dry holes and costs of other exploratory activities. Impairment costs include impairment and costs associated with leases expirations, impairment of design and initial costs related to pads that are no longer planned to be placed into service and impairment of proved properties due to lower future commodity prices. We charge impairment expense for expired or soon-to-be expired leases when we determine they are impaired based on factors such as remaining lease terms, reservoir performance, commodity price outlooks and future plans to develop the acreage. We also record impairment charges for proved properties on a geological reservoir basis when events or changes in circumstances indicate that a property's carrying amount may not be recoverable.

General and administrative

General and administrative expenses typically represent costs for payroll and benefits for our work force, equity-based compensation expense, integration support, consulting fees, costs incurred to maintain our headquarters, and costs incurred for various legal proceedings which arise through the normal course of business, among others.

Accretion of right of use liabilities

For any contract deemed to include a leased asset, such as compressors and other equipment used in our upstream operations, that asset is capitalized on the balance sheet as a right of use asset and a corresponding lease liability is recorded at the present value of the known future minimum payments of the contract using a discount rate on the date of commencement. Accretion of right of use liabilities reflects the periodic accretion expense associated with the increase in the present value of the lease liability over the life of the underlying lease.

(Loss) gain on contingent consideration liabilities

In October 2020, we acquired Devon Energy's Barnett assets pursuant to a purchase agreement that included an earnout obligation pursuant to which we agreed to make certain contingent consideration payments based on future prices of natural gas. As of June 30, 2022, we have paid Devon Energy $65.0 million in contingent consideration payments. These contingent consideration payments are stated at fair value on our consolidated balance sheet, with changes in fair value recorded in the consolidated statement of operations.

Interest expense

We finance a portion of our capital expenditures, working capital requirements and acquisitions with borrowings under the Subordinated Intercompany Loan Agreements and the Term Loan Credit Agreement. As a result, we incur interest expense that is affected by both fluctuations in interest rates under our credit facilities and our financing decisions. We have not historically utilized interest rate swaps to mitigate fluctuations in interest rates.

Income tax benefit (expense)

We are subject to state and U.S. federal income taxes. The difference between our financial statement income tax expense and our U.S. federal income tax liability is primarily due to the differences in the tax and financial statement treatment of natural gas properties and the deferral of unsettled commodity derivative gains and losses for tax purposes until they are settled. We also pay certain state income or franchise taxes where state income or franchise taxes are determined on a basis other than income. We record deferred income tax expense to the extent our deferred tax liabilities exceed our deferred tax assets.

In the future, we expect we will be able to realize an additional income tax benefit from Section 45Q carbon tax credits. For facilities placed in service on or after February 9, 2018 and before January 1, 2023, the current Section 45Q tax credit policy generally provides the capturing parties a tax credit that escalates until 2026, when it reaches $50 per ton for CO_2 directly stored in geologic formations, annually escalating for inflation thereafter. For facilities placed in service after December 31, 2022, the credit amount is increased to $85 per ton, subject to satisfaction or nonapplication of certain prevailing wage and apprenticeship requirements (or $17 per ton if such prevailing wage and apprenticeship requirements are not satisfied), with adjustments for inflation after 2026. In either case, the Section 45Q tax credit is available for a 12-year period for qualifying facilities that begin construction before January 1, 2033.

Results of Operations

The following tables present selected financial and operating information for the periods presented:

(In thousands)	Six Months Ended June 30, 2022	2021
Revenues and other operating income		
Natural gas, NGL and oil sales	$ 656,431	$ 289,342
Non-operated midstream revenues	3,344	3,972
Derivative losses, net	(450,784)	(178,275)
Marketing revenues	5,328	50,296
Other	1,327	—
Total revenues and other operating income	215,646	165,335
Operating expenses		
Lease operating and workover	45,333	40,515
Taxes other than income	41,001	16,697
Gathering and transportation	98,756	76,756
Accretion of asset retirement obligations	5,320	4,904
Depreciation, depletion, and amortization	36,800	40,842
Exploration and impairment	—	34
General and administrative	51,497	37,988
Accretion of right of use liabilities	135	106
Total operating expenses	278,842	217,842
(Loss) income from operations	(63,196)	(52,507)
Other income and expense		
Loss on contingent consideration liabilities	(31,915)	(115,345)
Interest expense	(6,698)	(314)
Other income	516	62
Bargain purchase gain	163,653	—
Gain on settlement of litigation	16,866	—
Loss from equity affiliates	(23,958)	—
Interest income	128	2
Income (loss) before income taxes	55,396	(168,102)
Income tax benefit (expense)	24,903	38,648
Net income (loss) and comprehensive income (loss) attributable to BKV Corporation	$ 80,299	$ (129,454)
Less accretion of preferred stock to redemption value	—	(2,336)
Less preferred stock dividends	—	(9,900)
Less deemed dividend on redemption of preferred stock	—	(1,353)
Net income (loss) and comprehensive income (loss) attributable to common stockholders	$ 80,299	$ (143,043)

(In thousands)	Year Ended December 31, 2021	2020
Revenues and other operating income		
Natural gas sales	$ 597,050	$101,758
NGL sales	225,135	11,952
Oil sales	7,560	1,333
Non-operated midstream revenues, net	6,917	7,458
Derivative (losses) gains, net	(383,847)	20,755
Marketing revenues	52,616	—
Other	251	33
Total revenues and other operating income	505,682	143,289
Operating expenses		
Lease operating and workover	88,105	31,260
Taxes other than income	45,650	5,151
Gathering and transportation	173,587	—
Accretion of asset retirement obligations	10,030	3,211
Depreciation, depletion, and amortization	81,986	83,388
Exploration and impairment	34	560
General and administrative	85,740	29,442
Accretion of right of use liabilities	227	184
Total operating expenses	485,359	153,196
(Loss) income from operations	20,323	(9,907)
Other income and expense		
(Loss) gain on contingent consideration liabilities	(194,968)	7,135
Interest expense	(2,134)	(1,713)
Other income	872	—
Income (loss) from equity affiliates	910	—
Interest income	8	121
Income (loss) before income taxes	(174,989)	(4,364)
Income tax benefit (expense)	40,526	(38,982)
Net income (loss) and comprehensive income (loss) attributable to BKV Corporation	$(134,463)	$ (43,346)
Less accretion of preferred stock to redemption value	(3,745)	—
Less preferred stock dividends	(9,900)	(460)
Less deemed dividend on redemption of preferred stock	(22,606)	—
Net income (loss) and comprehensive income (loss) attributable to common stockholders	$(170,714)	$ (43,806)

Comparison of the Six Months Ended June 30, 2022 and 2021

Operating revenues

Our operating revenues include revenues from the sale of natural gas, NGLs and oil, non-operated midstream revenues, gains and loss on our derivative contracts, marketing revenues and other revenues. The following table provides information on our revenues for the periods presented:

(In thousands)	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021	$ Change	% Change
Revenues				
Natural gas revenues	$ 487,813	$ 174,120	$ 313,693	180%
NGL revenues	163,498	111,166	52,332	47%
Oil revenues	5,120	4,056	1,064	26%
Non-operated midstream revenues, net	3,344	3,972	(628)	(16)%
Derivative (losses) gains, net	(450,784)	(178,275)	(272,509)	153%
Marketing revenues	5,328	50,296	(44,968)	(89)%
Other	1,327	—	1,327	*
Total revenues and other operating income	$ 215,646	$ 165,335		

* *Percentage not meaningful*

Natural gas revenues

Our natural gas revenues increased by approximately $313.7 million to $487.8 million for the six months ended June 30, 2022 from $174.1 million for the six months ended June 30, 2021. Lower production volumes during the six months ended June 30, 2022 contributed a $6.3 million decrease in period-over-period revenues (calculated as the change in period-to-period volumes times the prior period-end average price). This decrease was more than offset by the impact of commodity price increases, excluding the effects of derivative settlements. which contributed a $320.0 million increase in period-over-period revenues (calculated as the change in the period-to-period average price times current period production volumes).

NGL revenues

Our NGL revenues increased by approximately $52.3 million to $163.5 million for the six months ended June 30, 2022 from $111.2 million for the six months ended June 30, 2021. Lower production volumes during the six months ended June 30, 2022 accounted for a $2.6 million decrease in period-over-period revenues (calculated as the change in period-to-period volumes times the prior period-end average price). This decrease was more than offset by the impact of commodity price increases, excluding the effects of derivative settlements, which accounted for an approximate $54.9 million increase in period-over-period revenues (calculated as the change in the period-to-period average price times current year production volumes).

Oil revenues

Our oil revenues increased by approximately $1.1 million to $5.1 million for the six months ended June 30, 2022 from $4.1 million for the six months ended June 30, 2021. Lower production volumes during the six months ended June 30, 2022 accounted for a $0.8 million decrease in period-over-period revenues (calculated as the change in period-to-period volumes times the prior period-end average price). This decrease was more than offset by the impact of commodity price increases, excluding the effects of derivative settlements, which accounted for an approximate $1.8 million increase in period-over-period revenues (calculated as the change in the period-to-period average price times current year production volumes).

Non-operated midstream revenues, net

Our non-operated midstream revenues decreased by approximately $0.6 million, or 16%, to $3.3 million for the six months ended June 30, 2022 from $4.0 million for the six months ended June 30, 2021. This decrease was primarily due to decreases in the associated production of natural gas properties the midstream assets support.

Derivative (losses) gains, net

For the six months ended June 30, 2022, we had a loss on derivative contracts of $450.8 million compared to a loss on derivative contracts of $178.3 million for the six months ended June 30, 2021. The loss for the six months ended June 30, 2022 is attributable to increases in underlying commodity prices and volatility in energy markets, which resulted in higher realized and unrealized losses on derivative contracts.

Marketing revenues

Our marketing revenues decreased by approximately $45.0 million, to $5.3 million for the six months ended June 30, 2022 from $50.3 million for the six months ended June 30, 2021. These revenues are generated in connection with our agreement with Concord Energy, LLC, the third-party marketer of all of our natural gas production. Pursuant to this arrangement, we receive a fixed percentage of all net income realized in the resale of our and other producers' hydrocarbons. In February 2021, we received higher than normal marketing revenues due to the pricing volatility surrounding the events of Winter Storm Uri. Although the agreement remains in effect, we consider such levels of marketing revenues to be unusual and may not recur in future periods.

Other revenues

We generate a portion of our revenues from other sources including surface and midstream operations. Our midstream and surface operations primarily support our own exploration and production operations, with revenues generated primarily from fees charged for surface and midstream services, including transportation, freshwater sourcing and disposal, and other services to us and our affiliates and, to a lesser extent, third parties. Our other revenues were approximately $1.3 million for the six months ended June 30, 2022 as compared to a negligible amount for the six months ended June 30, 2021.

Operating Expenses

Our operating expenses reflect costs incurred in the development, production and sale of natural gas, NGLs and oil. The following table provides information on our operating expenses:

(In thousands, other than percentages and average costs)	Six Months Ended June 30, 2022	2021	$ Change	% Change
Operating Expense				
Lease operating and workover	$ 45,333	$ 40,515	$ 4,818	12%
Taxes other than income	41,001	16,697	24,304	*
Gathering and transportation costs	98,756	76,756	22,000	29%
Accretion of asset retirement obligations	5,320	4,904	416	8%
Depreciation, depletion, and amortization	36,800	40,842	(4,042)	(10)%
Exploration and impairment	—	34	(34)	*
General and administrative	51,497	37,988	13,509	36%
Accretion of right of use liabilities	135	106	29	27%
Total operating expense	$ 278,842	$ 217,842		

(In thousands, other than percentages and average costs)	Six Months Ended June 30, 2022	2021	$ Change	% Change
Average Costs per Mcfe				
Lease operating and workover	$0.38	$0.33	$ 0.05	15%
Taxes other than income	$0.34	$0.14	$ 0.20	*
Gathering and transportation costs	$0.83	$0.62	$ 0.21	34%
Accretion of asset retirement obligations	$0.04	$0.04	$ —	*
Depreciation, depletion, and amortization	$0.31	$0.33	$ (0.02)	(6)%
Exploration and impairment	$ —	$ —	$ —	*
General and administrative	$0.43	$0.31	$ 0.12	39%
Accretion of right of use liabilities	$ —	$ —	$ —	*
Total	$2.33	$1.77		

* *Percentage not meaningful*

Lease operating and workover

The following table summarizes our components of lease operating expenses for the periods presented:

	Six Months Ended June 30, 2022		2021			
(In thousands, other than percentages and average costs)	Amount	Per Mcfe	Amount	Per Mcfe	$ Change	% Change
Lease operating expenses	$44,091	$ 0.37	$37,907	$ 0.31	$ 6,184	16%
Workover expenses	1,242	$ 0.01	2,608	$ 0.02	(1,366)	(52)%
Total lease operating and workover expense	$45,333	$ 0.38	$40,515	$ 0.33	$ 4,818	12%

Lease operating and workover expenses were $45.3 million, or $0.38 per Mcfe, for the six months ended June 30, 2022, which was an increase of $4.8 million, or 12%, from $40.5 million, or $0.33 per Mcfe, for the six months ended June 30, 2021. The increase in lease operating and workover during the first six months of 2022 compared to the same period in 2021 was primarily driven by a $2.8 million increase in field employee salaries, a $1.1 million increase in disposal costs, and approximately $0.9 million of individually immaterial net increases in other direct production costs incurred in connection with our operations at the 2020 Barnett Properties.

Taxes other than income

Taxes other than income were $41.0 million, or $0.34 per Mcfe for the six months ended June 30, 2022, which was an increase of $24.3 million from $16.7 million, or $0.14 per Mcfe, for the six months ended June 30, 2021. The increase in taxes other than income for the six months ended June 30, 2022 compared to the same period in 2021 was due primarily to increased natural gas and NGL production taxes associated with our operations at the 2020 Barnett Properties. These 2020 Barnett Properties are subject to certain ad valorem and severance taxes which are not applicable to our NEPA natural gas properties.

Gathering and transportation

Gathering and transportation expenses were $98.8 million, or $0.83 per Mcfe, for the six months ended June 30, 2022, which was an increase of $22.0 million, from $76.8 million for the six months ended June 30, 2021. The increase in gathering and transportation expenses for the six months ended June 30, 2022 compared to the same period in 2021 was due to gathering and transportation contracts entered into for our 2020 Barnett Properties during the second half of the year ended December 31, 2021. Pursuant to these contracts, fees for gathering and transportation for our Barnett natural gas are incurred prior to transfer of control of our natural gas production. The fees for gathering and transportation for our legacy NEPA natural gas are incurred subsequent to transfer of control and thus are included in revenues.

Accretion of asset retirement obligations

Accretion of asset retirement obligations was $5.3 million, or $0.04 per Mcfe, for the six months ended June 30, 2022, which was an increase of $0.4 million, or 8%, from $4.9 million, or $0.04 per Mcfe, for the six months ended June 30, 2021. This increase in accretion of asset retirement obligations for the six months ended June 30, 2022 compared to the same period in 2021 was due to additional accretion of the asset retirement obligations attributed to the 2020 Barnett Properties.

Depreciation, depletion, and amortization

Depreciation, depletion, and amortization was $36.8 million, or $0.31 per Mcfe, for the six months ended June 30, 2022, which was a decrease of $4.0 million, or approximately 10%, from $40.8 million, or $0.33 per Mcfe, for the six months ended June 30, 2021. The decrease in depreciation, depletion, and amortization for the six months ended June 30, 2022 on a per Mcfe basis compared to the same period in 2021 was due to an increase in proved reserves, lowering our depletion rate.

Exploration and impairment

Exploration and impairment expenses were zero and $0.03 million for the six months ended June 30, 2022 and 2021, respectively. This decrease in exploration and impairment expenses was due to slightly higher geological and geophysical costs in 2021 related to a completion program in NEPA which began in fiscal year 2020 and continued into 2021 but did not recur in 2022. There were no dry hole costs or impairment expenses incurred in either period.

General and administrative

General and administrative expenses were $51.5 million, or $0.43 per Mcfe,for the six months ended June 30, 2022, which was an increase of $13.5 million, or 36%, from $38.0 million, or $0.31 per Mcfe, for the six months ended June 30, 2021. The increase in general and administrative expenses for the six months ended June 30, 2022 compared to the same period in 2021 was primarily due to the $11.7 million increase in professional service expenses for the six months ended June 30, 2022 relative to those incurred for the same period ended in 2021. Also contributing to this increase was $9.4 million of increased equity-based compensation expense for the six months ended June 30, 2022 compared to the same period in 2021 for our equity-based compensation. Offsetting these increases is a $7.3 million decrease in administrative and IT consulting expenses and approximately $0.2 million of individually immaterial net decreases in other general and administrative expenses.

Other Income and Expenses

Bargain purchase gain. Bargain purchase gain increased to $163.7 million for the six months ended June 30, 2022 from zero for the six months ended June 30, 2021. The 2022 Exxon Barnett Acquisition resulted in a bargain purchase gain, which was primarily caused by the increase in commodity pricing from the date the acquisition was originally negotiated through the closing date. Because the value of the purchase consideration transferred was less than the fair value of the assets acquired and liabilities assumed as of the closing date of the Exxon Barnett Acquisition, we recognized a bargain purchase gain for the difference.

(Loss) gain on contingent consideration liabilities. We recognized a loss on contingent consideration liabilities accruing as an earnout under the agreement for the Exxon Barnett Acquisition of $31.9 million during the six months ended June 30, 2022, which was a decrease of $83.4 million from $115.3 million for the six months ended June 30, 2021. This fluctuation is due to increases in forward curve commodity pricing for natural gas (NYMEX) and oil (WTI) assumptions used in the Monte Carlo simulations increasing the fair market value during the six months ended June 30, 2022 relative to the same period in 2021. The increase in the liabilities is reflected as the (loss) gain on contingent liabilities line of the income statement.

Gain on settlement of litigation. Gain on settlement of litigation increased to $16.9 million for the six months ended June 30, 2022 from zero for the six months ended June 30, 2021 due to the settlement of a dispute between us and an operator related to a midstream gathering system. We agreed to settle with the operator in February 2022, receiving $35.0 million in the settlement. Of the $35.0 million received, $18.1 million was deemed the collection of accounts receivable. The remaining $16.9 million has been recognized as a gain on settlement of litigation on our consolidated statement of operations.

Interest expense. Interest expense was $6.7 million for the six months ended June 30, 2022, which was an increase of $6.4 million from $0.3 million for the six months ended June 30, 2021. The increase in interest expense for the six months ended June 30, 2022 was driven by our increased outstanding debt balances as of June 30, 2022 relative to the outstanding debt balance as of June 30, 2021.

Income tax benefit. Income tax benefit was $24.9 million for the six months ended June 30, 2022, which was a change of $13.7 million from an income tax benefit of $38.6 million for the six months ended June 30, 2021. The period-over-period change was due primarily to the recording of deferred tax assets created by the increase of our commodity derivative liabilities during the six months ended June 30, 2022.

Loss from equity affiliates. Loss from equity affiliates was approximately $24.0 million for the six months ended June 30, 2022, which was a change from zero for the six months ended June 30, 2021. Loss from equity affiliates is related to our investment in, and our proportionate share in the losses of, the BKV-BPP Power Joint Venture, which we entered into in November 2021.

Comparison of the Years Ended December 31, 2021 and 2020

Operating Revenues

Our operating revenues include revenues from the sale of natural gas, NGLs and oil, non-operated midstream revenues, gains and loss on our derivative contracts, marketing revenues, and other revenues. The following table provides information on our revenues:

	Year Ended December 31,			
(In thousands)	**2021**	**2020**	**$ Change**	**% Change**
Revenues				
Natural gas revenues	$ 597,050	$101,758	$ 495,292	*
NGL revenues	225,135	11,952	213,183	*
Oil revenues	7,560	1,333	6,227	*
Non-operated midstream revenues, net	6,917	7,458	(541)	(7)%
Derivative (losses) gains, net	(383,847)	20,755	(404,602)	*
Marketing revenues	52,616	—	52,616	*
Other	251	33	218	*
Total revenues and other operating income	$ 505,682	$143,289		

* *Percentage not meaningful*

Natural gas revenues

Our natural gas revenues increased by approximately $495.3 million to $597.1 million for the year ended December 31, 2021 from $101.8 million for the year ended December 31, 2020. Higher production volumes during the year ended December 31, 2021 accounted for a $95.1 million increase in year-over-year revenues (calculated as the change in year-to-year volumes times the prior year average price), due to an increase driven by inclusion of a full year of production from our 2022 Barnett Assets during the year ended December 31, 2021. Changes in commodity prices, excluding the effects of derivative settlements, accounted for an approximate $400.2 million increase in year-over-year revenues (calculated as the change in the year-to-year average price times current year production volumes).

NGL revenues

Our NGL revenues increased by approximately $213.2 million to $225.1 million for the year ended December 31, 2021 from $12.0 million for the year ended December 31, 2020. Higher production volumes during the year ended December 31, 2021 accounted for a $33.8 million increase in year-over-year revenues (calculated as the change in year-to-year volumes times the prior year average price), due to an increase driven by inclusion of a full year of production from our 2022 Barnett Assets during the year ended December 31, 2021. Changes in commodity prices, excluding the effects of derivative settlements, accounted for an approximate $179.4 million increase in year-over-year revenues (calculated as the change in the year-to-year average price times current year production volumes).

Oil revenues

Our oil revenues increased by approximately $6.2 million to $7.6 million for the year ended December 31, 2021 from $1.3 million for the year ended December 31, 2020. Higher production volumes during the year ended December 31, 2021 accounted for a $4.4 million increase in year-over-year revenues (calculated as the change in year-to-year volumes times the prior year average price), due to an increase driven by inclusion of a full year of production from our 2022 Barnett Assets during the year ended December 31, 2021. Changes in commodity prices, excluding the effects of derivative settlements, accounted for an approximate $1.8 million increase in year-over-year revenues (calculated as the change in the year-to-year average price times current year production volumes).

Non-operated midstream revenues, net

Our non-operated midstream revenues decreased by approximately $0.5 million, or 7%, to $6.9 million for the year ended December 31, 2021 from $7.5 million for the year ended December 31, 2020. This decrease was primarily due to decreases in the associated production of natural gas properties the midstream assets support.

Derivative (losses) gains, net

For the year ended December 31, 2021, we had a loss on derivative contracts of $383.8 million compared with a gain on derivative contracts of $20.8 million for the year ended December 31, 2020. The loss in 2021 is attributable to increases in underlying commodity prices, which resulted in higher realized and unrealized losses on derivative contracts.

Marketing revenues

Our marketing revenues increased by approximately $52.6 million, to $52.6 million for the year ended December 31, 2021 from zero for the year ended December 31, 2020. Our marketing revenues are derived under our marketing agreement with a third party pursuant to which we receive a fixed percentage of all net income realized in the resale of our and other producers' hydrocarbons. The increase in marketing revenues was primarily due to the pricing volatility surrounding the events of Winter Storm Uri, which resulted in $48.7 million of revenues for the year ended December 31, 2021.

Other revenues

We generate a portion of our revenues from other sources including surface and midstream operations. Our midstream and surface operations primarily support our own exploration and production operations, with revenues generated primarily from fees charged for surface and midstream services, including transportation, freshwater sourcing and disposal and other services to us and our affiliates and, to a lesser extent, third parties. Our other revenues were approximately $0.3 million for the year ended December 31, 2021 as compared to a negligible amount for the year ended December 31, 2020. The increase was minimal year over year.

Operating Expenses

Our operating expenses reflect costs incurred in the development, production and sale of natural gas, NGLs and oil. The following table provides information on our operating expenses:

(In thousands)	2021	2020	$ Change	% Change
	Year Ended December 31,			
Operating Expense				
Lease operating and workover	$ 88,105	$ 31,260	$ 56,845	182%
Taxes other than income	45,650	5,151	40,499	*
Gathering and transportation costs	173,587	—	173,587	*
Accretion of asset retirement obligations	10,030	3,211	6,818	212%
Depreciation, depletion, and amortization	81,986	83,388	(1,402)	(2)%
Exploration and impairment	34	560	(526)	(94)%
General and administrative	85,740	29,442	56,299	191%
Accretion of right of use liabilities	227	184	43	23%
Total operating expense	$485,359	$153,196		
Average Costs per Mcfe				
Lease operating and workover	$ 0.36	$ 0.28	$ 0.08	28%
Taxes other than income	$ 0.19	$ 0.05	$ 0.14	*
Gathering and transportation costs	$ 0.71	$ —	$ 0.71	*
Accretion of asset retirement obligations	$ 0.04	$ 0.03	$ 0.01	42%
Depreciation, depletion, and amortization	$ 0.33	$ 0.75	$ (0.41)	(55)%
Exploration and impairment	$ —	$ 0.01	$ —	(97)%
General and administrative	$ 0.35	$ 0.26	$ 0.09	32%
Accretion of right of use liabilities	$ —	$ —	$ —	(44)%
Total	$ 1.98	$ 1.38		

* *Percentage not meaningful*

Lease operating and workover

The following table summarizes our components of lease operating expenses for the years ended December 31, 2021 and 2020:

	Year Ended December 31,				Change	
	2021		2020			
	Amount	Per Mcfe	Amount	Per Mcfe	Dollars	Percentage
	(In thousands)		(In thousands)		(In thousands)	
Lease operating expenses	$ 84,303	$ 0.34	$ 30,130	$ 0.27	$ 54,173	179%
Workover expenses	3,802	0.02	1,130	0.01	2,672	236%
Total lease operating and workover expense	$ 88,105	$ 0.36	$ 31,260	$ 0.28	$ 56,845	182%

Lease operating and workover expenses were $88.1 million, or $0.36 per Mcfe, for the year ended December 31, 2021, which was an increase of $56.8 million, or 182%, from $31.3 million, or $0.28 per Mcfe, for the year ended December 31, 2020. The increase in lease operating and workover during 2021 compared to 2020 was due to the acquisition of our Barnett natural gas properties that we acquired in the October 2020 Devon Barnett Acquisition (the “2020 Barnett Properties”), which are included for the full year ended December 31, 2021, compared to three months during the year ended December 31, 2020.

Taxes other than income

Taxes other than income were $45.7 million, or $0.19 per Mcfe, for the year ended December 31, 2021, which was an increase of $40.5 million from $5.1 million, or $0.05 per Mcfe, for the year ended December 31,

2020. The increase in taxes during 2021 compared to 2020 was due to our acquisition of the 2020 Barnett Properties, which are included for the full year ended December 31, 2021, compared to three months during the year ended December 31, 2020. These 2020 Barnett Properties are subject to certain ad valorem and severance taxes which are not applicable to our NEPA natural gas properties.

Gathering and transportation

Gathering and transportation expenses were $173.6 million, or $0.71 per Mcfe, for the year ended December 31, 2021, which was an increase of $173.6 million, from zero for the year ended December 31, 2020. The increase in gathering and transportation during 2021 compared to 2020 was due to new contracts entered into for our 2020 Barnett Properties during the year ended December 31, 2021. Pursuant to these new contracts, fees for gathering and transportation for our Barnett natural gas are incurred prior to transfer of control of our natural gas production. The fees for gathering and transportation for our legacy NEPA natural gas are incurred subsequent to transfer of control and thus are included in revenues.

Accretion of asset retirement obligations

Accretion of asset retirement obligations was $10.0 million, or $0.04 per Mcfe, for the year ended December 31, 2021, which was an increase of $6.8 million, or 212%, from $3.2 million, or $0.03 per Mcfe, for the year ended December 31, 2020. The increase in accretion of asset retirement obligations during 2021 compared to 2020 was due to additional accretion associated with the additional asset retirement obligations associated with the 2020 Barnett Properties.

Depreciation, depletion, and amortization

Depreciation, depletion, and amortization was $82.0 million, or $0.33 per Mcfe, for the year ended December 31, 2021, which was a decrease of $1.4 million, or 2%, from $83.4 million, or $0.75 per Mcfe, for the year ended December 31, 2020. The decrease in depreciation, depletion, and amortization during 2021 on a per Mcfe basis compared to 2020 was due to an increase in proved reserves, lowering our depletion rate.

Exploration and impairment

Exploration and impairment expenses were $0.03 million, or less than $0.01 per Mcfe, for the year ended December 31, 2021, which was a decrease of $0.5 million, or 94%, from $0.6 million, or $0.01 per Mcfe, for the year ended December 31, 2020. The decrease in exploration and impairment during 2021 compared to 2020 was due to higher geological and geophysical costs in 2020 related to a completion program in NEPA during 2020 that did not recur in 2021. There were no dry hole costs or impairment expenses incurred in either period.

General and administrative

General and administrative expenses were $85.7 million, or $0.35 per Mcfe, for the year ended December 31, 2021, which was an increase of $56.3 million, or 191%, from $29.4 million, or $0.26 per Mcfe, for the year ended December 31, 2020. The increase in general and administrative during 2021 compared to 2020 was primarily due to equity-based compensation expense for our equity-based compensation plan introduced during the year ended December 31, 2021, and integration costs related to the Devon Barnett Acquisition incurred during the year ended December 31, 2021 after the conclusion of our transition services agreement with Devon Energy.

Other income and expenses

(Loss) gain on contingent consideration liabilities. We recognized a loss on contingent consideration liabilities of $195.0 million for the year ended December 31, 2021, which was an increase of $202.1 million from a $7.1 million gain for the year ended December 31, 2020. This fluctuation is due to increases in forward curve commodity pricing for natural gas (NYMEX) and oil (WTI) assumptions used in the Monte Carlo simulations increasing the fair market value as of December 31, 2021 as compared to December 31, 2020. The increase in the liabilities is reflected as the (loss) gain on contingent consideration liabilities line of the

income statement. These contingent consideration liabilities were incurred pursuant to the terms of an earnout provision under the Devon Barnett Acquisition purchase agreement.

Interest expense. Interest expense was $2.1 million for the year ended December 31, 2021, which was an increase of $0.4 million, or 25%, from $1.7 million for the year ended December 31, 2020. The change in interest expense during 2021 compared to 2020 was due to the outstanding balances on our loans with BNAC the year ended December 31, 2021 exceeding the outstanding balances during the year ended December 31, 2020.

Income tax benefit (expense). Income tax benefit was $40.5 million for the year ended December 31, 2021, which was a change of $79.5 million, or 204%, from an income tax expense of $39.0 million for the year ended December 31, 2020. The change to an income tax benefit during 2021 from income tax expense in 2020 was due to the recording of deferred tax assets created by the increase on our commodity derivative liabilities and contingent consideration during the year ended December 31, 2021.

Income from equity affiliates. Income from equity affiliates was approximately $0.9 million for the year ended December 31, 2021, which was an increase from zero for the year ended December 31, 2020. Income from equity affiliates is related to the management fees received from the BKV-BPP Power Joint Venture and represents the entire increase from the prior year, as we entered into the BKV-BPP Power Joint Venture in 2021.

Liquidity and Capital Resources

Capital Commitments

Our primary needs for cash are to fund our upstream development, midstream, power and CCUS projects, fund operations and capital expenditures, fund acquisitions, fund asset retirement obligations, cover any debt interest or minimum volume commitment obligations, paydown debt, and return capital to stockholders. Our primary uses of cash during 2021 and 2020 were to fund our Devon Barnett Acquisition, our BKV-BPP Power Joint Venture and the development of our natural gas properties. We also used operating cash flows for the payment of a special dividend to our common stockholders, operating costs, and general and administrative costs. The primary use of the cash received from BNAC was to fund the redemption of our outstanding preferred stock.

During the six months ended June 30, 2022, capital expenditures for development of natural gas properties were $77.3 million. During the year ended December 31, 2021, capital expenditures for development of natural gas properties were $63.9 million. Capital expenditures for our operated properties are largely discretionary and within our control. We could choose to defer a portion of these planned capital expenditures depending on a variety of factors, including but not limited to the success of our drilling activities, prevailing and anticipated prices for natural gas and NGLs, the availability of equipment, infrastructure and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions, drilling and acquisition costs and the level of participation by other interest owners. We will continue to monitor commodity prices and overall market conditions and can adjust our rig cadence up or down in response to changes in commodity prices and overall market conditions.

Our adjusted capital budget for 2022 is approximately $266.0 million, of which we had expended approximately $78.1 million as of June 30, 2022.

Our operating leases consist of leases for office space and compressors. We do not have finance leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Instead, the short-term leases are recognized in expenses on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal terms generally being one year, which are not recognized as part of the lease right-of-use (ROU) assets or liabilities as they are not reasonably certain to be exercised. The exercise of lease renewal options is at our discretion.

As of December 31, 2021, our undiscounted minimum cash payment obligations for operating lease liabilities are as follows (in thousands):

2022	$11,241
2023	947
2024	959
2025	972
2026	848
Thereafter	1,664
Total undiscounted future lease payments	$16,631
Present value adjustment	(1,226)
Net operating lease liabilities	$15,405

On August 4, 2022, we entered an amendment to our ISDA Master Agreement with a counterparty to our derivative contracts pursuant to which we agreed to terminate or novate, at our election, at least $100.0 million of our derivative contracts with the counterparty. As of September 9, 2022, we terminated derivative contracts of $100.2 million with the counterparty to satisfy this requirement. In connection with such termination, we are required to make cash payments to the counterparty in an aggregate amount of $100.2 million by November 30, 2022. We intend to make any such payments with cash flows from operations, inclusive of our recent Exxon Barnett Acquisition. See "*Note 14 — Commitments and Contingencies*" to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional information regarding this agreement.

Capital Resources

Historically our primary sources of capital resources and liquidity have consisted of internally generated cash flows from operations and loans with our majority stockholder, BNAC. We also enter into derivative contracts to reduce the financial impact of commodity price volatility and provide a level of certainty and stability to our cash flows. We currently believe that we will be able to fully fund our 2022 capital budget with cash on hand and cash flows from operations. The following table summarizes our cash flows for the six months ended June 30, 2022 and 2021, as well as the years ended December 31, 2021, and 2020 (in thousands):

	Six Months Ended June 30,		Year Ended December 31,	
	2022	2021	2021	2020
Net cash provided by (used in) operating activities	$ 160,758	$ 217,686	$ 358,134	$ (7,405)
Net cash (used in) investing activities	(705,791)	(14,164)	(161,858)	(513,992)
Net cash provided by (used in) financing activities	597,000	(130,820)	(79,054)	442,723
Net increase (decrease) in cash and cash equivalents	$ 51,967	$ 72,702	$ 117,222	$ (78,674)

Cash flows provided by (used in) operating activities. Net cash provided by operating activities was $160.8 million for the six months ended June 30, 2022, compared to $217.7 million of net cash provided by operating activities for the six months ended June 30, 2021. Net cash provided by operating activities decreased in 2022 primarily due to our net income position as of June 30, 2022 versus our loss position as of June 30, 2021, cash paid for settlement of contingent consideration, increased loss from equity affiliates, increases in commodity prices before and after the effects of settled commodity derivatives, and increased equity-based compensation expense.

Net cash provided by operating activities was $358.1 million for the year ended December 31, 2021, compared to $7.4 million of net cash used in operating activities for the year ended December 31, 2020. Net cash provided by operating activities increased in 2021 primarily due to increases natural gas and NGL volumes produced, increases in commodity prices both before and after the effects of settled commodity derivatives, changes in the fair values of derivative and contingent consideration liability balances, and decreased cash utilized for working capital.

Operating cash flow fluctuations are substantially driven by realized commodity prices, production volumes and operating expenses. Prices for natural gas and NGLs have historically been volatile, primarily as a result of supply and demand, pipeline infrastructure constraints, basis differentials, inventory storage levels and seasonal influences. We are unable to predict future commodity prices and therefore cannot provide assurance about future levels of cash provided by operating activities.

Cash flows used in investing activities. Net cash used in investing activities increased from $14.2 million for the six months ended June 30, 2021 to $705.8 million for the six months ended June 30, 2022. Driving $627.5 million of this increase is our acquisition of certain operated and non-operated interests in proved reserves and certain midstream support assets in the Exxon Barnett Acquisition. Approximately $77.3 million of the year-to-date cash outflow for the six months ended June 30, 2022 is due to our increased expenditures in development of natural gas properties and investments in other property and equipment.

Net cash used in investing activities decreased from $514.0 million for the year ended December 31, 2020 to $161.9 million for the year ended December 31, 2021. The primary driver of the decreased cash outflow in 2021 relative to 2020 was our decreased investment in natural gas properties for production purposes in 2021. In 2021, we invested approximately $2.5 million in properties while in 2020, we invested approximately $501.7 million.

Contributing to the $161.9 million cash outflow in 2021 was our initial investment in BKV-BPP Power. In November of 2021, BKV-BPP Power purchased an operational power plant in Texas. The remaining activity in 2021 included $63.9 million attributable to development activities and $7.6 million for developed property and undeveloped acreage acquisition. Development activities have and are anticipated to continue to be funded through cash flows from operations.

Cash flows provided by (used in) financing activities. Net cash provided by financing activities changed from a $130.8 million outflow for the six months ended June 30, 2021 to a $597.0 million inflow for the six months ended June 30, 2022. The primary driver of the current period inflow is the $570.0 million of borrowings under the Term Loan Credit Agreement dated June 16, 2022. We also received $75.0 million of proceeds in connection with a related party note payable, which was offset by $50.0 million of repayments to the related party, $60.0 million of advances received in connection with the Company's credit facility, which was offset by $30.0 million of repayments on said facility, and $19.7 million of payments of contingent consideration. The remaining $8.3 million of the fluctuation consists primarily of debt issuance cost payments and net share settlements.

Net cash used in financing activities was $79.1 million for the year ended December 31, 2021, compared to net cash flows provided by financing activities of $442.7 million for the year ended December 31, 2020. During the year ended December 31, 2021, we paid dividends to common stock stockholders of $88.1 million and dividends to preferred stockholders of $10.3 million. The Company elected to exercise its redemption option on all outstanding shares of preferred stock and the associated shares of common stock for $122.4 million, and puttable minority interest shares of common stock for $2.8 million. In addition, the Company issued common stock through the 2022 ESPP (as defined herein) and received proceeds of $3.2 million from shares sold under the ESPP. These cash outflows are partially offset by $166.0 million of proceeds received under the term loans from BNAC.

Working Capital

As of June 30, 2022, we had cash and cash equivalents of $169.2 million and restricted cash of $17.5 million, compared to $90.1 million of cash and cash equivalents and zero restricted cash as of June 30, 2021. Our net working capital deficit was $399.1 million as of June 30, 2022, compared to a deficit of $107.5 million as of June 30, 2021.

As of December 31, 2021, we had a cash and cash equivalents balance of $134.7 million, compared to $17.4 million as of December 31, 2020, and a net working capital deficit of $269.0 million as of December 31, 2021, compared to a net working capital surplus of $70.4 million as of December 31, 2020. As of

December 31, 2021, our working capital deficit included $166.0 million of term loans under the $116 Million Loan Agreement and the $50 Million Loan Agreement that were due to BNAC by December 31, 2022.

Our working capital fluctuates based on the timing of cash collections on accounts receivable and payments on accounts payable. Our collection of receivables has historically been timely, and losses associated with uncollectible receivables have historically not been significant. As of June 30, 2022, we had a working capital deficit of $399.1 million, largely driven by our current derivative liabilities of $242.3 million, current portion of long-term debt of $141.9 million, and contingent consideration payable of $62.5 million. The payments relating to the contingent consideration and term loans are due in January and June of 2023, respectively. We intend to make these payments with cash flows from operations and availability under existing and newly entered into debt facilities. The current derivative liabilities will settle monthly during the twelve-month period ending June 30, 2023 in conjunction with the corresponding commodity sales, other than the $100.2 million cash payment to the counterparty to certain of our derivative contracts discussed below. We intend to use the proceeds from the corresponding commodity sales to pay the settlements of the derivative liabilities. As of December 31, 2021, we had a working capital deficit of $269.0 million primarily driven by our term loans with BNAC of $166.0 million under the $116 Million Loan Agreement and the $50 Million Loan Agreement, contingent consideration payable of $65.0 million, and derivative settlements payable of $91.2 million. Due to our derivative positions, outstanding loans to BNAC and our business being capital intensive, we may incur working capital deficits in the future.

On August 4, 2022, we entered into an amendment to our ISDA Master Agreement with the counterparty to certain of our derivative contracts pursuant to which we agreed to terminate or novate, at our election, at least $100.0 million of our derivative contracts. As of September 9, 2022, we terminated derivative contracts of $100.2 million with the counterparty to satisfy this requirement. In connection with such termination, we are required to make cash payments to the counterparty in an aggregate amount of $100.2 million by November 30, 2022. We intend to make any such payments with cash flows from operations or borrowings under our Revolving Credit Facilities. See "*Note 14 — Commitments and Contingencies*" to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional information regarding this agreement.

On September 14, 2022, we received an advance of (i) $45.0 million in aggregate principal amount under our OCBC Credit Facility and (ii) $75.0 million in aggregate principal amount under our Revolving Credit Agreement.

We believe our cash flow from operations, cash on hand and borrowings under our Revolving Credit Facilities will provide sufficient liquidity to fund our operations, capital expenditures, interest expense and debt repayments and commodity derivatives that are expected to settle during the next 12 months.

We expect that our pace of development, production volumes, commodity prices and differentials to NYMEX prices for our oil and natural gas production will be the largest variables affecting our working capital.

Loan Agreements and Credit Facilities

Intercompany Loan Agreements

On December 17, 2019, BKV O&G entered into a Loan Agreement (the "$10 Million Loan Agreement") with BNAC, a related party, which allowed for a single drawdown in the amount of $10.0 million. On June 23, 2020, we entered into a novation agreement with BKV O&G and BNAC, which transferred all of BKV O&G's rights and obligations under the $10 Million Loan Agreement to us. Also on June 23, 2020, we entered into a First Amendment to the Loan Agreement (the "First Amendment to $10 Million Loan Agreement"). On July 1, 2020, we borrowed $10.0 million thereunder for working capital purposes. The First Amendment to $10 Million Loan Agreement bore interest at a rate calculated monthly based on the outstanding principal balance as of the first of the month at the rate no less than the cost of funding of BNAC. Interest was payable on a monthly basis. During the year ended December 31, 2020, we paid $0.2 million in interest on the loan, and on December 31, 2020, we repaid $5.0 million of the outstanding principal amount of the loan. During the year ended December 31, 2021, we paid $0.1 million in interest on the loan and repaid the remaining outstanding principal amount of the loan in full. The First Amendment to $10 Million Loan Agreement terminated on June 20, 2021.

On September 28, 2020, we borrowed $119.0 million under a Loan Agreement (the “$119 Million Loan Agreement”) with BNAC to partially fund the Devon Barnett Acquisition and for working capital. The $119 Million Loan Agreement bore interest at six-month LIBOR plus 5.25% per annum and was payable on a semi-annual basis. During the year ended December 31, 2020, we paid $1.5 million in interest on the loan, and on December 16, 2020, we repaid $100.0 million of the original outstanding principal amount of the loan. During the year ended December 31, 2021, we paid $0.2 million in interest on the loan, and on March 15, 2021, we repaid the remaining outstanding principal amount of the loan in full. The $119 Million Loan Agreement terminated concurrently with repayment of the remaining principal amount.

On November 8, 2021, we borrowed $50.0 million under a Loan Agreement (the “$50 Million Loan Agreement”) with BNAC. On January 11, 2022, we repaid $15.0 million of the outstanding principal amount of the loan. On June 1, 2022, we paid $1.3 million in interest on the loan and repaid the remaining $35.0 million of the outstanding principal amount of the loan in full. The $50 Million Loan Agreement terminated concurrently with repayment of the remaining principal amount.

Subordinated Intercompany Loan Agreements

On October 14, 2021, we borrowed $116.0 million under a Loan Agreement (the “$116 Million Loan Agreement”) with BNAC to redeem all of the outstanding preferred and common stock of the company owned by OCM BKV Holdings, LLC, an affiliate of Oaktree Capital Management L.P. Following such redemption, we do not have any issued and outstanding preferred stock. As of December 31, 2021, the full $116.0 million balance of the loan remained outstanding. On June 15, 2022, we entered into an Amended and Restated Loan Agreement (the “$116 Million A&R Loan Agreement”), which amended and restated the $116 Million Loan Agreement to, among other things, subordinate the $116.0 million term loan owed to BNAC thereunder to the term loans we borrowed under the Term Loan Credit Agreement. On August 24, 2022, BNAC entered into a Subordination Agreement with Bangkok Public Company, Limited, New York Branch, which subordinated the $116.0 million term loan owed to BNAC to the revolving loans at any time outstanding under the Revolving Credit Agreement (the "August 2022 Subordination Agreement").

On March 10, 2022, we borrowed $75.0 million under a Loan Agreement (the “$75 Million Loan Agreement”) with BNAC to fund the deposit for the Exxon Barnett Acquisition. On June 15, 2022, we entered into an Amended and Restated Loan Agreement (the “$75 Million A&R Loan Agreement” and, together with the $116 Million A&R Loan Agreement, the “Subordinated Intercompany Loan Agreements”), which amended and restated the $75 Million Loan Agreement to, among other things, subordinate the $75.0 million term loan owed to BNAC thereunder to the term loans we borrowed under the Term Loan Credit Agreement. The August 2022 Subordination Agreement provides for the subordination of the $75.0 million term loan owed to BNAC thereunder to the revolving loans at any time outstanding under the Revolving Credit Agreement.

Our payment obligations under the Subordinated Intercompany Loan Agreements are unsecured and subordinated to our payment obligations under the Term Loan Credit Agreement and the Revolving Credit Agreement. The Subordinated Intercompany Loan Agreements bear interest at one-year term SOFR plus 5.25%. Interest on the term loans is payable annually, and the loans are repayable on December 31, 2027, in each case unless such payment is prohibited by the subordination terms of the Term Loan Credit Agreement. Subject to such subordination provisions, we are permitted to prepay the term loans at any time, with no prepayment premium.

The Subordinated Intercompany Loan Agreements include covenants that, among other things, prohibit us or any of our subsidiaries from merging, incurring liens or incurring any additional indebtedness or guarantees without consent from the lender. The Subordinated Intercompany Loan Agreements include financial covenants that require us to: (1) maintain a net worth (as defined in the Subordinated Intercompany Loan Agreements, but generally meaning total assets minus total liabilities) of at least $800.0 million at all times; and (2) not permit our trailing twelve month net borrowings to EBITDAX (as defined) in the Subordinated Intercompany Loan Agreements, but generally meaning the ratio of debt (minus cash) to earnings before interest, taxes, depreciation, depletion, amortization and exploration expenses) ratio to exceed

3.0 to 1.0 at any time. We are in compliance with all associated covenants under the $116 Million Loan Agreement and the $75 Million Loan Agreement as of June 30, 2022.

Term Loan Credit Agreement

On June 16, 2022, we entered into a Credit Agreement (the "Term Loan Credit Agreement") with a syndicate of banks and Bangkok Bank Public Company Limited (New York Branch), as the administrative agent. The Term Loan Credit Agreement includes $600.0 million of commitments for term loans used solely to fund a portion of the purchase price for the Exxon Barnett Acquisition. On June 30, 2022, we borrowed $570.0 million of term loans under the Term Loan Credit Agreement to partially fund the Exxon Barnett Acquisition.

The term loans mature five years after their initial incurrence and require the prepayment of 20% of their original principal amount on each anniversary of their initial incurrence. Mandatory prepayments are required for casualty losses and asset dispositions in amounts equal to the net proceeds we receive in connection with such casualty loss or asset disposition above an aggregate $25.0 million during the term of the facility. In addition, we are required to prepay the term loans with any cash proceeds we receive from Banpu to cure a financial covenant default. The term loans are subject to a prepayment premium of 2.0% for optional prepayments, mandatory prepayments due to asset dispositions, and certain other mandatory prepayments.

The obligations under the Term Loan Credit Agreement are unsecured and guaranteed on an unsecured basis by all of our current and future subsidiaries. Loans under the Term Loan Credit Agreement bear interest at six-month term SOFR plus a credit spread adjustment of 0.10%, plus 4.75% per annum. Interest is payable on the last day of each interest period and at maturity. We are obligated to pay certain fees to the lenders and administrative agent under the Term Loan Credit Agreement, including commitment fees until the term loans are funded or the commitments are terminated.

The term loans were funded upon the closing of the Exxon Barnett Acquisition and satisfaction of other customary conditions.

In addition to customary reporting requirements for similarly situated companies, we are required to provide to the administrative agent, and receive its approval of, our annual budget and, commencing with the quarter ending March 31, 2023, each quarterly cash forecast for the succeeding 12-month period.

The Term Loan Credit Agreement contains various restrictive covenants that, among other things, limit our ability and the ability of our subsidiaries to: incur indebtedness (with an exception allowing us to incur, subject to certain limitations and after this initial public offering, up to $200.0 million of unsecured debt for working capital purposes); incur liens; acquire or merge with any other company; sell assets or equity interests of our subsidiaries; make investments (other than direct investments in oil and gas properties and other assets in permitted lines of business); pay dividends or make other restricted payments (see "*Dividend Policy*" and the next paragraph for further information regarding the permitted dividends under the Term Loan Credit Agreement); change our lines of business; enter into speculative hedge agreements; enter into transactions with affiliates; own any subsidiary that is not organized in the United States; prepay any debt under the Subordinated Intercompany Loan Agreements; engage in certain marketing activities; and allow, on a net basis, gas imbalances, take-or-pay or other prepayments with respect to our proved oil and gas properties.

The Term Loan Credit Agreement permits us to pay dividends to our stockholders only once each year, and requires as a condition to any such dividend that (1) we have earned sufficient free cash flow (as defined in the Term Loan Credit Agreement), (2) our pro forma available cash is greater than $100.0 million, and (3) our adjusted stockholders' equity (as defined generally to mean our stockholders' equity as determined in accordance with GAAP as of June 30 of the relevant year, adjusted to exclude certain unrealized earnout obligations and unrealized gains or losses resulting from hedging agreements and the application of the applicable accounting standard for the hedging instruments) is not less than $800.0 million.

Beginning with the fiscal quarter ending June 30, 2023, the Term Loan Credit Agreement will require us to always hedge not less than 50% of projected production from our proved developed producing reserves for the following 12 months and not less than 25% of the projected production from our proved developed producing reserves for the period beginning 13 months after the measurement date and ending 24 months after such date.

The Term Loan Credit Agreement also includes financial covenants that require us to maintain:

- on a semi-annual basis, a minimum asset coverage ratio (as defined in the Term Loan Credit Agreement, but generally meaning the ratio of the PV-10 value of our proved oil and gas properties to our funded debt) of 2.00 to 1.00;
- on a quarterly basis, a maximum net leverage ratio (as defined in the Term Loan Credit Agreement, but generally meaning the ratio of total funded debt, minus available cash of up to \$100.0 million, to our earnings before interest, taxes, depreciation, depletion and amortization) of 2.50 to 1.00; and
- on a quarterly basis, a minimum fixed charge coverage ratio (as defined in the Term Loan Credit Agreement, but generally meaning the ratio of our earnings before interest, taxes, depreciation, depletion and amortization to certain fixed charges) of 1.30 to 1.00.

The Term Loan Credit Agreement includes customary equity cure rights that will enable us, in Banpu's sole discretion, to cure certain breaches of the maximum net leverage ratio covenant or the minimum fixed charge coverage ratio covenant.

The Term Loan Credit Agreement generally includes customary events of default for a syndicated credit facility, some of which allow for an opportunity to cure. In addition, the Term Loan Credit Agreement includes an event of default if there is a material adverse change in our business. If, after this initial public offering, Banpu and its wholly owned subsidiaries cease to own at least 51% of our equity interests, or if any such holder allows any lien to exist on our equity interests that they own, such event will be an event of default under the Term Loan Credit Agreement. If an event of default relating to bankruptcy or other insolvency events occurs, the term loans will immediately become due and payable; if any other event of default exists, the administrative agent or the requisite lenders will be permitted to accelerate the maturity of the term loans.

Revolving Credit Facilities

We are party to a \$55.0 million uncommitted credit facility with Oversea-Chinese Banking Corporation Limited, which includes a \$25.0 million sublimit for the issuance of standby letters of credit (the "OCBC Credit Facility"). As of September 14, 2022, \$45.0 million in aggregate principal amount was outstanding under the OCBC Credit Facility. We are also party to a \$25.0 million uncommitted credit facility with Standard Chartered Bank, which includes a \$15.0 million sublimit for revolving loans (the "SCB Credit Facility" and, together with the OCBC Credit Facility, the "Revolving Credit Facilities"). We use the Revolving Credit Facilities for letters of credit and working capital purposes.

The Revolving Credit Facilities are uncommitted, such that the lender is not obligated to honor any request for a loan or the issuance of a letter of credit thereunder. Our obligations under the Revolving Credit Facilities are repayable upon demand by the applicable lender. The interest rates and fees under the Revolving Credit Facilities can be changed by the applicable lender in its discretion. Certain of our subsidiaries are co-borrowers or guarantors of our obligations under the Revolving Credit Facilities. The obligations under the Revolving Credit Facilities are unsecured.

Revolving Credit Agreement

On August 24, 2022, we entered into the Revolving Credit Agreement with Bangkok Bank Public Company Limited (New York Branch), as the administrative agent and sole initial lender. The Revolving Credit Agreement includes \$100.0 million of commitments for unsecured revolving loans used for short-term working capital and operating needs. As of September 14, 2022, \$75.0 million in aggregate principal amount was outstanding under the Revolving Credit Agreement.

The revolving loans may be borrowed, repaid and reborrowed during the term of the Revolving Credit Agreement. The Revolving Credit Agreement will mature on September 30, 2027. Mandatory prepayments are required at any time the principal amount of outstanding revolving loans exceeds our receivables from the sales of hydrocarbons produced from our oil and gas properties. In addition, we are required to prepay the revolving loans with any cash proceeds we receive from Banpu to cure a financial covenant default to the extent such cash proceeds are in excess of the amount required to be prepaid under the Term Loan Credit Agreement.

The obligations under the Revolving Credit Agreement are unsecured and guaranteed on an unsecured basis by all of our current and future subsidiaries. Loans under the Revolving Credit Agreement bear interest at one, three or six-month term SOFR plus a credit spread adjustment of 0.10%, plus 4.75% per annum. Interest is payable on the last day of each interest period and at maturity. We are obligated to pay certain fees to the lenders and administrative agent under the Revolving Credit Agreement, including commitment fees on the average daily amount of the undrawn portion of the commitments.

Availability of the revolving loans is limited in amount and conditioned upon the administrative agent's and lenders' receipt and satisfaction with certain deliverables, including, among other things,

- receipt by the Administrative Agent of a certificate from us (i) certifying that the amounts owing to the applicable Payees (as such term is defined in the Revolving Credit Agreement, but generally, the payees of obligations incurred by us) have been paid to the respective Payees prior to the date of such borrowing, (ii) certifying and providing calculations that the requested borrowing does not exceed 110% of the sum of (x) amounts owed to such Payees and (y) Specified Royalty Payments (defined as royalty payments to be made by us or any of our subsidiaries to Payees after the date of such proposed borrowing but on or prior to the last day of the month in which such proposed borrowing occurs) and (iii) certifying that we will pay to the applicable Payees any Specified Royalty Payments prior to the last day of the month in which such borrowing occurs;
- receipt by the Administrative Agent of all documents and/or invoices to be paid by us from the requested borrowing in an amount equal to at least 90% of the requested borrowing; and
- receipt by the Administrative Agent of a certificate from us certifying (1) as to the estimated receivables from the sales of hydrocarbons from our oil and gas properties on the date of such borrowing and (2) that the amount of item (1) exceeds the sum of the principal amount of all outstanding revolving loans and the aggregate principal amount of the requested borrowing.

In addition to customary reporting requirements for similarly situated companies, we are required to provide to the administrative agent, not later than thirty (30) days prior to the end of each fiscal year, a copy of a cash flow projection for each month in the following fiscal year and not later than 20 days after the end of each month, a summary of actual cash flow for such month.

The Revolving Credit Agreement contains various restrictive covenants that, among other things, limit our ability and the ability of our subsidiaries to: incur indebtedness (with an exception allowing us to incur, subject to certain limitations and after this initial public offering, up to $200.0 million of unsecured debt (including amounts under the Revolving Credit Agreement) for working capital purposes); incur liens; acquire or merge with any other company; sell assets or equity interests of our subsidiaries; make investments (other than investments in oil and gas properties and other assets in permitted lines of business); pay dividends or make other restricted payments (see "Dividend Policy" and the next paragraph for further information regarding the permitted dividends under the Revolving Credit Agreement); change our lines of business; enter into speculative hedge agreements; enter into transactions with affiliates; own any subsidiary that is not organized in the United States; prepay any debt under the Subordinated Intercompany Loan Agreements; engage in certain marketing activities; and allow, on a net basis, gas imbalances, take-or-pay or other prepayments with respect to our proved oil and gas properties.

The Revolving Credit Agreement permits us to pay dividends to our stockholders only once each year and requires as a condition to any such dividend that (1) we have earned sufficient free cash flow (as defined in the Revolving Credit Agreement), (2) our pro forma available cash is greater than $100.0 million and (3) our adjusted stockholders' equity (as defined generally to mean our stockholders' equity as determined in accordance with GAAP as of June 30 of the relevant year, adjusted to exclude certain unrealized earnout obligations and unrealized gains or losses resulting from hedging agreements and the application of the applicable accounting standard for the hedging instruments) is not less than $800.0 million.

Beginning with the fiscal quarter ending June 30, 2023, the Revolving Credit Agreement will require us to always hedge not less than 50% of projected production from our proved developed producing reserves for the following 12 months and not less than 25% of the projected production from our proved developed producing reserves for the period beginning 13 months after the measurement date and ending 24 months after such date.

The Revolving Credit Agreement also includes financial covenants that require us to maintain:

- on a semi-annual basis, a minimum asset coverage ratio (as defined in the Revolving Credit Agreement, but generally meaning the ratio of the PV-10 value of our proved oil and gas properties to our funded debt) of 2.00 to 1.00;
- on a quarterly basis, a maximum net leverage ratio (as defined in the Revolving Credit Agreement, but generally meaning the ratio of total funded debt, minus available cash of up to $100.0 million, to our earnings before interest, taxes, depreciation, depletion and amortization) of 2.50 to 1.00; and
- on a quarterly basis, a minimum fixed charge coverage ratio (as defined in the Revolving Credit Agreement, but generally meaning the ratio of our earnings before interest, taxes, depreciation, depletion and amortization to certain fixed charges) of 1.30 to 1.00.

The Revolving Credit Agreement includes customary equity cure rights that will enable us, in Banpu's sole discretion, to cure certain breaches of the maximum net leverage ratio covenant or the minimum fixed charge coverage ratio covenant.

The Revolving Credit Agreement generally includes customary events of default for a syndicated credit facility, some of which allow for an opportunity to cure. In addition, the Revolving Credit Agreement includes an event of default if there is a material adverse change in our business. If, after this initial public offering, Banpu and its wholly owned subsidiaries cease to own at least 51% of our equity interests, or if any such holder allows any lien to exist on our equity interests that they own, such event will be an event of default under the Revolving Credit Agreement. If an event of default relating to bankruptcy or other insolvency events occurs, the revolving loans will immediately become due and payable; if any other event of default exists, the administrative agent or the requisite lenders will be permitted to accelerate the maturity of the revolving loans.

BKV-BPP Power Joint Venture

Under the terms of the Limited Liability Agreement of the BKV-BPP Power, we do not have the ability to unilaterally cause BKV-BPP Power to make distributions. As of June 30, 2022 and December 31, 2021, no distributions have been made by BKV-BPP Power. In addition, we may be required to make additional capital contributions to fund items approved in the annual budget or other matters approved by the board of BKV-BPP Power. Such additional capital contributions, which are not subject to any limit on the potential amount required, would reduce the amount of cash otherwise available for dividend payments by us on our common stock or require us to incur additional indebtedness. However, any additional capital contributions must be approved by a majority of BKV-BPP Power's eight member board of directors, four of which are appointed by us and four of which are appointed by BPPUS. See "*Certain Relationships and Related Party Transactions — BKV-BPP Power Limited Liability Company Agreement*." Also see "*Risk Factors — Risks Related to Our Power Generation Business — We operate our power generation business through a joint venture which we do not control*."

Internal Controls and Procedures

As an emerging growth company, we are not currently required to comply with the SEC's rules implementing Section 404 of the Sarbanes-Oxley Act, and therefore are not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act, which will require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. Though we will be required to disclose material changes made to our internal controls and procedures on a quarterly basis, we will not be required to make our first annual assessment of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act until the year following our first annual report required to be filed with the SEC. We will not be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls over financial reporting until our first annual report subsequent to our ceasing to be an "emerging growth company" within the meaning of Section 2(a)(19) of the Securities Act.

Material Weakness in Internal Control Over Financial Reporting

We have identified several material weaknesses in our internal control over financial reporting as of December 31, 2021, as described below. A "material weakness" is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. See "*Risk Factors — Risks Related to the Offering and Our Common Stock — We have identified material weaknesses in our internal control over financial reporting and may identify additional material weaknesses in the future, or otherwise fail to maintain effective internal controls over financial reporting, which could result in a restatement of our financial statements or cause us to fail to meet our reporting obligations.*"

We did not design and maintain effective controls to communicate relevant information among departments to completely and accurately record and disclose transactions in the financial statements. This material weakness contributed to two additional material weaknesses in our internal controls. We did not design and maintain effective controls related to (i) the accounting for stock awards and common stock with certain put rights, including the value and classification of such arrangements; and (ii) the communication and evaluation of terms and conditions set forth in complex contracts, including certain of our commodity derivative contracts, relevant to our compliance with financial covenants and related disclosures.

Finally, we did not design and maintain effective controls related to the accounting for income taxes, which were not designed at a sufficient level of precision or rigor to prepare and review the tax rate reconciliation, return to provision, income tax provision, related income tax assets and liabilities, and disclosures in the consolidated financial statements, which also resulted in a material weakness in our internal control over financial reporting.

The material weaknesses described above resulted in audit adjustments to share capital and other mezzanine equity accounts, liquidity disclosures, income tax benefit, income taxes payable to related party and deferred tax assets. Additionally, each of the material weaknesses described above could result in a misstatement of the aforementioned account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

We have begun to take steps towards remediating these material weaknesses primarily by designing and implementing additional internal controls, including those related to (i) the communication of relevant information across departments, (ii) the valuation and classification of stock awards and common stock with certain put rights, (iii) the communication and evaluation of terms and conditions included in complex contracts relevant to our compliance with financial covenants and related disclosures, and (iv) the preparation and review of the income tax rate reconciliation, return to provision, income tax provision, related income tax assets and liabilities, and income tax disclosures. Although we believe we are addressing the internal control deficiencies that led to the material weaknesses, the measures we have taken, and plan to take, may not be effective.

Off-Balance Sheet Arrangements

As of June 30, 2022 and December 31, 2021 and 2020, we did not have any off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our historical consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of certain assets, liabilities and related disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The following critical accounting policies relate to the more significant estimates and assumptions used in preparing the historical consolidated financial statements.

Accounting for Natural Gas and NGL Reserve Quantities and Standardized Measure of Future Cash Flows

We use the successful efforts method of accounting for natural gas producing activities. Under this method, the costs to acquire mineral interests in natural gas properties, to drill and equip exploratory leases that find proved reserves, and to drill and equip development leases and related asset retirement costs are capitalized. Costs to drill exploratory wells are initially capitalized but are charged to expense if and when we determine the exploratory wells do not contain resource reserves in commercially viable quantities. For exploratory wells that find reserves that cannot be classified as proved upon completion of drilling, costs continue to be capitalized as suspended exploratory drilling costs if sufficient reserves have been found to justify completion as a producing well and sufficient progress is being made in assessing the reserves and the economic and operational viability of the project. We reassess the operational viability of our exploratory wells on at least a quarterly basis, which may involve use of significant judgment. If we determine that future appraisal drilling or development activities are unlikely to occur, the associated suspended exploratory well costs are expensed. In some instances, this determination may take longer than one year.

The processes we use to estimate quantities of proved and unproved developed natural gas reserves and their values, future production rates, and future development costs are highly complex and requires significant subjectivity and estimation in the evaluation of available geological, engineering and economic data. The accuracy of any reserves estimate is a function of the quality of data available and of engineering and geological interpretation. The data used in developing reserve estimates may change significantly over time as a result of numerous factors, including but not limited to evolving production history, additional development activity, and continual reassessment of the viability of production under varying economic conditions. Although we take every reasonable effort to ensure our reserve estimates are representative of our actual reserves — for example, by involving independent reserve engineers in the assessment of the estimates — the subjective decisions and variances in the data available could give rise to revisions that could materially impact the accompanying historical consolidated financial statements.

Impairment of Natural Gas Properties

The evaluation of impairment of proved and unproved natural gas properties is considered a critical accounting policy due to the significant judgment and estimation involved in ascertaining the probability of future events, such as future market values of natural gas, NGLs and oil, future production costs, and future production volumes, as well as fair valuation of the properties in question. Changes in the judgments and estimates used in our evaluation of impairment, including but not limited to the expected future cash flows from natural gas reserves on our properties, could result in the cost of our proved and unproved properties not being recoverable and give rise to the need to record an impairment loss. Similarly, in the instance we determine the property is not recoverable, changes in the estimates and assumptions underlying the model used to derive the fair value of the properties in question may impact the output of the model, which could give rise to significant changes in the amount of impairment loss to record.

Revenue Recognition

We generate the majority of our revenues through the production and sale of natural gas and NGLs. The majority of these sales contracts are short term in duration and the associated revenue is recognized once control of the distinct good identified in the contract transfers to the customer at the delivery point specified within the contract. We must use a level of estimation in determining the initial amount of revenue to recognize in connection with the sale of natural gas and NGLs. Specifically, we must estimate the per-unit prices associated with a sales order, as they are variable and based on commodity pricing. Additionally, we must estimate the sales volumes using company-measured volume readings. We subsequently true up estimated revenue to actual revenue upon receipt of actual prices and volumes from our purchasers, which for natural gas and NGL sales occurs within one month of product delivery. Historically, differences between estimated revenue and actual revenue have not been material but have potential to be in the instance our price or volume estimates are inaccurate.

We also generate revenues through our non-operated midstream interests. Midstream revenues are recognized when services are rendered based on the stated contractual rates and the volumes of product transported and measured in accordance with the underlying contract. We must estimate the volume of products transported using third-party data in determining the initial amount of revenue to recognize. We subsequently adjust estimated revenue to actual revenue upon receipt of actual volume data from the operator, which is typically within three months of completion of product transportation. Historically, differences between estimated revenue and actual revenue have not been material but have potential to be in the instance our volume estimates are inaccurate.

Derivative Instruments

We enter into commodity derivative instruments to reduce the effect of price volatility on a portion of our future natural gas and NGL production. Derivative instruments are with counterparties of high credit quality and are subject to master netting agreements, and accordingly, the risk of nonperformance by the counterparties is low. However, these activities may prevent us from realizing the full benefits of price increases above the levels of the derivative instruments on a portion of our future natural gas and NGL production.

The accounting for the fair value of a derivative and changes thereto depends on the intended use of the derivative and the resulting designation. We have not designated any of our derivative contracts as fair value or cash flow hedges for accounting purposes and therefore we do not apply hedge accounting to the commodity derivative instruments. Rather, the changes in fair value are recognized in the consolidated statements of operations as net realized and unrealized gains and losses on derivative instruments in the period of change.

Acquisitions

We account for business combinations in accordance with ASC Topic 805, *Business Combinations*. Pursuant to the guidance, we allocate the aggregate purchase consideration transferred to affect the business combination to the assets acquired and liabilities assumed based on their fair values as of the acquisition date. Any excess or shortage of the purchase price over the fair value of the assets acquired and liabilities assumed is recognized as goodwill or a gain on bargain purchase, respectively. The amount of goodwill or gain on bargain purchase recorded in a business combination can vary significantly depending on the fair value allocated to the assets acquired and liabilities assumed. Further, in many cases, the valuation of these assets and liabilities requires use of various estimates and assumptions and the exercise of significant judgment about future events.

In transactions where substantially all the gross assets acquired are concentrated in a single identifiable asset or group of similar identifiable assets, the acquisition is treated as an asset acquisition rather than a business combination. We account for asset acquisitions using a purchase price allocation through which the total transaction value is determined by aggregating the base purchase price, certain closing adjustments, and contingent consideration, if any. The total transaction value is then allocated to the acquired assets on a pro rata basis based on their fair values. The determination of fair values of assets acquired requires the Company to make estimates and select valuation techniques, both of which require the exercise of management judgment.

The contingent consideration first reported in the year ended December 31, 2020 was generated from the Devon Barnett Acquisition. The fair value of the contingent consideration as of December 31, 2021 and 2020 represents management's best estimate if a third party were paid to assume the contingency. The fair value was determined using forecasted monthly Henry Hub prices, WTI prices and the application of Monte Carlo simulations. This contingency, including the settlement, is described further in "*Note 16 — Commitments and Contingencies*" to our historical consolidated financial statements included elsewhere in this prospectus. Future results of operations for any quarterly or annual period could be materially affected by changes in our assumptions.

Equity-based Compensation

Pursuant to the BKV Corporation 2021 Long Term Incentive Plan (the “2021 Plan”), time-vested restricted stock units (“TRSUs”) and performance-vested restricted stock units (“PRSUs”) may be granted to eligible participants. In each of January 2021 and 2022, we made annual grants of TRSUs under the 2021 Plan. We anticipate the 2021 Plan will be terminated by the board of directors in connection with this offering and no further awards will be made thereunder. Beginning in January 2021, we anticipated that we would have made four annual grants of TRSUs under the 2021 Plan in each of 2021, 2022, 2023 and 2024, subject to continued employment, the continuation of the 2021 Plan and other factors; however, there was and is no obligation to make any future grants and any such grants would require approval by our board of directors. We recognize compensation cost related to these equity-based awards in the consolidated financial statements on a straight-line basis based on estimated grant date fair value, as if all four tranches of the TRSUs were granted at once, rather than being granted on an annual basis over four years. Under the 2021 Plan, if a participant’s employment is terminated for any reason other than the participant’s resignation or, if a participant’s employment is terminated due to his or her voluntary resignation and more than 36 months has passed since the participant’s first grant of an incentive award under the 2021 Plan, in each case where the Company had not repurchased the participant’s shares of common stock acquired under the 2021 Plan, the participant will have the right to elect to sell such shares back to the Company at an amount equal to the fair market value of the shares at the time the election to sell was made. In November 2021, this put right was amended so that it could not be exercised for at least 181 days following the date the participant’s award vests and a “Sell Fund Purchase Program” was implemented whereby, if specifically provided for in an award agreement, participants have the ability to tender shares for repurchase by the Company.

The TRSUs we are authorized to grant include service conditions and the PRSUs we are authorized to grant include service conditions, market performance conditions, and non-market performance conditions. Although the TRSUs anticipated to be granted in each of 2022, 2023 and 2024 were not actually granted to the participants when their initial TRSU award was granted, for accounting purposes, the grant date fair value of the anticipated (but not yet granted) TRSUs was determined, based on the service condition and utilizing the fair market value of common stock on the date the 2021 TRSUs were granted. The grant date fair value of the PRSUs was determined based on the service conditions, market performance conditions, and non-market performance conditions of the award on the grant and utilizing the fair market value of common stock on the grant date and Monte Carlo simulations, as well as probability assessments relative to the satisfaction of non-market performance conditions. In connection with the change to the put right to implement the 181-day holding period after vesting, an additional charge was recognized with respect to both the TRSUs and PRSUs, given that the fair market value of the common stock on the date of modification had increased from the fair market value on the original grant date.

Compensation cost is recognized ratably on a straight-line basis over the applicable service period. Forfeitures are estimated and recognized over the applicable service period and are re-evaluated at the end of each reporting period. We expect to recognize the forfeitures of the 2023 and 2024 anticipated TRSUs in connection with this offering and the subsequent termination of the 2021 Plan.

We believe that our board of directors, with input from management and the support of third-party valuations, has the relevant experience and expertise to determine the fair value of our common stock. Given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, numerous objective and subjective factors were considered when determining the best estimate of the fair value of our common stock at each grant date. These factors include:

- the lack of marketability of our common stock;
- our operating and financial performance;
- current business conditions and projections;
- hiring of key personnel and the experience of our management;
- the history of the Company;

- the market performance of comparable publicly traded companies; and
- U.S. and global capital market conditions.

In valuing our common stock, the fair value of our business was determined using various valuation methods, including combinations of income and market approaches with input from management. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate that is derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or engaged in similar business operations as of each valuation date and is adjusted to reflect the risks inherent in our cash flows. The market approach estimates value based on a comparison of the subject company to comparable public companies engaged in similar business operations. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial forecasts to estimate the value of the subject company.

Application of these approaches and methodologies involves the use of estimates, judgments, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and future cash flows, discount rates, market multiples, the selection of comparable public companies, and the probability of and timing associated with possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

Once our stock is publicly traded, the fair value of each share of underlying common stock will be determined based on the closing price as reported on the date of grant on the primary stock exchange on which our common stock is traded.

Impairment of Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired through the Corporatization Event described in "*Note 19 — Corporatization Event*" to our historical consolidated financial statements included elsewhere in this prospectus. Impairment may occur if the reporting unit's carrying value exceeds its fair value. Due to the nature of the goodwill arising from the acquisition of Kalnin Ventures, as is described further in "*Note 19 — Corporatization Event*," the Company's goodwill is tested at the reporting unit level, which for the Company is at the consolidated level due to the Company having one identifiable operating segment or reporting unit. Under the provisions of ASC Topic 350 Intangibles — Goodwill and Other, we perform an impairment test for goodwill at least annually or when events and circumstances indicate the carrying value may not be recoverable. In performing the required impairment tests, we have the option to first assess qualitative factors to determine if it is necessary to perform a quantitative assessment for goodwill impairment. If the qualitative assessment concludes that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, a quantitative assessment is performed.

Our quantitative assessment utilizes present value (discounted cash flow) methods to determine the fair value of the reporting units with goodwill. Determining fair value using discounted cash flows requires considerable judgment and is sensitive to changes in underlying assumptions and market factors. Key assumptions relate to revenue growth, projected operating income growth, terminal values, and discount rates. If current expectations of future growth rates and margins are not met, or if market factors outside of the Company's control, such as factors impacting the applicable discount rate, or economic or political conditions in key markets change significantly, then goodwill allocated to the reporting unit may be impaired. Management determined there were no circumstances indicating the carrying value may not be recoverable during the years ended December 31, 2021 and 2020. There have been no impairments recorded related to goodwill as the results of the annual quantitative impairment test indicated the fair value of the assets of the group to be greater than the carrying value as of December 31, 2021 and 2020.

Litigation and Environmental Contingencies

In the ordinary course of business, we may at times be subject to claims and legal actions. Management does not believe the impact of such matters will have a material adverse effect on our financial position or results of operations.

We are subject to extensive federal, state, and local environmental laws and regulations, which may materially affect our operations. These laws, which are constantly changing, regulate the discharge of materials into the environment and may require us to remove or mitigate the environmental effects of the disposal or release of petroleum or chemical substances at various sites.

In our acquisition of existing assets, we may not be aware of what environmental safeguards were taken during the time such assets were operated, and it is possible we may acquire certain environmental liabilities along with such assets.

We maintain comprehensive insurance coverage that we believe is adequate to mitigate the risk of any adverse financial effects associated with these risks. However, should it be determined that a liability exists with respect to any environmental cleanup or restoration, the liability to cure such a violation could still fall upon us. No claim has been made, nor are we aware of any liability which we may have, as it relates to any material environmental cleanup, restoration, or the violation of any rules or regulations relating thereto.

Environmental expenditures are expensed or capitalized depending on their future economic benefit. Expenditures that relate to an existing condition caused by past operations and that have no future economic benefits are expensed as incurred. Liabilities for expenditures of a noncapital nature are recorded when environmental assessment and/or remediation is probable, and the cost can be reasonably estimated.

Recent Accounting Pronouncements

See "*Note 2 — Summary of Significant Accounting Policies* " to our historical consolidated financial statements included elsewhere in this prospectus for more information about recent accounting pronouncements, the timing of their adoption, and our assessment, to the extent we have made one, of their potential impact on our financial condition and our results of operations.

Quantitative and Qualitative Disclosure About Market Risk

Commodity Price Risk and Hedging Activities

Our primary market risk exposure is in the price we receive for our natural gas and NGLs production. Pricing is primarily driven by spot regional market prices applicable to our U.S. natural gas production. Pricing for natural gas and NGLs has historically, been volatile and unpredictable, and we expect this volatility to continue in the future. The prices we receive for our production depend on many factors outside of our control, including volatility in the differences between product prices at sales points and the applicable index price.

To mitigate some of the potential negative impact on our cash flows caused by changes in commodity prices, we enter into financial derivative instruments for a portion of our natural gas and NGLs production when management believes that favorable future prices can be secured.

Our financial hedging activities are intended to support natural gas and NGLs prices at targeted levels and to manage our exposure to natural gas and NGLs price fluctuations. These contracts may include commodity price swaps whereby we will receive a fixed price and pay a variable market price to the contract counterparty, producer collars that set a floor and ceiling price for the hedged production, enhanced three-way collars that set a floor and ceiling price for the hedged production with the potential for hedged volumes doubling above the ceiling price, or basis differential swaps. These contracts are financial instruments and do not require or allow for physical delivery of the hedged commodity. The derivative contracts outstanding as of June 30, 2022 and December 31, 2021 consisted of consisted of swaps, producer collars and enhanced three-way collars, subject to master netting agreements with each individual counterparty.

As of June 30, 2022 and December 31, 2021, we had in place natural gas swaps, producer collars, and enhanced three-way collars covering portions of our projected production through 2023. Our commodity hedge position as of December 31, 2021 is summarized in "*Note 5 — Derivative Financial Instruments*" to our historical consolidated financial statements included elsewhere in this prospectus.

We may enter into hedge contracts with a term greater than 24 months, and for no longer than 36 months, for up to 60% of our estimated production for the current year, 50% and 25% for the subsequent years, respectively. A $0.10 per Mcf decrease in NYMEX would have resulted in a $7.0 million increase in natural gas hedge revenues for the six months ended June 30, 2022. A $1.00 decrease per Bbl of each NGL purity product price would have resulted in a $1.9 million increase in NGL hedge revenues for the six months ended June 30, 2022. A $0.10 per Mcf decrease in NYMEX would have resulted in a $16.1 million increase in natural gas hedge revenues for the year ended December 31, 2021. A $1.00 decrease per Bbl of each NGL purity product price would have resulted in a $5.3 million increase in NGL hedge revenues for the year ended December 31, 2021.

Additionally, to reduce its exposure to fluctuations in the market price of electricity and natural gas, BKV-BPP Power enters into financially settled HRCOs, which are contracts for the financial purchase and sale of power based on a floating price of natural gas at a predetermined location using a predetermined conversion factor, or heat rate, required to turn the fuel input into electricity. BKV-BPP Power is exposed to basis risk in its operations when its derivative contracts settle financially and it delivers physical electricity on different terms. For example, if BKV-BPP Power enters into an HRCO, it hedges its electricity production based on an agreed price for that electricity, but physical electricity must be delivered to delivery points in the market it serves. BKV-BPP Power is exposed to basis risk between the hub price specified in the HRCO and the price that it receives for the sales of physical electricity. BKV-BPP Power attempts to hedge basis risk where possible, but hedging instruments are sometimes not economically feasible or available in the quantities that it requires. BKV-BPP Power’s hedging activities do not provide it with protection for all of its basis risk and could result in economic losses and liabilities, which could have a material adverse effect on the BKV-BPP Power Joint Venture, and thus on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock. Additionally, by using derivative instruments to economically hedge exposure to changes in power prices, we could limit the benefit we would receive from increases in the power prices, which could have an adverse effect on our financial condition. For example, as of June 30, 2022, we had unrealized losses of approximately $54.9 million on two HRCOs as a result of increased power pricing. In the event BKV-BPP Power is not able to satisfy its obligations under the HRCO, it must purchase power at prevailing market price to satisfy the HRCO. Likewise, increases in power pricing could limit the benefit we receive under HRCOs and result in losses. Either such event could have a material adverse effect on the BKV-BPP Power Joint Venture, and thus on our business, financial condition, results of operations, cash flows and ability to pay dividends on our common stock.

All derivative instruments, other than those that meet the normal purchase and normal sale scope exception, are recorded at fair market value in accordance with GAAP and are included in our consolidated balance sheets as assets or liabilities. The fair values of our derivative instruments are adjusted for non-performance risk. Because we do not designate these derivatives as accounting hedges, they do not receive hedge accounting treatment; therefore, all mark-to-market gains or losses, as well as cash receipts or payments on settled derivative instruments, are recognized in our statements of operations. We present total gains or losses on commodity derivatives (for both settled derivatives and derivative positions which remain open) within operating revenues as “Derivatives (losses) gains, net.”

Mark-to-market adjustments of derivative instruments cause earnings volatility but have no cash flow impact relative to changes in market prices until the derivative contracts are settled or monetized prior to settlement. We expect continued volatility in the fair value of our derivative instruments. Our cash flows are only impacted when the associated derivative contracts are settled or monetized by making or receiving payments to or from the counterparty. As of June 30, 2022, the estimated fair value of our commodity derivative instruments was a net liability of $305.0 million, comprised of current and non-current liabilities. As of June 30, 2021, the estimated fair value of our commodity derivative instruments was a net liability of $145.9 million, comprised of current and non-current liabilities. As of December 31, 2021, the estimated fair value of our commodity derivative instruments was a net liability of $104.8 million, comprised of current and noncurrent assets and liabilities. As of December 31, 2020, the estimated fair value of our commodity derivative instruments was a net asset of $10.3 million, comprised of current and noncurrent assets and noncurrent liabilities.

By removing price volatility from a portion of our expected production through December 2023, we have mitigated, but not eliminated, the potential negative effects of changing prices on our operating cash flows for those periods. While mitigating the negative effects of falling commodity prices, these derivative contracts also limit the benefits we would receive from increases in commodity prices above the fixed hedge prices.

Counterparty Credit Risk

We routinely monitor and manage our exposure to counterparty risk related to derivative contracts by requiring specific minimum credit standards for all counterparties, actively monitoring counterparties public credit ratings, and avoiding concentration of credit exposure by transacting with multiple counterparties. Our commodity derivative contract counterparties are typically financial institutions with investment-grade credit ratings.

We enter into International Swap Dealers Association Master Agreements (ISDA) with each of our derivative counterparties prior to executing derivative contracts. The terms of the ISDA provide, among other things, the Company and the counterparties with rights of set-off upon the occurrence of defined acts of default by either us or counterparty to a derivative contract.

In addition, we utilize an unaffiliated third party to market all of our natural gas production to various purchasers, which consist of credit-worthy counterparties, including utilities, LNG producers, industrial consumers, major corporations and super majors, in our industry. We rely on the credit worthiness of such third party marketer, who collects directly from the purchasers and remits to us the total of all amounts collected on our behalf less their fee for making such sales. See "*Business — Customers and Product Marketing"* and "*Risk Factors — Risks Related to Our Upstream Business and Industry — A substantial percentage of our natural gas and NGL production is gathered, processed, and transported by a single third party and all of our natural gas production is marketed by a single third party.*"

Interest Rate Risks

As of June 30, 2022, our primary exposure to interest rate risk results from our outstanding related party borrowings with BNAC, the Term Loan Credit Agreement and the Revolving Credit Facilities, which have floating interest rates. As of June 30, 2022 we had outstanding borrowings with BNAC of $191.0 million, $30.0 million outstanding borrowings on our OCBC Credit Facility, and an additional $570.0 million outstanding borrowings under the Term Loan Credit Agreement. The average annualized interest rate incurred on our outstanding borrowings during the six months ended June 30, 2022 was approximately 5.59%. We estimate that a 1.0% increase in the applicable average interest rates for the six months ended June 30, 2022 would have resulted in an immaterial increase in interest expense.

As of December 31, 2021, we had outstanding borrowings with BNAC of $166.0 million under the $116 Million Loan Agreement and the $50 Million Loan Agreement. As of December 31, 2021, we had no outstanding borrowings under the OCBC Credit Facility. The average annualized interest rate incurred on the BNAC borrowings during the year ended December 31, 2021 was approximately 5.4%. We estimate that a 1.0% increase in the applicable average interest rates for the year ended December 31, 2021 would have resulted in an immaterial increase in interest expense.

INDUSTRY

We primarily produce natural gas from our owned and operated upstream businesses, which we expect to achieve net zero Scope 1 and Scope 2 emissions by the end of 2025. The company was founded on acquiring and producing natural gas and we have expanded into a total of four business lines: natural gas production, natural gas gathering, processing and transportation, power generation and CCUS. We launched our CCUS business, BKV dCarbon Ventures, in March 2022 and reached FID on our first high concentration CCUS project in the Barnett in June 2022 with EnLink. We intend to continue to develop our CCUS business. CCUS projects and the sector generally are in their early stages and continue to evolve since the 2015 Paris Climate Agreement (the “Paris Agreement”) drew global commitment to delivering a net-zero emission economy. In addition, we continue to evaluate the potential expansion of our integrated energy platform into retail power connectivity, while monitoring the potential impact the LNG industry may have on our business.

Carbon Capture, Utilization and Sequestration

CCUS involves the capture of CO_2 emissions and the processing of such emissions for reuse or permanent storage in subsurface geological formations, and is recognized as a primary means of reducing CO_2 emissions from large-scale energy and industry sources.

To advance the objectives outlined in the Paris Agreement, the United States released goals in 2021 that included delivering a net-zero emission economy by no later than 2050 (and 2035 for the electric power sector). According to the Global CCS Institute, the global CCUS industry must grow by more than a factor of 100 by the year 2050 to achieve Paris Agreement climate targets, equating to approximately 70 to 100 new facilities per year. As of September 2021, approximately 37 Mtpa of capture capacity is operational worldwide across 27 facilities, with an additional approximately 111 Mtpa planned in various development stages across 106 facilities. According to Global CCS Institute’s Global Status of CCS 2021 (“Global Status of CCS 2021”), achieving long-term emissions targets will require installed CCUS capacity to increase to over 5,600 Mtpa by 2050 and an estimated capital investment of $655 billion to $1.280 trillion by 2050.

In Energy Technology Perspectives 2020, published by the International Energy Agency (“IEA”), the IEA estimated 80% of industrial facilities and power plants accounting for 85% of emissions are located within 100 kilometers of a potential storage site.

To stimulate investment in CCUS, the US Energy Act of 2020 provided over $6 billion for CCUS research and development programs, and in 2021, the U.S. Treasury and the Internal Revenue Service (“IRS”) issued critical guidance on Section 45Q tax incentives for carbon capture and storage, expanding its applications to a wider range of CCUS activities. In addition, the Inflation Reduction Act of 2022, which was signed into law on August 16, 2022, provides significant incentives for CCUS investment.

The current CCUS industry can be described as highly fragmented with a wide range of technologies and processes being evaluated for long-term viability across the value chain including capture, separation, compression, liquefaction, transportation, storage and utilization. According to Global Status of CCS 2021, in the U.S. Midwest and Mid-Continent regions, several CCUS networks have been created to provide shared transportation and storage solutions, benefiting smaller projects that lack vertical integration.

Power Generation

The United States electricity market starts with utility-scale generators that generate electricity from fossil fuels, nuclear energy and renewable energy. Utility scale plants and other renewable energy sources sell electricity to the wholesale market, including electric utility companies, competitive power providers and electricity marketers, who then sell electricity to retail end-users.

The power industry consists of a variety of companies that are engaged in the generation or distribution of power, with most electric utility companies relying on natural gas to generate a portion of their power. According to the IEA, overall demand for electricity decreased during the initial phases of COVID-19, but has since increased as lockdowns subsided and manufacturing activities re-bounded. According to the IEA, global electricity demand rose by 6% in 2021 and is expected to rise by 2.4% in 2022.

In the near future, demand for retail electricity is expected to grow modestly, driven by increased consumption from commercial and industrial customers recovering from the pandemic. As of summer 2022, the IEA expects total U.S. retail sales of electricity to end-use customers to be 0.4% higher than summer 2021, and retail sales to the industrial sector to be 2.8% higher than summer 2021. Short-term demand for electricity can vary with weather conditions and economic shocks, which increases unpredictability. Because long-term demand depends on economic growth and efficiency improvements, the growth of the national economy directly impacts U.S. power consumption.

The sources for U.S. electricity have increasingly consisted of natural gas and renewable energy sources. While coal and nuclear energy sources have been declining, natural gas and renewable sources have been expanding their share of total electricity generation in the United States. According to the IEA, in 2021, natural gas grew to account for the largest share of total utility-scale electricity generating capacity in the United States at 38%, followed by renewables at 27%. According to the IEA, the share of natural gas-based electricity generation more than tripled from 12% in 1990 to 38% in 2021. Given the multi-year highs in natural gas procurement pricing and supply chain constraints, capital spending budgets and customer affordability concerns are expected to increase.

Liquified Natural Gas

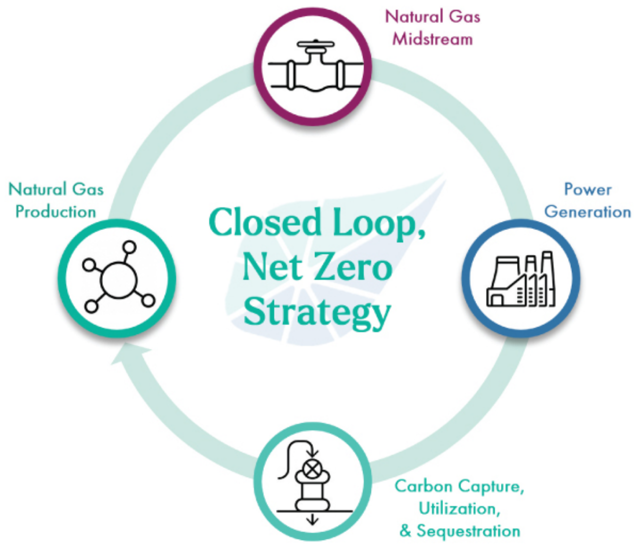
LNG is natural gas in its liquid phase after being super-cooled to -260°F. LNG is primarily used to store and transport gas between markets that have limited natural gas pipeline connectivity. Once natural gas is delivered to an LNG facility, the gas is liquified and shrunken to approximately 1/600th of its original volume. Then, the LNG is loaded onto carriers that have large cryogenic tanks onboard for oceanic transport. At receiving terminals, the LNG is transitioned back into its original gaseous state. From there, the regassified gas is either stored or transported via pipeline to end-consumers like power plants, industrial facilities, and residential communities.

In the wake of the Russian invasion of Ukraine, Europe is diversifying its natural gas supply towards LNG alternatives because, according to the IEA, close to 40% of total EU gas demand is sourced from Russia. According to the IEA, the United States has exported 74% of its LNG to Europe though the first four months of 2022, representing more than double the 2021 average of 34%. According to the IEA and FERC, because U.S. LNG utilizations are at all-time highs at 91%, an additional 4 Bcf/d capacity is currently under construction, and another 27 Bcf/d in capacity has been approved by FERC. Current market dynamics have poised LNG for expansion, particularly in the U.S. Gulf Coast, where approximately 90% of the U.S. LNG build is slated, according to FERC. The Barnett region is approximately 300 miles from the Gulf Coast LNG market. Producers are capitalizing on these dynamics by entering into supply agreements that provide a take-or-pay style fixed liquefaction fee for the LNG facility and efficient access to the global gas markets. Upstream producers with exposure to international LNG natural gas prices are expected to provide a baseline of pricing support for Texas and Louisiana-based natural gas producers with pipeline connectivity to the Gulf Coast.

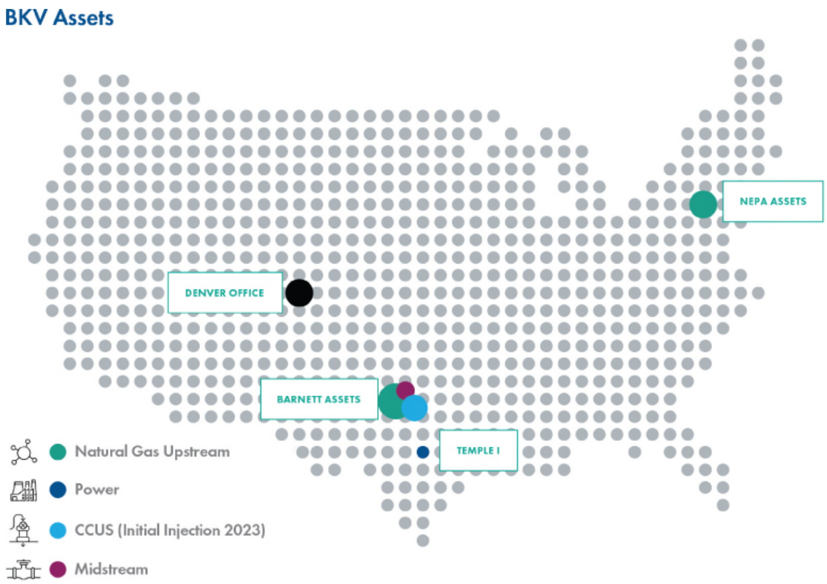
BUSINESS

Overview

We are a forward thinking, growth driven, vertically integrated energy company focused on creating value for our stockholders through the organic development of our properties as well as accretive acquisitions. Our core business is to produce natural gas from our owned and operated upstream businesses, which we expect to achieve net zero Scope 1 and Scope 2 emissions by the end of 2025. We maintain a “closed-loop” approach to our net zero emissions goal with our four business lines: natural gas production, natural gas gathering, processing and transportation (our “natural gas midstream business”), power generation and CCUS. We believe that the safe production of low impact, sustainable energy is not simply a good idea, it is good business. To that end, we believe that our differentiated business model, net zero emissions focus, highly experienced management team and technology-driven approach to operating our business will enable us to create stockholder value.



We are dedicated to making advancements in the production of sustainable energy and being a force for good in our society. We understand the impact climate change has on our community, the world and future generations, which is why addressing these impacts in how energy is produced is a top priority. In particular, it is one of our core values, “Be One BKV,” to create a unified team with a shared vision to achieve our ESG goals.



Overview of BKV Assets

Natural Gas

	Six Months Ending June '22 Avg. Net Production (MMcfe/d)	June '22 SEC 1P Reserves (Tcfe)	Producing Wells	Net Acres
Barnett	740	5.4	6,940	468,000
NEPA	138	0.9	394	37,000
Total	878	6.3	7,334	505,000

Operated Midstream

	As of June'22 Throughput (Mmcf/d)	Pipeline Miles	Midstream Compressors
Barnett	248	778	65

Power

	Location	Heat Rate Btu/kWh	Capacity MW+
Temple 1	Bell County, TX	6,950	755

Our Operations

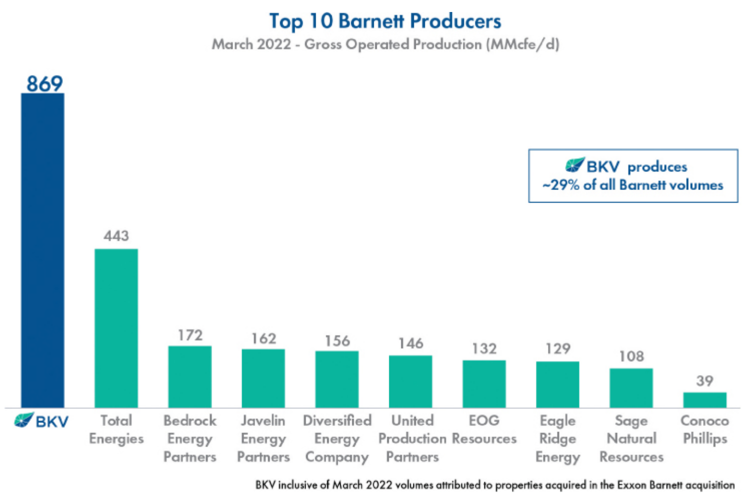
Natural Gas Production

We are engaged in the acquisition, operation and development of natural gas and NGL properties primarily located in the Barnett and in NEPA. Our upstream assets are the core of our business and provide us with substantial Adjusted Free Cash Flow, which we expect will be sufficient to fund our capital expenditure program, enhance stockholder value and support future acquisitions across our four business lines while maintaining a conservative balance sheet. We have a balanced portfolio of low decline producing properties and undeveloped inventory, primarily in the Barnett. Additionally, our focus on operational efficiencies, access to BKV-owned and third-party midstream systems, and proximity to natural gas demand markets along the Gulf Coast and Northeast corridor allow us to generate high margins.

As of June 30, 2022, our total acreage position was approximately 505,000 net acres, 99% of which was held by production. As of June 30, 2022, our net daily production (after giving effect to the Exxon Barnett Acquisition) averaged 878 MMcfe/d, consisting of approximately 79% natural gas and approximately 21% NGLs. As of June 30, 2022, our total proved reserves of 6,305 Bcfe had an estimated 7% year-over-year average base decline rate over the next 10 years. We have more than 10 years of core inventory remaining, with attractive returns, based on a 1 to 1.5 rigs per year pace, including 515 horizontal locations and more than 1,700 refrac candidates. Based on current commodity prices, the capital investment required to hold production flat year-over-year is less than approximately 30% of our annual Adjusted EBITDAX. Adjusted EBITDAX is not a financial measure calculated in accordance with GAAP. See "*— Summary Historical Financial Information — Non-GAAP Financial Measures*" for a description of this measure and a reconciliation to the most directly comparable GAAP measure.

We entered the Barnett in October 2020 with our acquisition of more than 289,000 net acres and 3,850 producing operated wells and related upstream assets from Devon Energy. On June 30, 2022, we further scaled our Barnett position by acquiring approximately 175,000 net acres, 2,100 operated wells and related upstream, midstream and other assets in the Exxon Barnett Acquisition. As of June 30, 2022, our Barnett acreage position was approximately 468,000 net acres, which is approximately 99% held by production. Our average daily Barnett production of approximately 740 MMcfe/d for the six months ended June 30, 2022 consisted of 75% natural gas and 25% NGLs. We had an average working interest in our operated wells in the Barnett of approximately 96% as of June 30, 2022 and an Effective NRI in the Barnett of approximately 80.37%.

We are the largest natural gas producer by gross operated volume in the Barnett. Based on information published by the TRRC, the chart below illustrates our gross operated production volumes in the Barnett (including the Exxon Barnett Acquisition), which represent approximately 29% of the total Barnett production, and nearly double that of the next largest producer in the Barnett for the month of March 2022.



We entered NEPA in 2016 and have subsequently scaled our position through 12 acquisitions. As of June 30, 2022, our acreage position was approximately 37,000 net acres, which is approximately 94% held by production. Our average net daily production of 138 MMcfe/d for the six months ended June 30, 2022 consisted entirely of natural gas. We had an average working interest in our operated wells in NEPA of 89% as of June 30, 2022.

Natural Gas Midstream

Through our ownership in midstream systems, we are engaged in the gathering, processing and transportation of natural gas (which we refer to as our natural gas midstream business) that supports our upstream assets and third-party producers in the Barnett and NEPA. Our midstream assets improve our overall corporate returns by enhancing our margins and lowering our break-even operating costs while allowing us to manage the timing, development and optimization of production of our upstream assets. In the Barnett, as of June 30, 2022, approximately 220 MMcf/d of our gross production (approximately 25% of our total gross Barnett production) was gathered and processed by our owned Barnett midstream system, which includes approximately 778 miles of gathering pipeline, 65 midstream compressors and one amine processing unit. Additionally, our owned Barnett midstream system has over 200 MMcf/d in unutilized pipeline and processing capacity, providing room to increase throughput (from our own production and for third-party volumes) while maintaining optimal operating pressure with limited additional capital investment required. We also believe we have ample dedicated capacity on third party midstream systems for our expected production and future development. In NEPA, as of June 30, 2022, we had an approximate 29.4% non-operated ownership interest in a midstream system, which is operated by subsidiaries of Repsol, with throughput of approximately 174 MMcf/d, and we separately own and operate approximately 16 miles of natural gas gathering pipelines, 14 miles of freshwater distribution pipelines and six gas compression units.

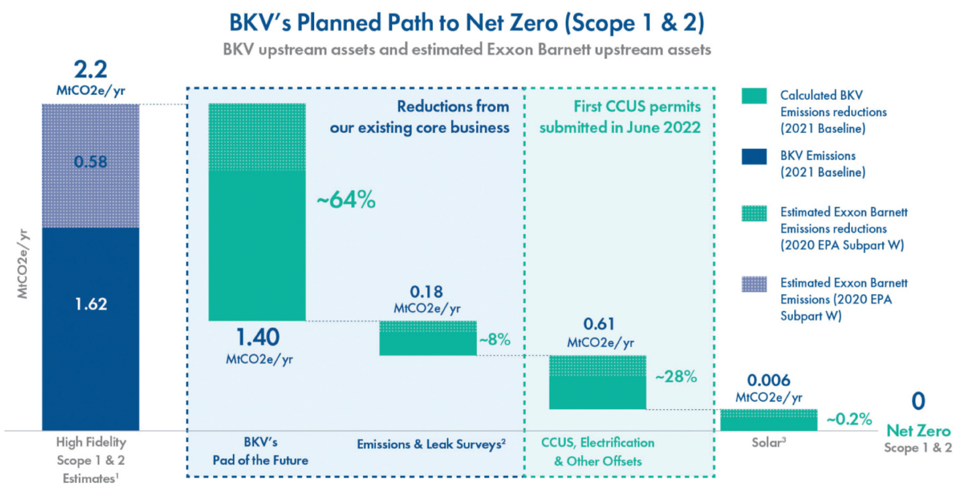
Power Generation

We have a 50% ownership interest in the BKV-BPP Power Joint Venture, which owns Temple I, a newly-constructed, modern combined cycle gas and steam turbine power plant located in ERCOT North Zone in Temple, Texas. The remaining 50% interest is owned by BPPUS, a wholly owned subsidiary of Banpu Power and an affiliate of our sponsor, Banpu. Temple I has an annual average power generation capacity of 755 MW and delivers power to customers on the ERCOT power network in Texas. Temple I is among the most efficient generators supplying power to ERCOT, with a baseload design heat rate of approximately 6,950 Btu/kWh, which is well below the ERCOT CCGT average. Temple I’s modern technology enables it to respond to rapidly changing market signals in real time, making it well-suited to serve the various needs of the ERCOT market. We expect our power generation assets will be synergistic with our base upstream business. In the near term, we will seek to establish midstream contracts that allow us to supply our own natural gas directly to Temple I and its firm intrastate natural gas storage service at the Bammel storage facility. Once implemented, supplying our own natural gas to Temple I will reduce gas transportation costs and create reciprocal natural hedges for both businesses via vertical integration. Additionally, we leverage our existing organization to provide marketing, engineering, finance, accounting and other administrative services to the BKV-BPP Power Joint Venture for an annual fee plus expenses. We intend to continue to build out our power generation business through opportunistic acquisitions of power generation assets and to expand into retail power, which would enable us to ultimately provide net zero wellhead-to-household energy to the end-consumer.

Carbon Capture, Utilization and Sequestration

We are committed to capturing CO_2 that is separated from natural gas power generation and compression and from various high concentration industrial and natural gas processing CO_2 sources with existing infrastructure, and then compressing and injecting the CO_2 into UIC wells. We launched our CCUS business, BKV dCarbon Ventures, in March 2022 and reached a FID on our first high concentration CCUS project in the Barnett in June 2022 with EnLink. This CCUS project will separate CO_2 from substantially all of our EnLink-gathered natural gas production, which we expect to achieve a maximum injection rate of up to 185,000 tons of CO_2 per year. This represents more than 8% of our estimated Scope 1 and 2 upstream emissions from our owned and operated upstream businesses, with the first injection scheduled for the second half of 2023. We intend to continue to develop our CCUS business and expect to use this project as a prototype for modular, smaller-scale projects that can be repeated and quickly scaled. We are targeting the development of five to ten high-concentration, and potentially some low-concentration, CCUS projects in the near-term based on economics supported by the current carbon tax credit policy in Section 45Q of the Code. Although these potential projects are in different stages of the evaluation process, we have identified a CCUS project pipeline of nearly 30 million metric tons of CO_2 per year, which is nearly two times the size of our Scope 1, 2 and 3 emissions combined. We seek to execute projects with attractive standalone economics for high and low CO_2 concentration streams that contribute to our near-term goal of net zero emissions, which we consider to be full elimination and/or offset of the Scope 1 and 2 emissions in our upstream businesses, by the end of 2025. We believe we are well positioned to achieve this goal through our integrated business model, CCUS operations, operational excellence, carbon-negative initiatives and capital discipline. However, the economic viability of our future projects will depend, in part, on our ability to meet certain wage and apprenticeship requirements that must be met in order to qualify for the majority of the Section 45Q tax credits, and the details of which have not yet been released and are to be included in future guidance. We further aspire to offset the Scope 3 emissions impact of our owned and operated upstream businesses by the early 2030s, with what we believe is a clear and credible path to these net zero goals through the expansion of our CCUS business.

The chart below reflects our owned and operated upstream Scope 1 and 2 emissions as of June 30, 2022, including Scope 1 and 2 emissions estimates from the Exxon Barnett Acquisition, as well as our intended path to net zero Scope 1 and 2 emissions by the end of 2025 for our owned and operated upstream businesses.



(1) Based on 2021 emission calculations based on EPA Subpart W and best estimates of acquired Exxon Barnett assets based on 2020 Subpart W submissions and does not factor in production decline.

(2) Emissions surveys assumption to accomplish a 1-2 month leakage period versus 12-month period which must have regulatory updates (current proposed OOOO.b,c) to include continuous/flyover/satellite technology sensitivities.

(3) Solar will offset Scope 2 emissions through a 5-10 MW build out.

We believe our approach to reducing the emissions of our direct operations is repeatable for most similar assets and would enable us to achieve net zero Scope 1 and 2 emissions with respect to future assets within three to four years after taking over control.

Business Strategy

Our strategy is to create value for our stockholders by managing and growing our integrated asset base and delivering sustainable energy focused on our net zero objectives. Our strategy has the following principal elements:

- **Deliver robust returns to stockholders.** We intend to prioritize delivering strong returns to our stockholders through our dividend policy and focus on creating stockholder value. See "*Dividend Policy*." We believe our operational expertise in successfully drilling and refracturing wells, acquiring and integrating assets purchased at attractive valuations and maintaining financial discipline will underpin our ability to meet our stockholder return goals. Our integrated businesses and natural gas-weighted, low-decline PDP reserves collectively reduce our downside risk while providing asymmetric upside returns from the confluence of commodity price uplift potential, operational improvement and development opportunities, and future accretive acquisition opportunities.

- **Optimize the value of our core businesses.** We utilize technology and data analysis to enhance our assets and operations, which we believe improves operational efficiencies, reduces our emissions and helps us realize our operational and financial goals as we continue to scale our business. For example, our "Pad of the Future" program, which includes conversion of natural gas-powered instrument pneumatics to compressed air-powered instruments on existing pads, combined with emission and leak surveys, reduces our GHG emissions by 72%, based on current Scope 1 and 2 emissions from production in our owned and operated natural gas upstream business. Our Pad of the Future application also improves pad efficiencies and operating revenue. Employing technology and operational excellence, by June 30, 2022 we had reduced our lease operating costs in the Barnett, excluding the impact of the Exxon Barnett Acquisition, by over 14% since October 2020 and in NEPA by over 26% since January 2019. Additionally, our refrac and long lateral drill programs have allowed us to organically grow our reserves base. As of June 30, 2022, our Barnett refrac program has added 512 Bcfe of proved reserves since its inception in early 2021, with an estimated 1.13 Tcfe net 3P reserves at less than an average $0.70/Mcfe finding and development costs during 2021. This refrac program employs specifically designed perforating technology and a suite of innovative refrac techniques, as well as advanced refrac designs and diversion methods to maximize reserve recovery and economics from legacy Barnett wells. Our Barnett new well drilling program has added 1.08 Tcfe of proved reserves since our entry into the Barnett with a total estimate of approximately 2.1 Tcfe 3P reserves. By combining these reserves into a growing vertically integrated asset base, we believe we can enhance margins and create a "closed loop" business that reduces Scope 1 and 2 emissions in our owned and operated upstream businesses and captures margin across the value chain.
- **Grow through opportunistic, synergistic acquisitions.** A significant element of our business strategy is gaining scale through accretive acquisitions. We have a track record of growth through acquisitions, which we believe have been at attractive valuations. Since 2016, we have completed 19 acquisitions and two CCUS partnerships, resulting in greater than a 100% compound annual growth rate of Adjusted EBITDAX as of June 30, 2022. We believe our business model, management team experience and application of technology enable us to quickly and efficiently integrate additional upstream, midstream and power assets into our business. We also plan to acquire and/or build CO_2 transport pipelines and infrastructure to grow our CCUS business, which is the critical link in our integrated business model chain that we believe will allow us to ultimately eliminate and/or offset Scope 3 emissions.
- **Maintain a disciplined financial strategy.** We believe we can execute on our business plan and grow our business while continuing to generate substantial Adjusted Free Cash Flow. We target a Maintenance Reinvestment Rate of less than 30%, an Upstream Reinvestment Rate of less than 40% and a Total Reinvestment Rate of less than 50%. We are focused on our goal of maintaining a conservative financial profile, with a long-term leverage target of less than 1.0x Total Net Leverage Ratio. Although we may allow our leverage ratio to exceed our target in connection with a strategic acquisition, we would seek to return our leverage level to below 1.0x as soon as reasonably possible thereafter through Adjusted Free Cash Flow and, if needed, reduced activity levels. To support the generation of future Adjusted Free Cash Flow, we have a policy of hedging approximately 25% to 60% of our production volumes over a given 12 to 24-month period. We believe our capital efficient project inventory, low-decline natural gas production and multiple, integrated business lines will provide consistent returns through varying business cycles. We intend to apply our cash flows to manage our indebtedness in line with our leverage target, fund our capital expenditure program, enhance stockholder value and execute opportunistic acquisitions across our four business lines. Adjusted EBITDAX is not a financial measure calculated in accordance with GAAP. See "*— Summary Historical Financial Information — Non-GAAP Financial Measures*" for a description of this measure and a reconciliation to the most directly comparable GAAP measure.

- **Deliver more sustainable energy focused on our net zero objectives.** We expect to apply our integrated business model, CCUS projects, operational excellence, carbon-negative initiatives, capital discipline and use of technology to realize Scope 1 and 2 net zero upstream owned and operated emissions by the end of 2025. According to the EIA, lower CO_2 emissions realized in the United States have largely been a result of the shift from the use of coal to natural gas for electricity generation. While we believe that switching from coal to natural gas substantially lowers emissions, we believe that emissions can be reduced substantially further through carbon capture on natural gas production, power plants, processing facilities and other energy and industrial infrastructure. As such, in addition to lowering emissions in our direct operations, CCUS for third parties has become a core focus of our business that we expect to represent a meaningful portion of our budgeted capital expenditures going forward as we advance our long-term goal of eliminating and/or offsetting Scope 3 emissions.
- **Encourage innovation.** Our distinctive culture encourages innovation with a value-driven focus that feeds into our competitive advantage. For example, our emphasis on the efficient application of modern technology led to the development of our "Pad of the Future" program, our advancements in Barnett refracs and other operational improvements. We intend to continue to develop, retain and add to our already talented, experienced and forward-thinking employees. Our unified team and mantra of "Being a force for good" underpin our core values and provides us with confidence in our ability to successfully manage and grow our business.

Competitive Strengths

We have a number of strengths that we believe will help us successfully execute our business strategy, including:

- **Integrated asset base well positioned for sustainable growth.** Our upstream, midstream and power asset bases reside in geographically concentrated areas with numerous asset acquisition opportunities in close proximity. Our proven ability to successfully negotiate, close and integrate these acquisition opportunities quickly and cost effectively will allow us to continue to grow our portfolio of assets synergistically. We believe that scale and the continued application of technological developments and operational excellence, combined with stable, low-decline production profiles, will continue to generate significant capital efficient development opportunities in the Barnett and NEPA.
- **High quality, low decline assets serving key demand markets.** Through a series of accretive acquisitions we have established an extensive and largely contiguous acreage position in two key markets, the Barnett and NEPA. Our Barnett assets cover approximately 468,000 net acres, with an approximately 80.37% Effective NRI, and are located in close proximity to key Gulf Coast industrial and LNG demand centers. Our NEPA assets consist of 37,000 net acres in one of the most prolific parts of the Marcellus Shale and are located within less than 200 miles to key demand markets in the U.S. Northeast. We believe the geologic, operational and engineering risks associated with our leasehold acreage have been significantly mitigated through historical development activity. Our PDP reserves had an estimated 7% year-over-year average base decline rate over the next 10 years as of June 30, 2022. Additionally, we have an inventory of over 10 years of refrac and new drill locations within our core acreage that give us the flexibility to maintain or slightly grow current production levels, depending on the commodity cycle.
- **Lower emissions energy production.** In addition to our focus on achieving Scope 1 and 2, net zero operational emissions from our owned and operated upstream production of natural gas by the end of 2025, our long-term goals include economic Scope 1, 2 and 3 net zero owned and operated natural gas production, which we expect to accomplish via CCUS. We believe we have a comprehensive ESG program, which is overseen and directed by an executive ESG steering committee. In 2021, we certified our entire NEPA production and, in 2022, we certified a portion of our Barnett production and, in each case, achieved a Gold rating with Project Canary's TrustWell environmental assessment (Project Canary is an environmental certification and ESG data company). This is the second highest rating a company can receive for its production, qualifying the certified portion of our NEPA and Barnett natural gas production as RSG, which we believe could command a premium in the marketplace. In the future, we intend to expand beyond RSG, with aspirations for fully carbon neutral gas sales through net zero Scope 3. Additionally, we have a plan to achieve net zero Scope 1

and 2 upstream emissions by the end of 2025 based on our "Pad of the Future" emissions reductions, emissions surveys, installing up to 10 MW of solar power, executing CCUS projects which generate offset credits and utilizing offsets to reduce our carbon footprint. We believe BKV dCarbon Ventures will be able to capture over one million metric tons of CO_2 per year, beyond our direct asset footprint, by the end of 2025, which exceeds the balance of our current Scope 1 and 2 emissions required to achieve net zero upstream emissions.

- **Efficient use of capital.** Our deep, high-graded inventory of refrac opportunities coupled with our inventory of new drill locations allow us to create meaningful additional cash flow with comparatively modest additional capital investments. We utilize operational improvements such as operational process and procurement efficiencies, use of existing field infrastructure, innovative and cost-effective refrac techniques and designs (including diversion methods), drilling long laterals in the Barnett, and optimizing available midstream capacity to further maximize our capital efficiency. Through our midstream, power and CCUS business lines, we are capturing margin across the value chain.
- **Well capitalized and conservative balance sheet.** As of June 30, 2022, we had a Total Net Leverage Ratio of 1.15x. Following the completion of this offering, we intend to continue to maintain a strong balance sheet and fund our operations predominantly with internally generated cash flows. We believe that the low decline, predictable nature of our upstream production profile, combined with our hedging plan and reinvestment rate targets, will allow us to successfully meet our leverage goals.
- **High caliber and proven management team.** We maintain a highly experienced and knowledgeable management team with an average of over 25 years of experience among our senior management team. Our leadership team has significant experience managing integrated energy and power assets for large-scale enterprises, including companies such as PTT Exploration and BP. Furthermore, our sponsor, Banpu, one of Asia Pacific's largest integrated energy companies, provides us with unique and valuable insights into optimizing our integrated energy business.

Recent Developments

CCUS Project with EnLink

On June 8, 2022, BKV dCarbon Ventures and EnLink reached a Phase I FID to develop our first CCUS project and entered into an agreement to dispose of, and geologically sequester, acid gas and CO_2 generated as a byproduct of the production of our natural gas in the Barnett. This CCUS project will separate CO_2 from substantially all of our EnLink-gathered natural gas production, which we expect to achieve a maximum injection rate of up to 185,000 tons of CO_2 per year. We currently estimate the total project cost to us to be between $15.0 and $20.0 million. We are targeting commencement of CO_2 injection activities by the second half of 2023, subject to our ability to secure all required permits, at which point we expect this project to be one of the first permanent commercial CO_2 disposal and sequestration projects to come online in the United States. We expect this project to offset our current Scope 1 and 2 annual emissions by approximately 8%, bringing us closer to our goal of reaching net zero across Scope 1 and 2 upstream emissions by the end of 2025.

Exxon Barnett Acquisition

On June 30, 2022, we closed the acquisition (the "Exxon Barnett Acquisition") of natural gas upstream and associated midstream infrastructure in the Barnett from XTO Energy, Inc. and Barnett Gathering LLC, subsidiaries of Exxon Mobil Corporation, for a total purchase price of $750.0 million, plus additional contingent consideration of up to $50.0 million depending on future natural gas prices. Pursuant to the Exxon Barnett Acquisition, we acquired approximately 175,000 total net acres that are approximately 99% held by production, primarily in Tarrant, Johnson and Parker counties, and additional smaller positions in Jack, Wise, Denton, Erath, Hood and Ellis counties, Texas. These upstream assets include low decline wells, ideal for delivering consistent cash flow, and high average working interests of approximately 94% in over 2,100 operated wells. The Exxon Barnett Acquisition also included approximately 778 miles of gathering pipelines and compression and processing midstream infrastructure with, as of June 30, 2022, over 450 MMcf/d of throughput capacity and approximately 28 MMcf/d of third-party production being gathered on the system. In connection with the Exxon Barnett Acquisition, we entered into the Term Loan Credit

Agreement (as defined herein) with a syndicate of banks and Bangkok Bank Public Company Limited (New York Branch), as the administrative agent. The Term Loan Credit Agreement includes up to $600.0 million of commitments for term loans to be used solely to fund a portion of the purchase price for the Exxon Barnett Acquisition and other costs and expenses associated with the acquisition. As of June 30, 2022, there was $570.0 million in aggregate principal amount outstanding under the Term Loan Credit Agreement. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Loan Agreements and Credit Facilities — Term Loan Credit Agreement*" for more information.

Amendment to Derivative Agreement

On August 4, 2022, we entered into an amendment to our ISDA Master Agreement with a counterparty to our derivative contracts pursuant to which we agreed to terminate or novate, at our election, at least $100.0 million of our derivative contracts. As of September 9, 2022, we terminated derivative contracts of $100.2 million with the counterparty to satisfy this requirement. In connection with such termination, we are required to make cash payments to the counterparty in an aggregate amount of $100.2 million by November 30, 2022. We intend to make any such payments with cash flows from operations. See "*Note 14 — Commitments and Contingencies*" to our unaudited condensed consolidated financial statements included elsewhere in this prospectus for additional information regarding this agreement.

CCUS Project Development with Verde CO2

On August 22, 2022, we entered into a development agreement with Verde CO_2 an independent carbon capture and sequestration developer and operator, to identify, evaluate and develop CCUS projects throughout the United States. This partnership is intended to expand our CCUS and GHG emissions reduction efforts by decarbonizing large industrial point sources through carbon capture and permanent sequestration. Pursuant to the development agreement, Verde CO_2 will be responsible for the sourcing, development, performance and ongoing management of such CCUS projects and BKV dCarbon Ventures will provide funding for such projects. As of September 6, 2022, we have paid $8.3 million to Verde CO2 under the development agreement and we currently expect to invest up to $250 million over the next three years to equip BKV dCarbon Ventures with the resources needed to efficiently evaluate and build a pipeline of feasible CCUS projects. This investment in CCUS evaluation and development aligns with our goal to reach net zero emissions across Scope 1 and 2 by the end of 2025.

Revolving Credit Agreement

On August 24, 2022, we entered into the Revolving Credit Agreement with Bangkok Bank Public Company Limited (New York Branch), as the administrative agent and sole initial lender. The Revolving Credit Agreement includes $100.0 million of commitments for unsecured revolving loans used for short-term working capital and operating needs. As of September 14, 2022, $75.0 million in aggregate principal amount was outstanding under the Revolving Credit Agreement. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Loan Agreements and Credit Facilities — Revolving Credit Agreement*" for more additional information regarding the Revolving Credit Agreement.

Our History

In June 2015, our Chief Executive Officer, Chris Kalnin, and Banpu founded our predecessor, BKV O&G, a Delaware partnership developed for oil and gas investments owned primarily by Banpu and managed by Kalnin Ventures LLC, with the goal of creating long-term sustainable value in the energy industry.

In 2016, BKV O&G acquired from Range Resources a 29.4% interest in certain midstream assets and an approximately 24% interest in certain upstream assets in the Marcellus Chaffee Corners area that are operated by Repsol. From 2017 to 2019, BKV completed a series of other accretive acquisitions, including two major acquisitions of upstream and midstream assets in NEPA from Carrizo Oil and Gas and its non-operated partner, Reliance Industries, and BKV O&G devoted its time to strengthening its technological, exploration, production and operational capabilities.

On May 1, 2020, we completed a corporate restructuring in which we converted all of the interests and assets owned by BKV O&G (the "BKV O&G Conversion") and also acquired Kalnin Ventures (the "KV Acquisition"). The BKV O&G Conversion and the KV Acquisition resulted in our formation as a new consolidated corporate entity, BKV Corporation. See "— *The Corporatization Event*" for more information about our corporate restructuring.

In October 2020, we became one of the largest natural gas producers by volume in the Barnett, following our acquisition of more than 289,000 net acres, 3,850 producing operated wells and related upstream assets in the Barnett from Devon Energy (the "Devon Barnett Acquisition") for a cash purchase price of $570.0 million.

In July 2021, we launched our natural gas-based power generation business with the formation of BKV-BPP Power, a joint venture owned 50% by us and 50% by BPPUS, a wholly owned subsidiary of Banpu Power and an affiliate of our sponsor, Banpu. In November 2021, BKV-BPP Power acquired Temple Generation Intermediate Holdings II, LLC, the owner of 100% of the interests in Temple I, a combined cycle gas turbine and steam turbine power plant located in the ERCOT North Zone in Temple, Texas.

In September 2021, we purchased a non-operated interest spanning over 3,000 net acres from Black Falcon Energy, LLC, a managing company for Jamestown Resources, LLC, Larchmont Resources, LLC and Pelican Energy, LLC in the Barnett and NEPA.

In March 2022, we launched our CCUS business line, BKV dCarbon Ventures, and we reached FID in June 2022 on our first CCUS project with EnLink to dispose of, and geologically sequester, acid gas and CO_2 generated as a byproduct of the production of our EnLink-gathered natural gas in the Barnett. We intend to continue to develop our CCUS business and expect to use this first project as a prototype for modular, smaller-scale projects that can be repeated and quickly scaled.

In June 2022, we consummated the Exxon Barnett Acquisition, which also substantially grew our natural gas midstream business. Pursuant to the Exxon Barnett Acquisition, we acquired approximately 175,000 total net acres and 2,100 operated wells primarily in Tarrant, Johnson and Parker counties, and additional smaller positions in Jack, Wise, Denton, Erath, Hood and Ellis counties, Texas. The Exxon Barnett Acquisition also included the addition of 129 employees and approximately 778 miles of gathering pipelines, compression and processing midstream infrastructure.

The Corporatization Event

Prior to May 1, 2020, BKV O&G held 100% of the outstanding equity interests in BKV Chaffee, BKV Chelsea, BKV Operating and BKV Barnett (the "BKV O&G Group"). During this period, Banpu held approximately 97% of BKV O&G's limited partner interests, and Kalnin Capital Partners, L.P. (the "General Partner") held BKV O&G's general partner interest.

On May 1, 2020, Banpu and the General Partner incorporated BKV Corporation and restructured BKV O&G through a contribution by Banpu, the other limited partners and the General Partner of all of the partnership interests in BKV O&G to BKV Corporation in exchange for common stock of BKV Corporation. In addition, Kalnin Ventures, which previously managed BKV O&G, was contributed to BKV Corporation in exchange for BKV Corporation common stock. As a result of these transactions, as of May 1, 2020, the BKV O&G Group and Kalnin Ventures became wholly-owned subsidiaries of BKV Corporation. We refer to this series of transactions collectively as the "Corporatization Event."

Our Relationship with Banpu

BNAC, our majority stockholder, is an indirect, wholly owned subsidiary of Banpu, our ultimate parent company. Immediately prior to this offering, Banpu owned approximately 96.1% of our common stock and will own approximately % at the completion of this offering (or approximately % if the underwriters exercise in full their option to purchase additional shares of our common stock).

Banpu is a multi-billion U.S. dollar market cap energy company publicly traded in Thailand. With nearly four decades of experience in business operations covering 10 countries across the Pacific Rim region and the United States, Banpu is an international versatile energy provider committed to its Greener & Smarter strategy, which prioritizes environmentally sustainable businesses and leverages smart technologies and innovations.

As of the date of this prospectus, Banpu also owns approximately 78.66% of Banpu Power. Banpu Power is a public company listed on the Stock Exchange of Thailand. Banpu Power is the owner of BPPUS, our 50/50 partner in BKV-BPP Power.

See "*Certain Relationships and Related Party Transactions*" for additional information regarding our relationship with Banpu.

Our Operations

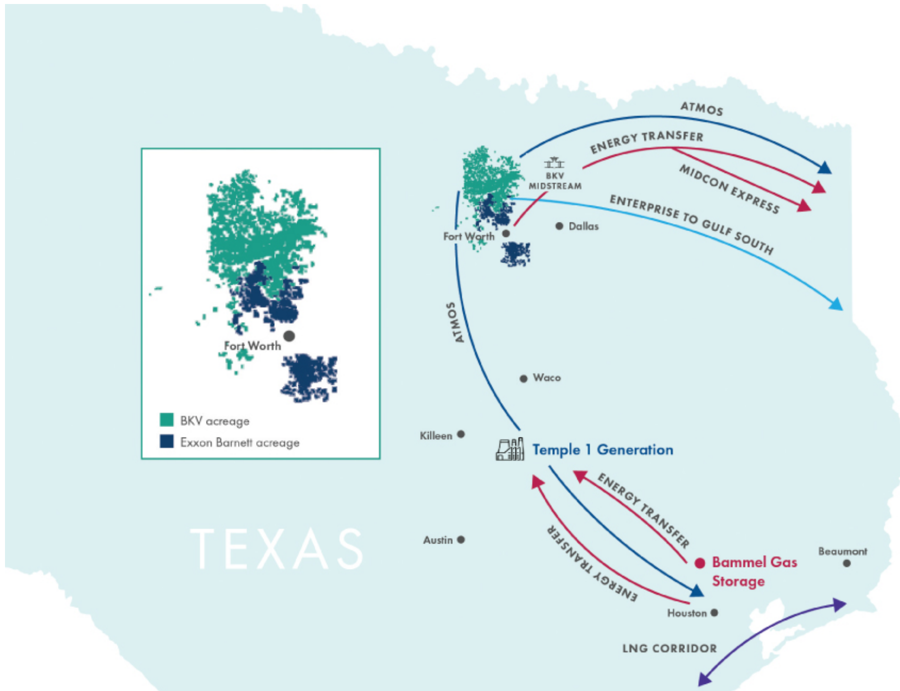
Natural Gas Production

Our Geographic Focus

We are engaged in the acquisition, operation and development of natural gas and NGL properties located primarily in the Barnett (approximately 468,000 net acres) and NEPA (approximately 37,000 net acres) with a combined total company net production of approximately 878 MMcfe/d for the six months ending June 30, 2022. In addition, we own an aggregate of approximately 4,500 net mineral fee acres located in the Barnett and NEPA. The Barnett has a diversified production stream of natural gas and NGLs located approximately 300 miles from major Gulf Coast industrial centers and LNG export markets. NEPA is composed predominantly of organically rich shale and is generally acknowledged as one of North America's largest and richest sources of natural gas.

Our upstream assets are predominantly located in the Barnett, which is where horizontal drilling was pioneered and which has the advantage of more than 15 years of technological advancements, proximity to demand hubs and a significant amount of midstream and other infrastructure in place. We also enjoy an average 7.1% Barnett base production decline on a current production base of approximately 740 MMcfe/d. Using modern technologies, we can drill and complete more profitably and successfully with longer laterals, optimal 750 foot down hole well spacing and latest shale fracturing designs. More than a decade of technological advancements since the discovery of the Barnett, combined with significant remaining gas and NGL resources in place, have created a highly capital efficient opportunity to re-stimulate legacy wellbores to meaningfully increase production and enhance recovery factors and reserves. We also have negotiated a midstream contract, covering 44% of our Barnett acreage, that offers incentive gathering and processing rates for new drills and restimulations, enhancing our margins and project economics alike. We entered the Barnett in October of 2020, through our completion of the Devon Barnett Acquisition. As of June 30, 2022, we had 437 new drill horizontal locations and over 1,700 horizontal refrac candidates in the Barnett, including those acquired in the Exxon Barnett Acquisition.

We are the largest producer of natural gas in the Barnett, based on publicly reported gross production volume as of March 31, 2022. During the six months ended June 30, 2022, our Barnett properties, including both operated and non-operated wells, produced 134.2 Bcfe (or an average of 740 MMcfe/d). During the year ended December 31, 2021, we produced 190.1 Bcfe (or an average of 520.9 MMcfe/d) from our Barnett properties, including both operated and non-operated wells. We did not drill any of our own operated wells in our Barnett properties during 2021. However, in November 2020, we began a restimulation program to develop economic incremental reserves in existing wellbores and arrest the overall field production decline. In 2021, we led the industry in number of executed horizontal restimulations by completing 213, according to public completion reports.



In NEPA, we have built our position through 12 accretive acquisitions since May 2016. We have an attractive production base comprising approximately 37,000 net acres located primarily in Wyoming, Susquehanna and Bradford counties, Pennsylvania, in one of the most prolific areas of the play. With respect to our operated and non-operated assets in NEPA, our position consists of average 89% working interest and 72% NRI on operated wells that yield 100% lean natural gas. We enjoy a significant non-operated position in NEPA. In addition, we have approximately 27 new well locations for near-term development in NEPA.

We are the eighth largest producer in NEPA, on a gross operated production basis. During the six months ended June 30, 2022 and the year ended December 31, 2021, we produced 24.7 Bcf (or an average of 137.5 MMcf/d) and 56.1 Bcf (or an average of 153.7 MMcf/d), respectively, from our NEPA properties, including both operated and non-operated wells. We did not drill any new wells in NEPA in 2021. During the six months ended June 30, 2022, we drilled four wells in NEPA. However, we utilized a combination of compression projects and drilled but uncompleted (DUC) well completions to slow production declines and optimize production.

Our Technology-Enabled Business

Our integrated business model allows us to develop, test and deploy new technologies to drive efficiencies across the business and to reduce our own emissions. We leverage technology in two important ways: we utilize our Data Lake and in-house data science team to drive efficiencies and insights across the business and we utilize probabilistic modeling approaches and advance risk management techniques to enhance our decision-making abilities, particularly with regards to potential acquisitions. We employ a technology-focused approach, such as utilization of our proprietary instrument air packages, satellite and perimeter pad emissions monitoring, and advanced production and emissions measurement, to enable methane measurement and mitigation, and emission elimination strategies, that reduce CO_2e emissions across our operations. We estimate an approximate 72% reduction in BKV Scope 1 and 2 upstream CO_2e emissions (inclusive of the Exxon Barnett Acquisition) by the end of 2025 from our 2021 baseline using these technological innovations, based on management estimates. We expect that the balance of our Scope 1 and 2 upstream emissions will be offset by CCUS, solar and other mitigations to achieve our goal of Scope 1 and 2 emissions by the end of 2025 for our owned and operated upstream businesses.

Our operations in the Barnett and NEPA have been increasingly automated through a program called "Autotune," which is an effort to optimize and automate plunger lift systems to increase production through autonomous dynamic tuning of plunger control inputs. This Autotune method utilizes computer algorithms which toggle and optimize various input and control variables for plunger lift systems to increase production time for an average well as compared to a baseline (based on a manual method of managing plunger input and control variables).

We have implemented our "Pad of the Future" program in our upstream business, with the objectives of converting natural gas-powered instrument pneumatics to compressed air-powered functionality on existing pads, significantly reducing our GHG emissions and improving pad efficiencies and economics. In addition, we have implemented emissions surveys, an advanced four-tiered emissions monitoring and mitigation strategy utilizing specialized surveillance technology. We also are in the process of permitting

2.5 MW of commercial solar power, with plans to install up to 10 MW of commercial solar power within the next three years to offset our Scope 2 emissions from our electricity usage in our upstream operations.

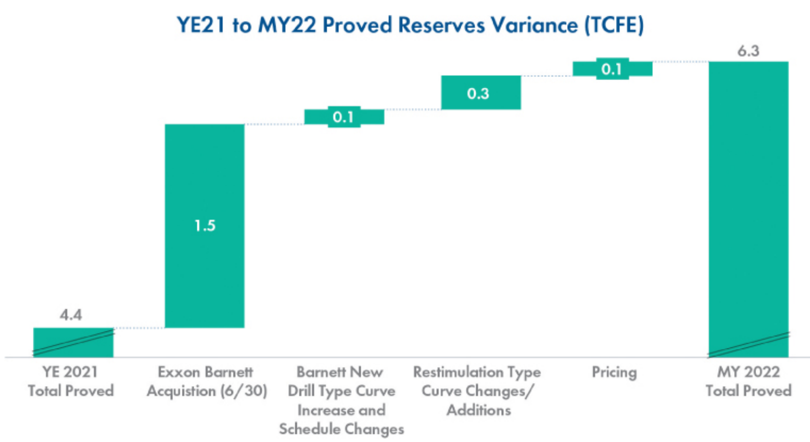
In 2021, we certified our NEPA production and achieved a Gold rating with Project Canary's TrustWell environmental assessment (Project Canary is an environmental certification and ESG data company). This is the second highest rating a company can receive for its production, qualifying our NEPA natural gas production as RSG, which we believe could command a premium in the marketplace. Through RSG production, we provide reliable, sustainable and affordable energy, while actively participating in the energy transition. In 2022, we plan to certify a portion of our Barnett assets through Project Canary, and anticipate achieving certification more broadly across our Barnett assets in the future.

Our Reserves

The following summarizes our natural gas and oil properties as of June 30, 2022 and our average net daily production for the six months ended June 30, 2022, including the properties we acquired in the Exxon Barnett Acquisition.

	June 30, 2022							
	Estimated Total Proved Reserves							
Operating Region	Natural Gas (MMcf)	Natural Gas Liquids (MMBbls)	Oil (MMBbls)	Total (MMcfe)	Average Net Daily Production (MMcfe/d)(1)	Average Reserve Life (years)	Producing Wells	Net Acres
Barnett	4,043,357	220,264	1,757	5,375,483	739.6	19.9	6940	467,925
NEPA	929,117	—	—	929,117	138.2	18.4	394	36,978
Total	4,972,475	220,264	1,757	6,304,600	877.8	19.7	7,334	504,904

(1) Average net daily production rate for assets acquired in the Exxon Barnett Acquisition uses the production included in Ryder Scott's summary reserve report for the six months ending June 30, 2022.



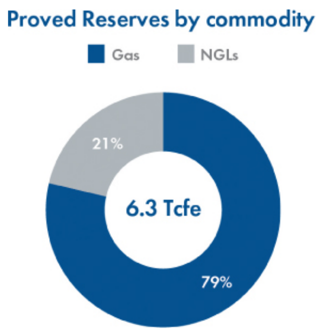
Based on forecasts used in our reserve reports, our PDP reserves as of June 30, 2022 had estimated average five-year and ten-year annual decline rates of approximately 7.6% and 6.7%, respectively, and an estimated 2022 PDP decline rate of approximately 10.7%. As a result of this overall low decline profile of our natural gas and oil assets, coupled with refrac opportunities that are capital efficient projects, we are able to maintain flat production year over year with relatively low reinvestment rate. We believe the combination of our high margin profile and our conservative reinvestment rate approach, supported by our low decline reserves, will allow us to generate significant Adjusted Free Cash Flow to (i) deliver stockholder returns and (ii) opportunistically fund value accretive growth opportunities.

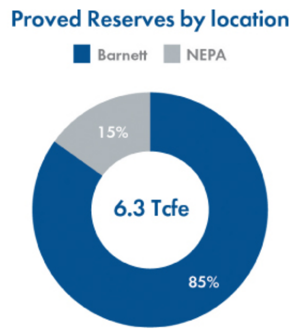
The following table illustrates the weighted average decline profiles and total production in the first six months of 2022 associated with our proved reserves as of June 30, 2022:

	June 30, 2022					
					Weighted Average Annual PDP Decline[(1)]	
Operating Region	Estimated Total Proved Reserves (MMcfe)	% Natural Gas	% Natural Gas Liquids	% Oil	Five Year	Ten Year
Barnett	5,375,483	75.2%	24.6%	0.2%	7.1%	5.6%
NEPA	929,117	100%	0%	0%	10.8%	8.8%
Total	6,304,600	78.8%	21.0%	0.2%	7.6%	6.7%

(1) Reflects the estimated average year over year decline rates of our base reserves as of June 30, 2022 for the five-year period ending July 31, 2028 and the ten-year period ending July 31, 2033, in each case based on the forecasts used in estimating our proved reserves.

The following table summarizes our proved reserves by commodity and proved reserves by location at June 30, 2022:





The following table illustrates the weighted average decline profiles and total production in 2021 associated with our proved reserves as of December 31, 2021:

	December 31, 2021					
					Weighted Average Annual PDP Decline[(1)]	
Operating Region	Estimated Total Proved Reserves (MMcfe)	% Natural Gas	% Natural Gas Liquids	% Oil	Five Year	Ten Year
Barnett	3,496,235	71.5%	28.3%	0.2%	7.0%	6.3%
NEPA	945,528	100%	0%	0%	12.4%	9.9%
Total	4,441,763	77.6%	22.3%	0.1%	8.3%	7.2%

(1) Reflects the estimated average year over year decline rates of our base reserves as of December 31, 2021 for the five-year period ending January 31, 2027 and the ten-year period ending January 31, 2032, in each case based on the forecasts used in estimating our proved reserves.

Our Acreage

The following table summarizes our acreage position as of June 30, 2022:

Operating Region	Developed		Undeveloped		Total	
	Gross	Net	Gross	Net	Gross	Net
Barnett[(1)]	643,008	428,269	41,803	39,656	684,811	467,925
NEPA	61,971	28,162	20,890	8,816	82,862	36,978
Total	704,980	456,432	62,693	48,472	767,673	504,904

The following table summarizes our acreage position as of December 31, 2021:

Operating Region	Developed		Undeveloped		Total	
	Gross	Net	Gross	Net	Gross	Net
Barnett[(1)]	453,584	261,810	32,120	30,771	485,704	292,582
NEPA	61,971	28,162	20,890	8,816	82,862	36,978
Total	515,555	289,973	53,010	39,587	568,566	329,560

(1) Includes acreage acquired during 2021 from Jamestown Resources, L.L.C., Larchmont Resources, L.L.C., and Pelican Energy, L.L.C., for which acreage the leasehold interest is derived from unit-based assignments and includes 133,470.22 gross and 3,317.69 net developed acres, and no undeveloped acres.

The percentage of our net undeveloped acreage that is subject to lease expiration over the next three years, if such leases are not renewed, is less than 0.03% in 2022, approximately 2.52% in 2023 and 0.40% in 2024.

Our Productive Wells

The following table sets forth our gross and net productive natural gas and oil wells as of June 30, 2022:

	Producing Natural Gas Wells		Producing Oil Wells		Total		Average Working Interest
	Gross	Net	Gross	Net	Gross	Net	
Operated Wells:							
Barnett	5,812	4,422	18	12	5,830	4,434	96.2%
NEPA	138	102	0	0	138	102	88.9%
Total	5,950	4,524	18	12	5,968	4,536	
Non-operated Wells:							
Barnett	1,102	701	8	6	1,110	708	12.9%
NEPA	256	189	0	0	256	189	13.9%
Total	1,358	891	8	6	1,366	897	
Total Wells:							
Barnett	6,914	5,124	26	18	6,940	5,142	79.1%
NEPA	394	291	0	0	394	291	39.9%
Total	7,308	5,415	26	18	7,334	5,433	

The following table sets forth our gross and net productive natural gas and oil wells as of December 31, 2021:

	Producing Natural Gas Wells		Producing Oil Wells		Total		Average Working Interest
	Gross	Net	Gross	Net	Gross	Net	
Operated Wells:							
Barnett	3,950	3,170	8	6	3,958	3,177	97.8%
NEPA	138	101	0	0	138	101	88.9%
Total	4,088	3,272	8	6	4,096	3,279	
Non-operated Wells:							
Barnett	838	672	8	6	846	679	3.5%
NEPA	256	189	0	0	256	189	13.9%
Total	1094	861	8	6	1102	868	
Total Wells:							
Barnett	4,788	3,843	16	12	4,804	3,856	81.2%
NEPA	394	291	0	0	394	291	39.9%
Total	5,182	4,134	16	12	5,198	4,147	

Drilling, Refrac and Restimulation Activity

During each of the years ended December 31, 2021 and 2020, and the six months ended June 30, 2022, we did not drill any exploratory wells or any non-productive wells. During the six months ended June 30, 2022, we drilled four wells in NEPA and four wells in the Barnett, each of which constitutes a gross operated well and net operated development well, that, as of June 30, 2022, had not been completed.

In November 2020, we began a restimulation program in the Barnett to develop economic incremental reserves in existing wellbores and arrest the overall field production decline. In 2021, we led the industry in number of executed horizontal restimulations by completing 213, according to public completion reports. Additionally, as of June 30, 2022, we had 437 new drill horizontal locations and over 1,700 horizontal refrac opportunities in the Barnett, including those acquired in the Exxon Barnett Acquisition.

Sales Volumes and Unit Prices

The following table summarizes sales volumes, sales prices and production cost information for our net natural gas and production for the six months ended June 30, 2022 and 2021.

	Six Months Ended June 30,	
	2022	2021
Sales Volumes		
Barnett:		
Natural gas (MMcf)	65,345.7	64,310.4
Natural gas liquids (MBbl)	4,800.2	4,913.5
Oil (MBbl)	54.4	67.0
Total Barnett (Bcfe)	94.5	94.2
NEPA:		
Natural gas (MMcf)	24,746.2	29,148.8
Natural gas liquids (MBbl)	0.0	0.0
Oil (MBbl)	0.0	0.0
Total NEPA (Bcfe)	24.7	29.1
Total Company (Bcfe)	119.2	123.3

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Average Sales Prices (excluding impact of derivative settlements)		
Barnett:		
Natural gas (per Mcf)	$ 5.77	$ 2.59
Natural gas liquids (per Bbl)	$ 33.98	$ 18.71
Oil (per Bbl)	$ 94.16	$ 60.51
NEPA:		
Natural gas (per Mcf)	$ 5.44	$ 2.15
Natural gas liquids (per Bbl)	$ —	$ —
Oil (per Bbl)	$ —	$ —
Total Company (per Mcfe)	$ 5.70	$ 2.65
Average Sales Prices (including impact of derivative prices)		
Barnett:		
Natural gas	$ 2.27	$ 2.61
Natural gas liquids (MBbl)	$ 29.33	$ 14.45
Oil (MBbl)	$ 94.16	$ 60.51
NEPA:		
Natural gas (MMcf)	$ 2.06	$ 0.94
Natural gas liquids (MBbl)	$ —	$ —
Oil (MBbl)	$ —	$ —
Total Company (per McF)	$ 3.60	$ 2.46
Average Production Cost (per Mcfe) (1)		
Barnett	$ 1.47	$ 1.17
NEPA	$ 0.22	$ 0.21
Total Company	$ 1.69	$ 1.38

(1) Excludes natural gas and oil ad valorem and production taxes.

The following table summarizes sales volumes, sales prices and production cost information for our net natural gas and production for the years ended December 31, 2021 and 2020.

	Year Ended December 31, 2021	Year Ended December 31, 2020
Sales Volumes		
Barnett:		
Natural gas (MMcf)	129,960.0	34,879.1
Natural gas liquids (MBbl)	9,829.3	2,565.2
Oil (MBbl)	123.0	28.6
Total Barnett (Bcfe)	190.1	50.4
NEPA:		
Natural gas (MMcf)	56,095.1	61,279.9
Natural gas liquids (MBbl)	0.0	0.0
Oil (MBbl)	0.0	0.0
Total NEPA (Bcfe)	56.1	61.3
Total Company (Bcfe)	245.8	111.7

	Year Ended December 31, 2021	Year Ended December 31, 2020
Average Sales Prices (excluding impact of derivative settlements)		
Barnett:		
Natural gas (per Mcf)	$ 3.58	$ 1.62
Natural gas liquids (per Bbl)	$ 22.90	$ 4.66
Oil (per Bbl)	$ 61.46	$ 46.67
NEPA:		
Natural gas (per Mcf)	$ 2.34	$ 0.74
Natural gas liquids (per Bbl)	$ 0.00	$ 0.00
Oil (per Bbl)	$ 0.00	$ 0.00
Total Company (per Mcfe)	$ 3.38	$ 1.03
Average Sales Prices (including impact of derivative settlements)		
Natural gas (per Mcf)	$ 2.40	$ 1.87
Natural gas liquids (per Bbl)	$ 16.76	$ 12.57
Oil (per Bbl)	$ 61.46	$ 31.07
Total Company (per Mcfe)	$ 2.52	$ 1.90
Average Production Cost (per Mcfe) (1)		
Barnett	$ 1.31	$ 0.36
NEPA	$ 0.23	$ 0.22
Total Company	$ 1.06	$ 0.28

(1) Excludes natural gas and oil ad valorem and production taxes.

Base Production Optimization

We seek to be a leader in safe, efficient and accretive base production management. We are highly focused on flattening decline while minimizing costs all while reducing our environmental footprint. Automation and optimization play a pivotal role in this focused approach. Our plunger automation program, *i.e.*, “Autotune,” improves the efficiency of our plunger lift systems, resulting in up to 2% improvement in production. Initiatives like automated equipment actuation and automated water call outs serve to minimize response times and reduce manpower requirements. BKV operates a steady and robust workover program, constantly reviewing candidate wells and maintaining a queue of prioritized jobs that provide economic and accretive production uplift. We operate a fleet of over 700 gas lift and wellhead compression units with real time optimization of this fleet. Ensuring our compressors are optimized for each specific facility allows us to maximize production and reduce costs. Other elements of our base management excellence include automated data collection and analysis processes, including well reviews, surveillance dashboards, and process change alerts. Additionally, we monitor and mitigate pipeline pressures, evaluate and implement compression and pressure reduction projects jointly with our midstream partners. We seek to prudently manage and lower operating costs through, for example, purchasing and operating our own slickline units, bringing various maintenance activities in-house which are traditionally third party, negotiating and signing longer term supply and vendor contracts, establishing strategic and advantageous procurement partnerships, leveraging basin scale to achieve organizational and purchasing efficiencies, and maintaining an efficient organizational structure with high performing teams.

Natural Gas Midstream

Our natural gas midstream operations support our upstream assets as well as generate incremental revenue via gathering, processing and transportation of third-party production. In the Barnett, we have extensive infrastructure with capacity across the field and limited additional capital required to connect our wells. Our midstream system in the Barnett operates at low pressure with only approximately 50%

utilization as of June 30, 2022. In the Barnett, as of June 30, 2022, approximately 220 MMcf/d of our gross production volumes (approximately 25% of our total gross Barnett production) were gathered and processed by our owned Barnett midstream system, with our remaining Barnett production primarily under an agreement with EnLink with no minimum volume commitments. Our owned Barnett midstream system includes approximately 778 miles of gathering pipeline, 64 gas compression units and one amine processing unit.

In NEPA, as of June 30, 2022, our gross operated production volumes were 136.7 MMcf/d. Approximately 64% of our total gross NEPA operated production, or 87.5 MMcf/d, is gathered by our own NEPA midstream pipelines. The volumes on our owned NEPA midstream pipelines, plus all other operated volumes, flow into third-party gatherers in the following proportions:

- Williams Companies ("Williams"): 56%
- UGI Energy Services Midstream Services ("UGI"): 36%
- Energy Transfer LP ("Energy Transfer"): 8%

Our owned NEPA midstream system includes approximately 16 miles of gas gathering pipelines, 14 miles of freshwater distribution pipelines and six gas compression units. We also have a 29.4% non-operated ownership interest in a Repsol operated midstream system with over 100 miles of gathering pipelines with 450 MMcf/d of capacity and a compression station with approximately 14,000 horsepower. Repsol owns the remaining 70.6% of the system, which has a current throughput of approximately 174 MMcf/d and services both system owner gas and third-party gas.

Gas Gathering & Processing Agreements

The majority of our gross operated production volumes in NEPA are contractually further gathered and treated by three main third parties. As of June 30, 2022, approximately 56%, 36% and 8% of our gross operated volumes in NEPA were further gathered and treated on Williams, UGI, and Energy Transfer gathering systems, respectively. We have secured these services through acreage dedications, pursuant to which current and future production sourced from the specific acreage positions designated in each contract is required to be gathered and treated by each specific entity. Some of our NEPA gas gathering and processing contracts contain limited minimum volume commitment terms ("MVCs"), the earliest of which expire in the first quarter of 2025 and the second quarter of 2029. As of June 30, 2022, such MVCs require us to deliver 36 MMcf/d of natural gas, a majority of which flows into 85 MMcf/d of MVC related the gathering, central delivery point aggregation and intra-basin transport, which currently represents 61% of the gross volumes produced from covered acreage. Overall, the acreage dedication approach, coupled with limited MVCs, provides us strategic flexibility while also securing access to gathering, processing and transportation services. The use of third parties to contractually perform gathering and treating services also negates capital spending requirements for these services and allows us to focus our efforts and capital spend on our core energy and production business.

The terms of these contracts range from 10 and 20 years from original execution date, with an average term of seven years remaining between the various contracts, as of June 30, 2022. The specified rates within these contracts are generally escalated annually subject to a standard Consumer Price Index escalator. These gathering and treating contracts offer deliverability to intra-basin markets, as well as multiple downstream pipelines that offer access to inter and intra-regional markets. This flexibility ultimately provides sufficient liquidity and market optionality that help facilitate the overall process of maximizing corporate netbacks.

For the assets we acquired in the Devon Barnett Acquisition, approximately 99% of our natural gas is gathered and transported by EnLink through various contracts that govern the services provided for the Bridgeport, Ponder and Jarvis systems. The Bridgeport system consists of both rich and lean gas governed by a market-rate based contract, as amended, with a term expiring in 2033. The gathering and processing fees under the Bridgeport contract contain an incentive mechanism pursuant to which we can achieve lower rates through refractured or new wells. All NGLs under the Bridgeport contract are sold to EnLink at Mont Belvieu pricing subject to a market-based transport and fractionation differential. There are no MVCs associated with the natural gas gathering agreements for the assets we acquired in the Devon Barnett Acquisition.

For the assets we acquired in the Exxon Barnett Acquisition, approximately 90% of our natural gas is gathered and transported through an agreement assigned to our subsidiary, BKV Midstream, through various market-rate based contracts that take lean gas to various delivery points into Energy Transfer's pipeline. All gas currently flows to Energy Transfer, where BKV is under an acreage dedication for its downstream takeaway. We have one MVC related to the assets acquired in the Exxon Barnett Acquisition, which is currently unfulfilled and results in unutilized gathering charges. However, produced gas that can currently flow through this contract and fulfill the MVC has been rerouted and now flows through BKV's (formerly XTO Energy, Inc.'s) owned and operated gathering and compression facilities. The decision to construct the facilities, reroute this gas and strand the MVC-based contract was based upon superior economics and results in lower overall gathering and compression fees, even with the inclusion of the unutilized gathering charges. The MVC-based contract expires in the third quarter of 2024.

Power Generation

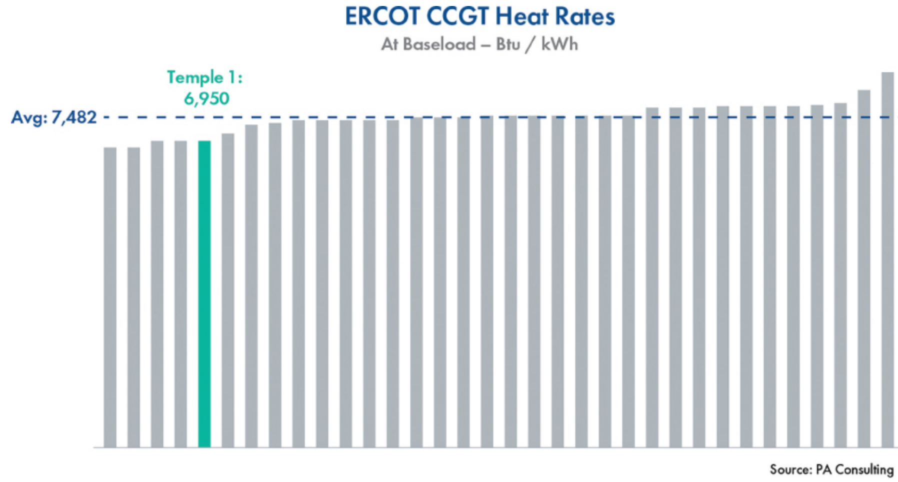
We have a 50% ownership interest in the BKV-BPP Power Joint Venture, which owns Temple I, a newly-constructed, modern combined cycle gas and steam turbine power plant located in the ERCOT North Zone in Temple, Texas. The remaining 50% interest is owned by BPPUS, a wholly owned subsidiary of Banpu Power and an affiliate of our sponsor, Banpu.

Temple I's power generation output is sold into the competitive wholesale bulk power market managed by ERCOT, Texas' electrical grid operator. ERCOT currently provides electric power to approximately 23 million people in Texas, with its customers using about 85% of the state's electric power. The operating flexibility of the power plant provides significant competitive advantages in the ERCOT market. Temple I can generate and supply the power needs of approximately 750,000 households in central Texas.

Operational since July 2014, Temple I's modern technology enables it to respond to rapidly changing market signals in real time, making it well-suited to serve the various needs of the ERCOT market. Temple I has an average power generation capacity of 755 MW. Key equipment at Temple I includes Siemens natural gas combustion turbine generators and steam turbine generators, as well as Benson heat recovery steam generators. The electrical transmission interconnection at Knob Creek Substation ensures minimal congestion risk. Temple I typically undergoes seasonal maintenance outages in spring and fall to ensure the highest operational readiness during the time when electricity consumption peaks (in winter and summer).

Temple I remained online at full capability during the historic February 2021 Winter Storm Uri and has since implemented incremental upgrades. Temple I has invested over $700,000, with an additional $140,000 in planned expenditures for 2022, to construct winterization enclosures, add insulation, and install heat tracing systems and back-up generators to provide freeze protection around at-risk piping, equipment and instrumentation in the power plant and gas yard. In 2021, a wet compression system was installed to increase the power plant's output while operating in high ambient temperatures. The system allows a larger volume of air to be compressed before being fed into the combustion process along with natural gas, thus increasing generation capacity during summer, the time when the ERCOT market's power demand typically peaks. Temple I deploys modern CCGT technology, which combines the working process of gas combustion, turbine and steam turbine generation. It is one of the more flexible CCGTs supplying power the ERCOT system due to its ability to achieve 50% production within 10 minutes and full baseload capacity within 30 minutes. Temple I is also among the most efficient generators supplying power to ERCOT, with a baseload design heat rate of approximately 6,950 Btu/kWh, which is well below the ERCOT CCGT average, as shown in the chart below. Equipped with pollution control management systems to maintain low emissions, the power plant's high efficiency and flexible operations helps maintain its competitive position in the ERCOT market.

The following chart summarizes Temple I's realized heat rate as compared to other CCGT in ERCOT.



We expect our power generation assets will be synergistic with our base upstream business. In the near term, we will seek to establish midstream contracts that allow us to supply our own natural gas to Temple I and its firm intrastate natural gas storage service at the Bammel storage facility. Once implemented, supplying our own natural gas to Temple I will reduce gas transportation costs and create reciprocal natural hedges for both businesses via vertical integration. Additionally, we leverage our existing organization to provide marketing, engineering, finance, accounting and other administrative services to the BKV-BPP Power Joint Venture for an annual fee plus expenses. We intend to continue to build out our power generation business through opportunistic acquisitions of power generation assets and to expand into retail power, which would enable us to ultimately provide net zero wellhead-to-household energy to the end-consumer.

In addition to 75,000 MMBtu/d of firm transportation services with Energy Transfer and its subsidiaries, Temple I's Bammel storage contract with Energy Transfer provides Temple I up to 2.8 Bcf of natural gas storage capacity, providing daily gas supply operating flexibility. The firm transportation and storage contracts with Energy Transfer and its subsidiaries also grant BKV-BPP Power the option to purchase and store in reserve excess natural gas, which can be released at times when gas prices are potentially higher, such as during seasonal price cycles or times of scarcity. Moreover, the potential to utilize our midstream assets to deliver and optimize natural gas feedstock to the power plant and to expand our CCUS business by sequestering post combustion CO_2 from the power plant are additional vertical integration opportunities that we intend to explore over time.

In addition, we are working with Project Canary, an environmental certification and ESG data company, to assess future development of emissions monitoring for the gas supply and combined-cycle electric production at Temple I and to explore the potential ability to certify reliability and low emissions from wellhead to electron. Furthermore, we believe there is significant opportunity from integrated retail gas and power offerings directly to end-user customers and we are in the process of building this capability for the future. We believe we can create a differentiated offering to strategic buyers, retail and industrial customers.

BKV-BPP Power Limited Liability Company Agreement

Temple I is owned by Temple Generation Intermediate Holdings II, LLC, which is owned 100% by BKV-BPP Power, which, in turn, is owned 50% by us and 50% by BPPUS, a wholly owned subsidiary of Banpu Power. See "— *Our Relationship with Banpu*" and "*Certain Relationships and Related Party Transactions*."

We and BPPUS are each a party to the BKV-BPP Power LLC Agreement governing the BKV-BPP Power Joint Venture, which, among other things, provides that a general manager appointed by the BKV-BPP board will have the power to manage and administer the business and affairs of BKV-BPP Power, subject to specified matters reserved for approval by the BKV-BPP board. The appointment and removal of the general manager must be approved by both the BKV-BPP board and BPPUS. Transfer or encumbrance of a party's interest in BKV-BPP Power is permitted without prior approval of the other party or the BKV-BPP board. However, no transfer will be permitted if the transfer: (A) would subject BKV-BPP Power to U.S. federal securities law reporting requirements, (B) would cause BKV-BPP Power to lose its status as a U.S. partnership for federal income tax purposes or will cause BKV-BPP Power to be classified as a "publicly traded partnership," (C) would violate, give rise to a default under or cause any payment to become due under any credit agreement, guaranty, or similar credit document or any other material contract to which BKV-BPP Power or any affiliate is bound, or (D) occurs prior to the repayment by BKV-BPP Power of all loans and other amounts outstanding under the term loans.

In the event that either party admits in writing that it is unable to perform its obligations (including any obligation to provide additional capital contributions) under the BKV-BPP Power LLC Agreement, the non-defaulting party will be entitled to (i) sell the assets of the joint venture and dissolve the joint venture on reasonable terms deemed acceptable to the BKV-BPP board, (ii) obtain specific performance of the non-defaulting party's obligations, and/or (iii) exercise any other right or remedy provided in law or in equity.

The BKV-BPP board will determine the amount and timing of distributions of operating cash flow (which will be done no less frequently than once per quarter) and net capital proceeds (which will be distributed within three business days after becoming available for distribution). All distributions will be made on a pro-rata basis to us and BPPUS. As of June 30, 2022, no distributions have been made by BKV-BPP Power. Additional cash capital contributions will be required to be made by us and by BPPUS on a pro-rata basis upon 30 days written notice either by us or by BPPUS; provided that the additional contributions must be expended on items included in the annual approved budget, items in response to an emergency in the event that BKV-BPP Power does not have sufficient cash reserves to address such emergency, or any other matter approved by the BKV-BPP board. Otherwise, neither us nor BPPUS will be required to provide additional capital contributions without consent.

Major decisions and significant activities of BKV-BPP Power are reserved for approval by at least a majority of the members of the BKV-BPP board, such as, among other things, any merger, consolidation, amalgamation, conversion of BKV-BPP or any of its subsidiaries, into another form or entity or other business combination of any nature, wind up, the dissolution, liquidation, commencement or any filing or petition for a voluntary bankruptcy, reorganization, debt arrangement involving BKV-BPP Power, any plan to or initial sale of BKV-BPP Power or other equity interests to the public, any amendments, restatements or revocations of its organizational documents, execution, amendment or termination of a material contract, and any amendment to or deviation from the dividend policy of the joint venture or any of its subsidiaries. Under the terms of the BKV-BPP Power LLC Agreement:

- we do not have the power to unilaterally cause BKV-BPP Power to make distributions;
- we may be required to make additional capital contributions to fund items approved in the annual budget or other matters approved by the board of BKV-BPP Power at the request of BPPUS, which would reduce the amount of cash otherwise available for dividend payments by us on our common stock or require us to incur additional indebtedness; and
- BKV-BPP Power may incur additional indebtedness in an amount greater than $1,500,000 if approved by the board of BKV-BPP Power, which debt payments would reduce the amount of cash that might otherwise be available for distributions to us.

Carbon Capture, Utilization and Sequestration

BKV dCarbon Ventures is our business that is focused on driving CCUS innovations and project development. It is the critical link in our integrated business model chain that we believe will allow us to provide net zero, reliable energy. Since its launch in March 2022, we have reached FID on our first high concentration CCUS project in the Barnett in June 2022, as described below. Our CCUS business strategy consists of developing CCUS projects to address our own emissions as well as large-scale, high and low concentration projects with third parties. Although these potential projects are in different stages of the evaluation process, we have identified a CCUS project pipeline of nearly 30 million metric tons of CO_2 per year, which is nearly two times the size of our Scope 1, 2 and 3 emissions combined. We are targeting the development of five to ten high-concentration, and potentially some low-concentration, CCUS projects in the near-term based on economics supported by the current Section 45Q tax credit policy. For facilities placed in service on or after February 9, 2018 and before January 1, 2023, the current Section 45Q tax credit policy generally provides the capturing parties a tax credit that escalates until 2026, when it reaches $50 per ton for CO_2 directly stored in geologic formations, annually escalating for inflation thereafter. For facilities placed in service after December 31, 2022, the credit amount is increased to $85 per ton, subject to satisfaction or nonapplication of certain prevailing wage and apprenticeship requirements (or $17 per ton if applicable prevailing wage and apprenticeship requirements are not satisfied), with adjustments for inflation after 2026. In either case, the Section 45Q tax credit is available for a 12-year period for qualifying facilities that begin construction before January 1, 2033. These CCUS projects will capture and sequester sufficient emission quantities to achieve our upstream Scope 1 and 2 net zero goals (based upon current upstream production without giving effect to the Exxon Barnett Acquisition), in addition to offsetting a portion of our upstream Scope 3 emissions.

On June 8, 2022, BKV dCarbon Ventures and EnLink reached a Phase I FID to develop our first CCUS project and entered into an agreement to dispose of, and geologically sequester, acid gas and CO_2 generated as a byproduct of the production of our natural gas in the Barnett. This CCUS project will separate CO_2 from substantially all of our EnLink-gathered natural gas production, which we expect to achieve a maximum injection rate of up to 185,000 tons of CO_2 per year. We currently estimate the total project cost to us to be between $15.0 and $20.0 million. We are targeting commencement of CO_2 injection activities by the second half of 2023, subject to our ability to secure all required permits, at which point we expect this project to be one of the first permanent commercial CO_2 disposal and sequestration projects to come online in the United States. We expect this project to offset our current Scope 1 and 2 annual emissions by approximately 8%, bringing us closer to our goal of reaching net zero across Scope 1 and 2 upstream emissions by the end of 2025.

We are rapidly developing our CCUS business and plan to invest additional capital to grow BKV dCarbon Ventures. We are currently partnering with engineering firms to develop our modular, repeatable CO_2 capture design and are in various stages of developing additional CCUS projects which include potential joint venture or other commercial arrangements with third parties in the carbon capture and/or storage business. For example, on August 22, 2022, we entered into a development agreement with Verde CO2 to identify, evaluate and develop CCUS projects throughout the United States. This partnership is intended to expand our CCUS and GHG emissions reduction efforts by decarbonizing large industrial point sources through carbon capture and permanent sequestration. Pursuant to the development agreement, Verde CO2 will be responsible for the sourcing, development, performance and ongoing management of such CCUS projects and BKV dCarbon Ventures will provide funding for such projects. Once completed, we expect that our CCUS projects will inject CO_2 captured from industrial sources into saline aquifers and/or depleted underground oil and natural gas reservoirs and permanently store CO_2 deep underground.

As we look to become a leader in CCUS, we have engaged two renowned experts in CCUS on our steering committee: Dr. Paitoon (P.T.) Tontiwachwuthikul (Professor of Industrial & Process Systems Engineering & Fellow, Canadian Academy of Engineering) and Dr. Malcolm A. Wilson (Program Director, CO_2 Management, Office of Energy & Environment (OEE), Adjunct Professor of Engineering and Graduate Studies). Each of these individuals are professors at the world-renowned carbon capture research leading University of Regina.

All of our CCUS projects are in early stages. We do not consider the financial impact of our CCUS activities to be material to our operating and financial results for the six months ended June 30, 2022 and the year ended December 31, 2021; however, we expect that the size and scope of our projects providing these and similar services and capital spent on such projects will continue to grow given our strategy of expansion into these services. For more information about the risks involved in our CCUS business, see "*Risk Factors — Risks Related to Our CCUS Business — Our ability to establish large-scale CCUS projects is subject to numerous risks and uncertainties and we may be unable to pursue our CCUS business, either wholly or in significant measure.*"

Summary of Our Reserve Estimates

Ryder Scott, our independent petroleum engineers, prepared estimates of our natural gas, NGL and oil proved reserves as of December 31, 2021 and 2020, and as of June 30, 2022, including the assets we acquired in the Exxon Barnett Acquisition. These reserve estimates were prepared in accordance with the rules and regulations of the SEC regarding oil and natural gas reserve reporting using SEC Pricing (except for the table which provides our estimated reserves as of June 30, 2022 at Ryder Scott Pricing). These reserve estimates do not include any value for probable or possible reserves that may exist. For more information about our proved reserves, see "*Business — Preparation of Reserves Estimates and Internal Controls*" and Ryder Scott's summary reserve reports, which are filed as exhibits to the registration statement of which this prospectus forms a part.

The following table provides our total estimated proved reserve information prepared by Ryder Scott as of June 30, 2022 and December 31, 2021 and 2020 and PV-10 Value and the Standardized Measure for each period. The increase in our proved reserves and the PV-10 Value of those reserves as of June 30, 2022 as compared to December 31, 2021 is primarily due to the Exxon Barnett Acquisition, our refrac and restimulation program and the increase in natural gas prices used in preparing the December 31, 2021 reserve information. There are numerous uncertainties inherent in estimating quantities of proved natural gas, NGL and oil reserves and their values, including many factors beyond our control. See "*Risk Factors — Risks Related to Our Upstream Business and Industry — Our estimated proved natural gas, NGL and oil reserve quantities and future production rates are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in the reserve estimates or the underlying assumptions will materially affect the quantities and present value of our reserves.*" For more information about our proved reserves, see "*Business — Preparation of Reserves Estimates and Internal Controls*" and Ryder Scott's summary reserve reports, which are filed as exhibits to the registration statement of which this prospectus forms a part.

Estimated Proved Reserves at SEC Pricing [(1)]

	June 30, 2022	December 31, 2021	December 31, 2020
Estimated proved developed reserves:			
Natural gas (MMcf)	3,806,470	2,494,926	1,893,161
Natural gas liquids (MBbls)	174,393	151,433	107,234
Oil (MBbls)	1,030	867	723
Total estimated proved developed reserves (MMcfe)	4,859,006	3,408,723	2,540,901
PV-10 (millions)[(2)]	$ 6,136	$ 2,672	$ 552
Estimated proved undeveloped reserves:			
Natural gas (MMcf)	1,166,005	950,359	92,373
Natural gas liquids (MBbls)	45,871	13,722	—
Oil (MBbls)	728	58	—
Total estimated proved undeveloped reserves (MMcfe)	1,445,595	1,033,040	92,373
PV-10 (millions)[(2)]	$ 1,451	$ 403	$ 9
Estimated proved reserves:			
Natural gas (MMcf)	4,972,474	3,445,285	1,985,534
Natural gas liquids (MBbls)	220,264	165,155	107,234
Oil (MBbls)	1,757	925	723
Total estimated proved reserves (MMcfe)	6,304,600	4,441,763	2,633,274
Standardized Measure (millions)	5,918	2,413	510
PV-10 (millions)[(2)]	$ 7,587	$ 3,074	$ 561

(1) Prices for natural gas, oil and NGLs, respectively, used in preparing our estimated proved reserves and the associated PV-10 Value based on SEC Pricing (i) at June 30, 2022 were $5.134 per MMbtu (Henry Hub), $85.78 per Bbl (WTI Cushing) and NGL pricing equal to 40% of WTI Cushing, (ii) at December 31, 2021 were $3.598 per MMbtu (Henry Hub), $66.56 per Bbl (WTI Cushing) and pricing equal to 39.5% of WTI Cushing and (iii) at December 31, 2020 were $1.985 per MMbtu (Henry Hub), $39.57 per Bbl (WTI Cushing) and pricing equal to 47% of WTI Cushing.

(2) PV-10 refers to the estimated future gross revenue to be generated from the production of proved reserves, net of estimated production and future development costs, using prices and costs in effect at the determination date, without giving effect to non-property related expenses such as general and administrative expenses, debt service and future income tax expense or to depreciation, depletion and amortization, discounted using an annual discount rate of 10%. PV-10 is not a financial measure calculated in accordance with GAAP because it does not include the effects of income taxes on future net revenues. PV-10 is derived from the Standardized Measure, which is the most directly comparable GAAP financial measure. Neither PV-10 nor Standardized Measure represent an estimate of the fair market value of our oil and natural gas properties. We believe that the presentation of PV-10 is relevant and useful to investors because it presents the discounted future net cash flows attributable to our estimated net proved reserves prior to taking into account future corporate income taxes, and it is a useful measure for evaluating the relative monetary significance of our oil and gas properties. It is not intended to represent the current market value of our estimated reserves. PV-10 should not be considered in isolation or as a substitute for the Standardized Measure reported in accordance with GAAP, but rather should be considered in addition to the Standardized Measure. See "*Prospectus Summary —Summary Reserve, Production and Operating Data — Estimated Proved Reserves at SEC Pricing*" for a reconciliation of the Standardized Measure to PV-10 as of June 30, 2022 and December 31, 2021 and 2020.

During the six months ended June 30, 2022 and the year ended December 31, 2021, we incurred costs of approximately $30.5 million and $24.0 million, respectively, to convert 23.6 Bcfe and 45.5 Bcfe, respectively, of proved undeveloped reserves and proved non-producing reserves to proved developed reserves. Estimated future development costs relating to the development of our proved undeveloped reserves at June 30, 2022 and December 31, 2021 are approximately $1,008.0 million and $719.0 million, respectively, over the next five years, substantially all of which we expect to finance through cash flow from operations. Our development programs through the first two quarters of 2022 have focused on refracturing under-stimulated wells and designing and drilling new wells in both our Barnett and Marcellus assets. All of our PUD reserves are expected to be developed over the next five years. See "*Risk Factors — Risks Related to Our Upstream Business and Industry — The development of our estimated proved undeveloped reserves may take longer and may require higher levels of capital expenditures than we currently anticipate.*"

Estimated Proved Reserves at Ryder Scott Pricing

The following table provides our total estimated proved reserves as of June 30, 2022, using Ryder Scott Pricing, which is described in more detail below. We have included this information in order to provide a measure that is more reflective of the fair value of our assets and the cash flows that we expect to generate from those assets. The historical 12-month pricing average in our June 30, 2022 disclosures above does not reflect the prevailing gas futures. We believe that the forward-looking nature of Ryder Scott Pricing provides investors with a more meaningful measure of value and enhances their ability to make decisions regarding their investment in us. In addition, we believe forward-looking pricing provides relevant and useful information because it is widely used by investors in our industry as a basis for comparing the relative size and value of our proved reserves to our peers and in particular addresses the impact of differentials compared with our peers. Our estimated net proved reserves based on Ryder Scott Pricing futures were otherwise prepared on the same basis as our SEC reserves for the comparable period. Actual future prices may vary significantly from the Ryder Scott Pricing on June 30, 2022. Actual revenue and value generated may be more or less than the amounts disclosed. "*Risk Factors*" contains more information regarding the uncertainty associated with price and reserve estimates.

	June 30, 2022
Estimated proved developed reserves at Ryder Scott Pricing:	
Natural gas (MMcf)	3,637,676
Natural gas liquids (MBbls)	166,643
Oil (MBbls)	987
Total estimated proved developed reserves (MMcfe)	4,643,451
PV-10 (in millions)[(1)]	$ 5,080
Estimated proved undeveloped reserves at Ryder Scott Pricing:	
Natural gas (MMcf)	1,165,202
Natural gas liquids (MBbls)	45,870
Oil (MBbls)	727
Total estimated proved undeveloped reserves (MMcfe)	1,444,787
PV-10 (in millions)[(1)]	$ 990
Estimated proved reserves at Ryder Scott Pricing:	
Natural gas (MMcf)	4,802,878
Natural gas liquids (MBbls)	212,513
Oil (MBbls)	1,714
Total estimated proved reserves (MMcfe)	6,088,238
Standardized Measure (millions)	$ 4,402
PV-10 (in millions)[(1)]	$ 6,071

(1) See "*Prospectus Summary —Summary Reserve, Production and Operating Data — Estimated Proved Reserves at Ryder Scott Pricing*" for a description of PV-10 and a reconciliation of the Standardized Measure to PV-10 (applying Ryder Scott Pricing) as of June 30, 2022 and December 31, 2021 and 2020, as well as a description of the price parameters used in Ryder Scott Pricing.

Preparation of Reserves Estimates and Internal Controls

Our reserve estimates as of December 31, 2020, December 31, 2021 and June 30, 2022 included in this prospectus are based on reports prepared by Ryder Scott, our independent reserve engineer, in accordance with generally accepted petroleum engineering and evaluation principles and definitions and guidelines established by the SEC in effect at such time. We rely on Ryder Scott's expertise to ensure that our reserve estimates are prepared in compliance with SEC rules and regulations and SPE-PRMS reserves definition and disclosure guidelines and that appropriate geologic, petroleum engineering, and evaluation principles and techniques are applied in accordance with practices generally recognized by the petroleum industry as presented in the publication of the Society of Petroleum Engineers titled "Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information (Revision as of June 2019)." Copies of Ryder Scott's reserve reports are included as exhibits to the registration statement of which this prospectus forms a part.

The person at Ryder Scott responsible for the preparation of the reserve report is Stephen E. Gardner, a Licensed Professional Engineer in the State of Colorado (No. 44720). Mr. Gardner, an employee of Ryder Scott since 2006, is a Managing Senior Vice President responsible for ongoing reservoir evaluation studies worldwide. Before joining Ryder Scott, Mr. Gardner served in a number of engineering positions with Exxon Mobil Corporation. Mr. Gardner earned a Bachelor of Science degree in Mechanical Engineering from Brigham Young University in 2001 (summa cum laude). He is a licensed Professional Engineer in the States of Colorado and Texas. Mr. Gardner is a member of the Society of Petroleum Engineers and a former chairperson of the Society of Petroleum Evaluation Engineers for the Denver Chapter. He also currently serves on the latter organization's board of directors at the international level. Mr. Gardner has attained the professional qualifications as a Reserves Estimator set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the Society of Petroleum Engineers.

Our internal staff of petroleum engineers, geoscience professionals, operations, land, finance and accounting, and marketing personnel prior to our annual reserves process, work closely together to ensure the integrity, accuracy and timeliness of data so that our reservoir engineering team can review such data and then furnish it to, and work with, our independent reserve engineers in their reserve evaluation process. Our internal reserves process follows a rigorous workflow where the multidisciplinary teams come together to vet our model assumptions and input and get final signoff before our technical team meets with the independent reserve engineers to review properties and discuss methods and assumptions used to prepare reserve estimates. Our Chief Technology Services Officer, Ethan Ngo, is primarily responsible for overseeing the independent reserve engineers during the process. Mr. Ngo has over 14 years of conventional and unconventional experience on and offshore across the lower 48 states with a major oil and gas company, independent oil and gas companies, and a private-equity-backed oil and gas company. Mr. Ngo has a BS in Civil Engineering and Masters in Petroleum Engineering and International Political Economy of Resources from the Colorado School of Mines, and a MBA from the University of Colorado, Denver.

Ryder Scott relies on various data provided by our internal reservoir engineering team in preparing its reserve estimates, including such items as oil and natural gas prices, ownership interests, production information, operating costs, planned capital expenditures and other technical data. Our internal reservoir engineering team consists of qualified petroleum engineers who maintain our internal evaluation of reserves and compare our information to the reserves prepared by Ryder Scott. Management is responsible for designing the internal control procedures used in the preparation of our oil and gas reserves, which include verification of data input into reserve forecasting and economics evaluation software, as well as multi-discipline management reviews. The internal reservoir engineering team reports directly to our Senior Vice President of Engineering.

Proved developed oil and gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. Proved behind pipe (proved non-producing) oil and gas reserves are new reserves that can be expected to be recovered through existing wells, active or shut-in, where expenditure is required to access the new reserves. Proved undeveloped oil and gas reserves are reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for completion. Proved undeveloped reserves on undrilled acreage are limited to those locations on development spacing areas that are offsetting economic producers that are reasonably certain of economic production when drilled. Proved undeveloped reserves for other undrilled development spacing areas are claimed only where it can be demonstrated with reasonable certainty that there is continuity of economic production from the existing productive formation. Proved undeveloped reserves are included when they are scheduled to be drilled within five years.

Uncertainties are inherent in estimating quantities of proved reserves, including many factors beyond our control. Reserve engineering is a subjective process of estimating subsurface accumulations of oil and natural gas that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and its interpretation. As a result, estimates by different engineers often vary, sometimes significantly. In addition, physical factors such as the results of drilling, testing, and production subsequent to the date of an estimate, as well as economic factors such as changes in product prices or development and production expenses, may require revision of such estimates. Accordingly, quantities of oil and natural gas ultimately recovered will vary from reserve estimates. See "*Risk Factors*" for a description of some of the risks and uncertainties associated with our upstream business and reserves.

Reserve estimates are based on production performance, data acquired remotely or in wells, and are guided by petrophysical, geologic, geophysical and reservoir engineering models. Estimates of our proved reserves were based on deterministic methods. In the case of mature developed reserves, reserve estimates are determined by decline curve analysis and in the case of immature developed and undeveloped reserves, by analogy, using proximate or otherwise appropriate examples in addition to volumetric and statistical analyses. The technologies and economic data used in estimating our proved reserves include empirical evidence through drilling results and well performance, well logs and test data, geologic maps and available surface and downhole pressure data, and production and reservoir data. Further, the internal review process of our wells and related reserve estimates includes but is not limited to the following:

- 3D seismic-based subsurface maps,
- Petrophysical estimates of original gas in place,

- Volumetric estimates for producing wells,
- Decline curve analysis,
- Rate transient and analytical model analysis,
- Statistical analysis and Monte Carlo simulation, and
- Fracture modeling.

Our estimated proved reserves were determined using average first-day-of-the-month prices for the prior 12 months in accordance with SEC guidance. Regional variations in pricing and related deductions are similarly obtained and a 12-month average is calculated at year end.

For the six months ended June 30, 2022 and the years ended December 31, 2021 and 2020, Ryder Scott and our multidisciplinary team of technical and other professionals jointly reviewed our well performance and future development plans. Following that joint review, we furnished our internal reserve database and supporting data to Ryder Scott to facilitate their preparation of independent reserve estimates and final reports. Access to our database containing reserve information is restricted to select individuals from our engineering department.

Seasonality

Weather conditions have a significant impact on the demand for natural gas used for heating loads and natural gas-fired power generation. Demand for natural gas is generally at its lowest during the spring and fall months and peaks during the summer and winter months. Demand in the winter season peaks due to residential and commercial heating load demand, while the summer season peaks due to cooling loads, which calls on increased natural gas fired power generation loads. However, seasonal anomalies such as warmer than normal winters or cooler than normal summers can lessen the magnitude of the seasonal fluctuations in demand. In addition, natural gas storage facilities are utilized to bring additional supply to the market that is utilized to meet peak demand levels during both winter and summer seasons.

In addition to the demand side effects, specific seasonal weather events can also have an effect on available natural gas supply. In recent history, much colder than normal weather has induced wellhead freeze-offs in various regional supply markets, which ultimately lessens supply available to broader markets. Various weather events related to the summer months can similarly have detrimental effects on available supply also.

These seasonal anomalies can also increase competition for equipment, supplies and personnel during the spring and summer months, which could lead to shortages and increase costs or delay our operations. Similarly, winter months may bring about delays in operational capabilities and efficiency of execution related to new and existing supply.

Enterprise Risk Management (ERM)

We have a standing risk management committee (“RMC”) which meets regularly and assesses, mitigates and provides direction on management of key enterprise risks. RMC members include executives and senior leaders within various functions such as legal, information technology, marketing, regulatory and sustainability, safety, security, operations, finance and accounting, and land.

COVID-19 Impact

Since the start of the COVID-19 pandemic, governments have tried to slow the spread of the virus by imposing social distancing guidelines, travel restrictions and stay-at-home orders, among other actions, which caused a significant decrease in activity in the global economy and the demand for oil, and to a lesser extent, natural gas and NGLs. As vaccines have become widely available, social distancing guidelines, travel restrictions and stay-at-home orders have eased, activity in the global economy has increased and demand for natural gas, NGLs and oil and related commodity pricing, has improved. However, new variants of the virus could cause further commodity market volatility and resulting financial market instability, and these are variables beyond our control that may adversely impact our operating cash flows, distributions from unconsolidated affiliates, our ability to pay dividends on our common stock and our ability to access the capital markets.

As a producer of natural gas and NGLs, we are recognized as an essential business under various federal, state and local regulations related to the COVID-19 pandemic. As such, we have continued to operate throughout the pandemic as permitted under these regulations while taking steps to protect the health and safety of our workers. We have implemented protocols to reduce the risk of an outbreak within our field operations and corporate offices, and these protocols have not reduced our production and our throughput in a significant manner. A substantial portion of our non-field level employees currently operate in remote work from home arrangements, and we have been able to effectively maintain our day-to-day operations. We continue to monitor the COVID-19 environment in order to protect the health and safety of our employees and contract workers.

Our supply chain has not experienced any significant interruptions as a result of the COVID-19 pandemic. The lack of a market or available storage for any one NGL product or oil could result in our having to delay or discontinue well completions and commercial production or shut-in production for other products because we cannot curtail the production of individual products in a meaningful way without reducing production of other products. Potential impacts of these constraints may include partial shut-in of production, although we are not able to determine the extent of shut-ins or for how long they may last. However, because some of our wells produce rich gas, which is processed, and some produce lean gas, which does not require processing, we can change the mix of products that we produce and wells that we complete to adjust our production to address takeaway capacity constraints for certain products. For example, we can shut-in rich gas wells and still produce from our lean gas wells if processing or storage capacity of NGL products becomes limited or constrained.

Customers and Product Marketing

We utilize an unaffiliated third party to market all of our natural gas and oil production to various purchasers, which consist of credit-worthy counterparties, including utilities, LNG producers, industrial consumers, major corporations and super majors, in our industry. This third party collects directly from the purchasers and remits to us the total of all amounts collected on our behalf less their fee for making such sales. We do not believe the loss of any customer would have a material adverse effect on our business, as other customers or markets are currently accessible to us.

Our ability to market oil and natural gas depends on many factors beyond our control, including the extent of domestic production and imports of oil and natural gas, available storage, the proximity of our natural gas and oil production to pipelines and corresponding markets, the available capacity in such pipelines, the demand for natural gas and oil, the effects of weather, and the effects of state and federal regulation. While we have not experienced significant difficulty in finding a market for our production as it becomes available or in transporting our production to those markets, there is no assurance that we will always be able to market all of our production or obtain favorable prices.

Marketing and Differentials

In NEPA, we continually monitor ongoing market dynamics to ensure equity gas sales are well positioned in terms of market optionality and counterparty liquidity. Within our operating area, sales are generally exposed to indices (denoted in parentheses) located on Eastern Gas Pipeline (South), Millennium Pipeline (East Pool), Tennessee Gas Pipeline (Zone 4) and Transco Pipeline (Leidy). From time to time, we will enter into longer-term commitments with downstream pipelines for firm transportation service. As of June 30, 2022, we have multiple contracts for firm transportation services including a combined 90,000 MMBtu/d to various locations on Tennessee Gas Pipeline and 27,500 MMBtu/d on Millennium Pipeline, which provide access to premium markets in New England (Algonquin), the Northeast and Gulf Coast areas. The remaining term on these contracts range from one year to 15 years, with an average remaining duration of 7.5 years as of June 30, 2022.

In the Barnett, we have several firm transportation contracts specific to the Devon Barnett Acquisition to transport natural gas volumes out of the Barnett to premium markets, including 200,000 MMBtu/d to the Katy area, 200,000 MMBtu/d to Transco Zone 4 Station 85, and 80,000 MMBtu/d to NGPL-TxOk with term end dates ranging through 2023 and 2024. The capacity to NGPL-TxOk is currently approximately 15,000 MMBtu/d deficient, however we reserve the right to tranche this capacity down annually to match production. BKV is currently negotiating an extension of several Barnett transport agreements to preserve optionality to transport volumes out of the Barnett.

We were assigned 270,000 MMBtu/d of firm transport on Energy Transfer and Houston Pipe Line Company LP in connection with the closing of the Exxon Barnett Acquisition, which contract will expire in 2027. The contract with Energy Transfer and Houston Pipe Line provides access to the NGPL-TxOk market. Additionally, we executed a transaction confirmation with XTO Energy, Inc., which had the structural effect of assigning 170,000 MMBtu/d of firm capacity on Midcontinent Express Pipeline providing access to premium markets at Transco Zone 4 Station 85, which contract will expire in late 2022.

As it relates to Temple I, in addition to 2,812,500 MMBtu of storage at Energy Transfer's Bammel storage facility which expires in late 2027, BKV-BPP Power holds 75,000 MMBtu/d of firm transport with Energy Transfer and its subsidiaries which supports receipt of gas from the Katy Area with delivery to the Temple Facility and expires in late 2027. Additionally, Temple I holds 125,000 MMBtu/d of interruptible transport with Atmos Pipeline for delivery to Temple I, which terminates upon cancellation by the parties.

Unless otherwise mentioned, under all firm transportation contracts, we pay reservation fees, regardless of usage, to hold transportation rights of the contracted volume on these pipelines for the duration of the contract. The utilization and economic optimization of the upstream business units' firm transportation contracts are currently managed by Concord Energy, LLC, who acts as the marketing agent for all our upstream marketed volumes. We believe that all NEPA, Barnett and Temple I transport contracts are at competitive rates.

Competition

The oil and gas industry is very competitive, and we compete with a substantial number of other companies, many of which are large, well-established and have greater financial and operational resources than we do. We compete with several other onshore unconventional natural gas producers to deliver our products to the marketplace, some of which include TotalEnergies and Lime Rock Resources (operating in the Barnett), Chesapeake Energy Corporation, Repsol USA, Coterra Energy Inc. and Southwestern Energy Company (operating in NEPA), among others.

Some of our competitors not only engage in the acquisition, exploration, development and production of oil and gas reserves and electricity generation, but also carry-on refining operations and the marketing of refined products. In addition, the oil and gas industry in general competes with other industries supplying energy and fuel to industrial, commercial and individual consumers, including alternative energy sources. Competition is particularly intense in the acquisition of prospective oil and gas properties. We may incur higher costs or be unable to acquire and develop desirable properties at costs we consider reasonable because of this competition. We also compete with other oil and gas companies to secure drilling rigs, frac fleets, sand and other equipment and materials necessary for the drilling and completion of wells and in the recruiting and retaining of qualified personnel. Such materials, equipment and labor may be in short supply from time to time. Shortages of equipment, labor or materials may result in increased costs or the inability to obtain such resources as needed. Many of our larger competitors may have a competitive advantage when responding to commodity price volatility and overall industry cycles. Further, the current inflation may affect us more than it may affect some of our larger competitors.

Environmental, Health, Safety and Climate Change Considerations

We are dedicated to making advancements in the production of sustainable energy and being a force for good in our society. We understand the impact climate change has on our community, the world and future generations, which is why addressing these impacts in how energy is produced is a top priority. In particular, it is one of our core values, "Be One BKV," to create a unified team with a shared vision to achieve our ESG goals.

We have established an ESG Working Team consisting of a cross-functional group of BKV leaders who specialize in ESG strategy that meets periodically to identify, assess and implement critical ESG program initiatives. In addition, we have a Risk Management Committee that includes representatives from our operations, legal, finance, investor relations, information technology, marketing and environmental compliance teams and meets periodically to review potential ESG and other risks, tracks how these risks may be changing and ensures they are being properly managed. Our executive short-term incentive plan is tied to ESG-related initiatives, such as operational safety goals, social goals related to employee engagement, emission reduction goals working towards net zero emissions, the development of our CCUS business and other strategies to achieve such goals. We believe we have a strong governance structure that is facilitated by aligning the interests of our leadership with responsible climate stewardship.

We also have established robust Environmental, Health, Safety and Regulatory (“EHSR”) goals with proven results. At the management level, our EHSR programs are overseen directly by our Chief Executive Officer and Chief Operating Officer. Our Director of EHSR reports to our Chief Operating Officer, providing direct access to executive management and decision-making with respect to our top priority focus of EHSR performance. Our safety performance ranks high in comparison to our peers, and we have achieved a Total Recordable Incident Rate (TRIR) of zero in 2019 through 2021, which includes both our employees and our contractors. In the past three years, our employees have driven a total average of nearly 3,000,000 miles per year, during which time we have had zero at-fault driving incidents. Regarding our environmental and safety performance, we have received zero notices of violation in 2020, 2021 and through the date of this prospectus that have carried a penalty. We have established a four-tiered emissions monitoring ecosystem through which we monitor our wells and facilities via satellite, fixed wing aircraft, continuous perimeter sensors (largely through our Project Canary partnership), and handheld Forward Looking Infrared (FLIR) cameras. We will self-audit our environmental management system in the third quarter of 2022 for alignment to ISO 14001 (a set of environmental management standards). We have certified 100% of our production in NEPA with Project Canary TrustWell and achieved a Gold rating for all wells; a strong rating that will enable us to sell RSG. We also have started the TrustWell certification process for wells in our Barnett assets and expect the certification results in the third quarter of 2022.

As a top 20 gas-weighted natural gas producer in the U.S. market, we believe we have a significant opportunity to reduce our environmental footprint by reducing GHG emissions through a series of strategic projects and technological commitments, and by offsetting remaining operational emissions. We have set a goal of reaching net-zero emissions across Scopes 1 and 2 by the end of 2025. To address our Scope 1 and 2 emissions between 2021 and 2022, we are investing approximately $8.8 million in 2022 to reduce emissions from our operations. These investments will allow us to prototype and deploy electrified components into the production processes, convert pneumatic gas instruments, enhance measurement technology, remove redundant equipment and develop and draw on renewable energy sources, among other operational improvements. For our Scope 3 profile, we aspire to offset 100% of our combined Scope 1, 2 and 3 emissions by the early 2030s. We believe we have a clear and credible path to these net-zero goals through the expansion of our carbon negative businesses, such as significant expansion of our CCUS activities and our ongoing BKV dCarbon Ventures efforts. For more information on our CCUS business, see “— *Our Operations — Carbon Capture, Utilization and Sequestration*.” Another way we are enabling CO_2 emission reduction from our operations is by increasing our production of RSG. We received Project Canary’s TrustWell environmental assessment Gold rating in 2021 across our entire Marcellus Shale (NEPA) operations, earning the highest score achieved for wells taken over by a new operator.

Human Capital Resources

As of December 31, 2021, we had a total of 219 employees. As of July 1, 2022, we had a total of 356 employees, which includes employees added following the completion of the Exxon Barnett Acquisition. We hire independent contractors on an as needed basis. We believe we have good relations with our employees. We and our employees are not subject to any collective bargaining agreements.

Safety. Safety is our highest priority, including the prevention of any releases from our operations. We conduct routine maintenance and inspections at our facilities, and we have established practices and operational infrastructure to control and mitigate potential spills or discharges. We also offer annual specialized training to staff on spill prevention and host routine Response Tabletop Sessions to ensure our teams are fully trained on our response plan in the event of any releases. We believe these measures continue to strengthen our process safety culture.

Compensation and Benefits. We recognize that our employees are our most valuable resource and that we must provide competitive compensation to ensure we attract and retain top talent. As part of our commitment to these efforts, we underwent a third-party evaluation to confirm our compensation was both competitive and reflective of the work our employees were performing. In 2021, we assessed our existing compensation strategy and have begun working towards standardizing salary ranges. We have implemented a compensation framework that strives to pay employees fairly and consistently based on their skills, experience and performance and that we believe is competitive compared to other companies in our industry.

To foster the health and well-being of our employees and their families, we offer all of our full- and part-time employees access to financial, health and wellness programs. We also offer a matched 401(k) plan, short-term and long-term incentive plans, medical insurance coverage, parental leave, and paid time off for holidays, personal days and vacation.

Diversity and Inclusion. We strongly believe that a diverse workforce fosters new ideas and makes us stronger as a company. Providing a safe, inclusive working environment for our employees and contractors is among our top priorities. Our executive leaders are committed sponsors and supporters of programs that foster an increase in diverse demographic representation, nurture the careers of underrepresented groups and create a greater sense of inclusion and belonging.

In 2021, we implemented a new code of business conduct, updating our employee policies and completing an employee handbook refresh. Among the policies that were updated was our whistleblower policy. In conjunction with the update of the whistleblower policy, we launched our confidential ethics and compliance hotline (in addition to our online submission portal).

In 2022, we implemented a comprehensive manager and employee online training program across the Company that includes topics such as business ethics, human rights and diversity, equity and inclusion and that will be tracked to ensure participation.

We are also prioritizing the formal buildout of employee resource groups to create more opportunity for colleagues and peers to connect with others facing similar situations or challenges.

Human Rights. Providing a safe, inclusive working environment for our employees and contractors is a priority. We do not tolerate discrimination or harassment of any kind. We also have a Human Rights Policy that applies to all of our employees and is aligned with the UN Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. We continue to monitor the effectiveness of our human rights policy with the goal of growing and aligning our business to the dynamic rights of our workforce. Our Human Rights Policy extends to all our operations, as well as partners and suppliers, including security providers.

Recruitment, Retention and Development. We provide equal opportunity for all employees and consultants regardless of race, religion, gender, sexual orientation, age, ethnic or national origin, social origin, disability, family status or any other protected status and personal characteristics for all aspects of employment. This applies to recruitment and talent attraction, training and professional development opportunities, promotions and all employee benefits. Additionally, we prioritize local hiring for both employees and contractors, particularly in areas of field operations, to support employment opportunities in our local communities.

Government Regulation and Environmental Matters

Our operations are subject to extensive federal, state and local laws and regulations that govern oil and natural gas operations, regulate the discharge of materials into the environment or otherwise relate to the protection of the environment. These laws, rules and regulations may, among other things:

- require the acquisition of various permits before drilling commences;
- require notice to stakeholders of proposed and ongoing operations;
- require the installation of expensive pollution control equipment;
- restrict the types, quantities and concentration of various substances that can be released into the environment in connection with oil and gas drilling and production and saltwater disposal activities;

- limit or prohibit drilling activities on certain lands lying within wilderness, wetlands and other protected areas, or otherwise restrict or prohibit activities that could impact the environment, including water resources; and
- require remedial measures to mitigate pollution from former and ongoing operations, such as requirements to plug and abandon wells.

Numerous governmental departments issue rules and regulations to implement and enforce such laws that are often difficult and costly to comply with and which carry substantial administrative, civil and even criminal penalties, as well as the issuance of injunctions limiting or prohibiting our activities for failure to comply. Violations and liabilities with respect to these laws and regulations could also result in remedial clean-ups, natural resource damages, permit modifications or revocations, operational interruptions or shutdowns and other liabilities. The costs of remedying such conditions may be significant, and remediation obligations could adversely affect our financial condition, results of operations and cash flows. In certain instances, citizens or citizen groups also have the ability to bring legal proceedings against us if we are not in compliance with environmental laws or to challenge our ability to receive environmental permits that we need to operate. Some laws, rules and regulations relating to protection of the environment may, in certain circumstances, impose "strict liability" for environmental contamination, rendering a person liable for environmental and natural resource damages and cleanup costs without regard to negligence or fault on the part of such person. Other laws, rules and regulations may restrict the rate of oil and gas production below the rate that would otherwise exist or even prohibit exploration or production activities in sensitive areas. In addition, state laws often require some form of remedial action to prevent pollution from former operations, such as plugging of abandoned wells. As of June 30, 2022, we have recorded asset retirement obligations of $209.3 million attributable to these activities. The regulatory burden on the oil and gas industry increases its cost of doing business and consequently affects its profitability. These laws, rules and regulations affect our operations, as well as the oil and gas exploration and production industry in general.

We believe that we are in material compliance with current applicable environmental laws, rules and regulations and that continued compliance with existing requirements will not have a material impact on our financial condition, results of operations or cash flows. Nevertheless, changes in existing environmental laws or regulations or the adoption of new environmental laws or regulations, including any significant limitation on the use of hydraulic fracturing, could have the potential to adversely affect our financial condition, results of operations and cash flows. Federal, state or local administrative decisions, developments in the federal or state court systems or other governmental or judicial actions may influence the interpretation or enforcement of environmental laws and regulations and may thereby increase compliance costs. Environmental regulations have historically become more stringent over time, and thus, there can be no assurance as to the amount or timing of future expenditures for environmental compliance or remediation.

The following is a summary of the significant environmental laws to which our business operations are subject.

CERCLA. The Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, is also known as the "Superfund" law. CERCLA and comparable state laws impose liability, without regard to fault or the legality of the original conduct, on parties that are considered to have contributed to the release of a "hazardous substance" into the environment. These persons include the current or former owner or operator of the site where the release occurred and anyone who disposed or arranged for the disposal of a hazardous substance released at the site. Such "responsible parties" may be subject to joint and several liability under CERCLA for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources. It is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. We currently own or lease properties that have been used for the exploration and production of natural gas, NGLs and oil for a number of years. Although operating and disposal practices that were standard in the industry at the time may have been utilized, it is possible that hydrocarbons or other wastes may have been disposed of or released on or under the properties currently owned or leased by us. Many of these properties have been operated by third parties whose treatment or release of hydrocarbons or other wastes was not under our control. These properties, and any wastes that may have been released on them, may be subject to CERCLA, and we could potentially be required to investigate and remediate such properties, including soil or groundwater contamination by prior owners or operators, or to perform remedial plugging or pit closure operations to prevent future contamination. States also have environmental cleanup laws analogous to CERCLA, including Texas.

RCRA. The Resource Conservation and Recovery Act, or RCRA, and comparable state statutes regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous and non-hazardous wastes. Under the auspices of the EPA, the individual states administer some or all of the provisions of RCRA. While there is currently an exclusion from RCRA for drilling fluids, produced waters and most of the other wastes associated with the exploration and production of oil or gas, it is possible that some of these wastes could be classified as hazardous waste in the future and therefore be subject to more stringent regulation under RCRA. For example, in December 2016, the EPA and certain environmental organizations entered into a consent decree to address the EPA's alleged failure to timely assess its RCRA Subtitle D criteria regulations exempting certain exploration and production-related oil and gas wastes from regulation as hazardous wastes under RCRA. The consent decree required the EPA to propose a rulemaking no later than March 15, 2019, for revision of certain Subtitle D criteria regulations pertaining to oil and gas wastes or to sign a determination that revision of the regulations is not necessary; the EPA ultimately determined that a revision was not necessary. Also, in the course of our operations, we generate some amounts of ordinary industrial wastes that may be regulated as hazardous wastes if such wastes have hazardous characteristics.

Oil Pollution Act. The Oil Pollution Act of 1990, or the OPA, contains numerous restrictions relating to the prevention of and response to oil spills into waters of the United States. The term "waters of the United States" has been interpreted broadly to include inland water bodies, including wetlands and intermittent streams. The OPA imposes certain duties and liabilities on certain "responsible parties" related to the prevention of oil spills and damages resulting from such spills in or threatening waters of the United States or adjoining shorelines. For example, operators of certain oil and gas facilities must develop, implement and maintain facility response plans, conduct annual spill training for certain employees and provide varying degrees of financial assurance. Owners or operators of a facility, vessel or pipeline that is a source of an oil discharge or that poses the substantial threat of discharge is one type of "responsible party" who is liable. The OPA subjects owners of facilities to strict, joint and several liability for all containment and cleanup costs, and certain other damages arising from a spill. As such, a violation of the OPA has the potential to adversely affect our business, financial condition, results of operations and cash flows.

Clean Water Act. The Clean Water Act and implementing regulations, which are primarily executed through a system of permits, also govern the discharge of certain pollutants into waters of the United States. Enforcement for failure to comply strictly with the Clean Water Act are generally resolved by payment of fines and correction of any identified deficiencies. However, regulatory agencies could require us to cease construction or operation of certain facilities or to cease hauling wastewaters to facilities owned by others that are the source of water discharges to resolve non-compliance. The Clean Water Act also requires the preparation and implementation of Spill Prevention, Control and Countermeasure Plans in connection with on-site storage of significant quantities of oil. In 2016, the EPA finalized new wastewater pretreatment standards that would prohibit onshore unconventional oil and gas extraction facilities from sending wastewater to publicly-owned treatment works. This restriction of disposal options for hydraulic fracturing waste may result in increased costs. In addition, state laws analogous to the Clean Water Act also may require permits for certain of our operations.

Safe Drinking Water Act. The SDWA and comparable local and state provisions restrict the disposal, treatment or release of water produced or used during oil and gas development. Subsurface emplacement of fluids (including oil and gas wastewater disposal wells or enhanced oil recovery) is governed by U.S. federal or state regulatory authorities that, in some cases, includes the state oil and gas regulatory authority or the state's environmental authority. The SDWA's Underground Injection Well Program requires that we obtain permits from the EPA or delegated state agencies for our disposal wells, establishes minimum standards for injection well operations, restricts the types and quantities of fluids that may be injected and prohibits the migration of fluid containing any contaminants into underground sources of drinking water. Any leakage from the subsurface portions of the injection wells may cause degradation of freshwater, potentially resulting in cancellation of operations of a well, imposition of fines and penalties from governmental agencies, incurrence of expenditures for remediation of affected resources, and imposition of liability by landowners or other parties claiming damages for alternative water supplies, property damages, and personal injuries. In addition, in some instances, the operation of underground injection wells has been alleged to cause earthquakes (induced seismicity) as a result of flawed well design or operation. This has resulted in stricter regulatory requirements in some jurisdictions relating to the location and operation of underground injection wells, and regulators in some states have imposed or are seeking to impose additional requirements, including requirements regarding the permitting of produced water disposal wells or otherwise, to assess the relationship between seismicity and the use of such wells. The adoption of federal, state and local legislation and regulations intended to address induced seismic activity in the areas in which we operate could restrict our drilling and production activities, as well as our ability to dispose of produced water gathered from such activities, which could result in increased costs and additional operating restrictions or delays.

We engage third parties to provide hydraulic fracturing or other well stimulation services to us in connection with the wells in which we act as operator. Hydraulic fracturing is an important and commonly used process in the completion of oil and gas wells, particularly in unconventional plays, and is generally exempted from federal regulation as underground injection (unless diesel is a component of the fracturing fluid) under the SDWA. Concerns have been raised that hydraulic fracturing activities, separate and apart from use of injection wells, may be correlated to induced seismicity. In addition, EPA conducted a comprehensive study of the potential adverse impacts of hydraulic fracturing on drinking water and ground water and released its final report on this study in December 2016. The report found that hydraulic fracturing activities can impact drinking water resources under some circumstances, including large volume spills and inadequate mechanical integrity of wells. This study and other studies that may be undertaken by the EPA or other federal agencies could spur initiatives to further regulate hydraulic fracturing under the SDWA, the Toxic Substances Control Act, or other statutory and/or regulatory mechanisms, which could lead to operational delays, increased operating and compliance costs and additional regulatory burdens that could make it more difficult or commercially impracticable for us to perform hydraulic fracturing. Such costs and burdens could delay the development of unconventional gas resources from shale formations, which are not commercially feasible without the use of hydraulic fracturing.

Chemical Disclosures Related to Hydraulic Fracturing. A number of states, including Texas, have implemented chemical disclosure requirements for hydraulic fracturing operations. We currently disclose all hydraulic fracturing additives we use on www.FracFocus.org, a website created by the Ground Water Protection Council and Interstate Oil and Gas Compact Commission.

Prohibitions and Other Regulatory Limitations on Hydraulic Fracturing. There have been a variety of regulatory initiatives at the state level to restrict oil and gas drilling operations in certain locations.

In addition to chemical disclosure rules, some states have implemented permitting, well construction or water withdrawal regulations that may increase the costs of hydraulic fracturing operations. For example, Texas has water withdrawal restrictions allowing suspension of withdrawal rights in times of shortages while other states require reporting on the amount of water used and its source.

Increased regulation of and attention given by environmental interest groups, as well as state and federal regulatory authorities, to the hydraulic fracturing process could lead to greater opposition to oil and gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to operational delays or increased operating costs in the production of oil and gas, including from developing shale plays, or could make it more difficult to perform hydraulic fracturing. These developments could also lead to litigation challenging proposed or existing wells. The adoption of federal, state or local laws or the implementation of regulations regarding hydraulic fracturing that are more stringent could cause a decrease in the completion of new oil and gas wells, as well as increased compliance costs and time, which could adversely affect our financial position, results of operations and cash flows. We use hydraulic fracturing extensively and any increased federal, state, or local regulation of hydraulic fracturing could reduce the volumes of oil and gas that we can economically recover.

Clean Air Act. Our operations are subject to the Clean Air Act, or the CAA, and comparable state and local requirements to control emissions from sources of air pollution. Federal and state laws require new and modified sources of air pollutants to obtain permits prior to commencing construction. Major sources of air pollutants are subject to more stringent, federally imposed requirements including additional permitting requirements. Federal and state laws designed to control toxic air pollutants and GHGs might require installation of additional controls. Payment of fines and correction of any identified deficiencies generally resolve any failures to comply strictly with air regulations or permits. However, in the event of non-compliance, regulatory agencies could also require us to cease construction or operation of certain facilities or to install additional controls on certain facilities that are air emission sources. Further, stricter requirements could negatively impact our production and operations.

In 2012, the EPA published final New Source Performance Standards, or NSPS, and National Emission Standards for Hazardous Air Pollutants, or NESHAPS, that amended the existing NSPS and NESHAP for the oil and natural gas sector. In June 2016, the EPA published a final rule that updated and expanded the NSPS by setting additional emissions limits for volatile organic compounds and regulating methane emissions for new and modified sources in the oil and gas industry. In June 2017, the EPA proposed a two-year stay of certain requirements contained in the June 2016 rule. In March 2018, the EPA published a final rule that amended two narrow provisions of the NSPS, removing the requirement for completion of delayed repair during emergency or unscheduled vent blowdowns. In September 2020, the EPA published a final rule amending the 2012 and 2016 NSPS for the oil and natural gas sector that removed transmission and storage sources from the oil and natural gas industry source category and rescinded the methane requirements applicable to the production and processing sources. On June 30, 2021, President Biden signed into law a joint Congressional resolution under the Congressional Review Act nullifying the September 2020 rule amending the EPA's 2012 and 2016 NSPS standards for the oil and natural gas sector and effectively reinstating the prior standards. On November 15, 2021, the EPA proposed rules to reduce methane emissions from both new and existing oil and natural gas industry sources. The EPA has announced that it hopes to finalize these rulemakings by the end of 2022. The reinstatement of direct regulation of methane emission for new sources and the promulgation of requirements for existing oil and gas sources and enhanced requirements for new sources could result in increased compliance costs or otherwise impact our results of operations. For additional information, see "*Risk Factors — Risks Related to Environmental, Legal Compliance and Regulatory Matters-Our operations are subject to a series of risks relating to climate change that could result in increased compliance or operating costs, limit the areas in which we may conduct natural gas exploration and NGL exploration and production activities, and reduce demand for the natural gas and NGLs we produce.*"

In October 2015, the EPA revised the existing National Ambient Air Quality Standards for ground level ozone to make the standard more stringent. The EPA finished promulgating final area designations under the new standard in 2018, which, to the extent areas in which we operate have been classified as non-attainment, may result in an increase in costs for emission controls and requirements for additional monitoring and testing, as well as a more cumbersome permitting process. Generally, it will take the states several years to develop compliance plans for their non-attainment areas. While we are not able to determine the extent to which this new standard will impact our business at this time, it has the potential to have a material impact on our operations and cost structure.

In June 2016, the EPA finalized a rule "aggregating" individual wells and other facilities and their collective emissions for purposes of determining whether major source permitting requirements apply under the CAA. These changes may introduce uncertainty into the permitting process and could require more lengthy and costly permitting processes and more expensive emission controls.

Collectively, these rules and proposed rules, as well as any future laws and their implementing regulations, may require a number of modifications to our operations. We may, for example, be required to install new equipment to control emissions from our well sites or compressors at initial startup or by the applicable compliance deadline. We may also be required to obtain pre-approval for the expansion or modification of existing facilities or the construction of new facilities. Compliance with such rules could result in significant costs, including increased capital expenditures and operating costs, and could adversely impact our business.

Greenhouse Gas and Climate Change Laws and Regulations . Scientific studies have concluded that increasing concentrations of GHGs in the Earth's atmosphere are producing climate changes that have significant physical effects. Potential physical risks resulting from climate change may be event driven (including increased severity of extreme weather events, such as hurricanes, droughts, or floods) or longer-term shifts in climate patterns that may cause sea level rise or chronic heat waves. Potential physical risks may cause direct damage to our assets as well as indirect impacts such as supply chain disruption and also could include changes in water availability, sourcing, and quality, which could impact drilling and completion operations. These physical risks could cause increased costs, production disruptions, lower revenues and substantially increase the cost or limit the availability of insurance. In response to studies indicating that emissions of carbon dioxide and certain other GHGs, including methane, are contributing to global climate change, there is increasing focus by local, state, regional, national and international regulatory bodies as well as by investors and the public on GHG emissions and climate change issues.

While the United States has yet to adopt comprehensive climate change legislation, the federal government has taken a series of administrative actions aimed at curtailing GHG emissions. For example, in response to 2009 findings that emissions of CO_2, methane and other GHGs present an endangerment to public health and the environment, the EPA issued regulations to restrict emissions of GHGs under existing provisions of the CAA. These regulations include limits on tailpipe emissions from motor vehicles and preconstruction and operating permit requirements for certain large stationary sources.

In August 2015, the EPA promulgated the Clean Power Plan ("CPP") rule to limit CO_2 emissions from existing coal and natural-gas fired electric generating units. The CPP rule, which never went into effect, adopted a sector-wide, generation shifting approach and determined the best system of emissions reduction (BSER) for CO_2 at coal and natural-gas fired units included three components — heat rate improvement at existing coal-fired units, a shift in generation from coal-fired to natural-gas fired units, and a shift in generation from natural-gas fired facilities to renewables. Several industry groups and states challenged the CPP rule. On February 9, 2016, the U.S. Supreme Court stayed the implementation of the CPP rule pending judicial review. In August 2019, the EPA repealed the CPP rule and replaced it with the Affordable Clean Energy rule, or ACE rule, which adopted a narrower, source-based approach limited to designating heat rate improvement, or efficiency improvement, as the BSER for CO_2 from existing coal-fired electric generating units. The ACE rule and the repeal of the CPP rule were challenged by several states and private parties. On January 19, 2021, the D.C. Circuit vacated the ACE rule but at the EPA's request subsequently stayed issuance of the portion of the mandate that would have vacated the repeal of the CPP rule while the EPA decided whether it would promulgate a new rule instead of the CPP rule. On October 29, 2021, the U.S. Supreme Court agreed to review the D.C. Circuit's decision, and on June 30, 2022 the U.S. Supreme Court ruled that the generation-shifting approach included in the CPP rule exceeded EPA's statutory authority under the CAA. The EPA is expected to propose new rules to regulate GHG emissions from electric generating units, but whether and how such rules would affect our business is uncertain.

The EPA has issued the "Final Mandatory Reporting of Greenhouse Gases" Rule and a series of revisions to it, which requires operators of oil and gas production, natural gas processing, transmission, distribution and storage facilities and other stationary sources emitting more than established annual thresholds of carbon dioxide-equivalent GHGs to inventory and report annually their GHG emissions occurring in the prior calendar year on a facility-by-facility basis. The EPA widened the scope of annual GHG reporting to include not only activities associated with completion and workover of gas wells with hydraulic fracturing and activities associated with oil and gas production operations, but also completions and workovers of oil wells with hydraulic fracturing, gathering and boosting systems, and transmission pipelines. These rules do not require control of GHGs. However, the EPA has indicated that it will use data collected through the reporting rules to decide whether to promulgate future GHG limits. More recently, on November 15, 2021, the EPA proposed rules to reduce methane emissions from new and modified sources in the oil and gas sector.

In certain circumstances, large sources of GHG emissions are subject to preconstruction permitting under the EPA's Prevention of Significant Deterioration program. This program historically has had minimal applicability to the oil and gas production industry. However, there can be no assurance that our operations will avoid applicability of these or similar permitting requirements, which impose costs relating to emissions control systems and the efforts needed to obtain the permit.

In April 2016, the United States signed the Paris Agreement, which requires countries to review and "represent a progression" in their intended nationally determined contributions ("NDC"), which set GHG emission reduction goals, every five years beginning in 2020. In November 2019, the Trump Administration formally moved to exit the Paris Agreement, initiating the treaty-mandated one-year process at the end of which the United States officially exited the agreement. However, the current Presidential administration has made climate change a central priority and on January 20, 2021, his first day in office, President Biden announced its intention to rejoin the Paris Agreement. The United States officially rejoined the Paris

Agreement on February 19, 2021, and in April 2021 submitted its NDC. The United States NDC sets an economy-wide target of net GHG emissions reduction from 2005 levels of 50-52% by 2030. The specific measures to be taken in furtherance of achieving this target have not been established, but the NDC submission indicated that an interagency approach will play an important role, including regulatory, technology and policy initiatives designed to reduce the generation of GHG emissions and to incentivize the capture and geologic sequestration or utilization of carbon dioxide that would otherwise be emitted in the atmosphere. Also on his first day in office, President Biden signed an executive order on climate action and reconvened an interagency working group to establish interim and final social costs of three GHGs: carbon dioxide, nitrous oxide, and methane. Carbon dioxide is released during the combustion of fossil fuels, including natural gas, NGLs and oil, and methane is a primary component of natural gas. The Biden Administration stated it will use updated social cost figures to inform federal regulations and major agency actions and to justify aggressive climate action as the United States moves toward a “100% clean energy” economy with net-zero GHG emissions.

The United States Congress has also passed a number of bills in recent years aimed at addressing climate change in a limited manner, primarily directed at funding climate change initiatives. The 2021 Infrastructure and Investment Jobs Act passed by Congress in November 2021 included measures aimed at decarbonization to address climate change, including funding for replacing transit vehicles, including buses, with zero- and low-emission vehicles and for the deployment of an electric vehicle charging network nationwide. This legislation, and other future laws, that promote a shift toward electric vehicles could adversely affect the demand for our products. Similarly, the Inflation Reduction Act, recently passed by Congress, imposed several new climate-related requirements on oil and gas operations. Moreover, in August 2022, the U.S. Congress passed, and President Biden signed into law, the Inflation Reduction Act of 2022, which appropriates significant federal funding for renewable energy initiatives and, for the first time ever, imposes a fee on GHG emissions from certain facilities. The emissions fee and funding provisions of the law could increase our operating costs and accelerate the transition away from fossil fuels, which could in turn adversely affect our business and results of operations.

In the absence of comprehensive climate change legilation at the federal level, a number of state and regional efforts have emerged. These include measures aimed at tracking and/or reducing GHG emissions through cap-and-trade programs, which typically require major sources of GHG emissions, such as electric power plants, to acquire and surrender emission allowances in return for emitting GHGs. In addition, a coalition of over 20 governors of U.S. states formed the United States Climate Alliance to advance the objectives of the Paris Agreement, and several U.S. cities have committed to advance the objectives of the Paris Agreement at the state or local level as well. To this end, the California governor issued an executive order on September 23, 2020 ordering actions to pursue GHG emissions reductions, including a direction to the California State Air Resources Board to develop and propose regulations to require increasing volumes of new zero-emission passenger vehicles and trucks sold in California over time, with a targeted ban of the sale of new gasoline vehicles by 2035.

If we are unable to recover or pass through a significant portion of our costs related to complying with current and future regulations relating to climate change and GHGs, it could materially affect our operations and financial condition. Any future laws or regulations that limit emissions of GHGs from our equipment and operations could require us to both develop and implement new practices aimed at reducing GHG emissions, such as emissions control technologies, which could increase our operating costs and could adversely affect demand for the oil and gas that we produce. To the extent financial markets view climate change and GHG emissions as a financial risk, this could negatively impact our cost of, and access to, capital. Future implementation or adoption of legislation or regulations adopted to address climate change could also make our products more or less desirable than competing sources of energy. At this time, it is not possible to quantify the impact of any such future developments on our business.

OSHA. We are subject to the requirements of the Occupational Safety and Health Act, or OSHA, and comparable state laws that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires maintenance of information about hazardous materials used or produced in operations, and the provision of such information to employees, state and local government authorities and citizens. Other OSHA standards regulate specific worker safety aspects of our operations.

Endangered Species Act. The ESA was established to protect endangered and threatened species. Pursuant to the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species' habitat. The U.S. Fish and Wildlife Service may designate critical habitat and suitable habitat areas it believes are necessary for survival of a threatened or endangered species. While some of our facilities are in areas that may be designated as a habitat for endangered species, we believe that we are in substantial compliance with the ESA. The presence of any protected species or the final designation of previously unprotected species as threatened or endangered in areas where we operate could result in increased costs from species protection measures or could result in limitations, delays, or prohibitions on our exploration and production activities that could have an adverse effect on our ability to develop and produce our reserves.

National Environmental Policy Act. Oil and gas exploration and production activities on federal lands trigger review under the National Environmental Policy Act. The National Environmental Policy Act requires federal agencies, including the U.S. Department of Interior, to evaluate major agency actions having the potential to significantly impact the environment. In the course of such evaluations, an agency will prepare an environmental assessment of the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed environmental impact statement that may be made available for public review and comment. This process has the potential to delay or even halt development of some of our oil and gas projects.

Operating Hazards and Insurance

Natural gas, NGLs and oil operations are subject to many risks, including well blowouts, craterings, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, pipe, casing or cement failures, abnormal pressure, pipeline leaks, ruptures or spills, vandalism, pollution, releases of toxic gases, adverse weather conditions or natural disasters and other environmental hazards and risks.

In accordance with what we believe to be industry practice, we maintain insurance against some, but not all, of the operating risks to which our business is exposed. We cannot provide assurance that any insurance we obtain will be adequate to cover our losses or liabilities. We have elected to self-insure for certain items for which we have determined that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event not fully covered by insurance could have a material adverse effect on our financial position, results of operations and cash flows.

The insurance policies we currently maintain, and their respective policy limits, are as follows:

- *Commercial General Liability*: $2,000,000 annual general aggregate policy limit or $1,000,00 per occurrence.
- *Property*: annual aggregate policy limits of $1,575,715 for personal property and $50,000 to $3,200,000 for certain real property.
- *Operators Extra Expense*:
  - $25,000,000 per occurrence limit for wells located in Pennsylvania *;*
  - $15,000,000 per occurrence limit for wells located in Texas;
  - $30,000,000 per occurrence additional limit for property under our care, custody or control;
  - $2,500,000 per occurrence additional limit for certain materials and supplies; and
- *Oil Lease Property*: $314,293,392 annual aggregate policy limit for physical loss and/or physical damage to certain scheduled onshore property.
- *Business and Contingent Business Interruption*: $64,240,000 annual aggregate limit per accident or occurrence, or $176,000 per day.
- *Site Pollution Incident Legal Liability*: $11,000,000 annual aggregate policy limit, with a $10,000,000 limit per incident.

- *Management Liability*:
  - $5,000,000 annual aggregate policy limit for director, officer and organizational liability, with an additional $1,000,000 of coverage for claims against certain insured persons;
  - $2,000,000 annual aggregate policy limit for employment practices liability;
  - $1,000,000 aggregate policy limit for fiduciary liability; and
  - $1,000,000 for certain crime liability.
- *Automobile Liability*: $1,000,000 aggregate policy limit.
- *Workers' Compensation*: limited to the value of the benefits required under Colorado, Montana, Oregon, Pennsylvania or Texas law, as applicable.
- *Employer's Liability*: $1,000,000 limit per accident for bodily injury by accident, and $1,000,000 aggregate policy limit for bodily injury by disease.
- *Umbrella Excess Liability*: $75,000,000 aggregate policy limit covering damages in excess of policy limits for commercial general liability, automobile liability, employee benefits liability and employer's liability.
- *Cybersecurity and Identity Fraud Liability*: $3,000,000 aggregate policy limit for cybersecurity incidents and $5,000 per victim of identity fraud.
- *Kidnap and Ransom*: $10,000,000 limit per insured event.

For more information about potential risks that could affect us, see " *Risk Factors — Risks Related to Our Business Generally — Our business is subject to operating hazards that could result in substantial losses or liabilities for which we may not have adequate insurance coverage.*"

Other Facilities

Our corporate headquarters are located at 1200 17th Street, Suite 2100, Denver, Colorado 80202, and our telephone number at such address is (720) 375-9680. Our corporate headquarters are leased and our field office facilities are owned, and we believe that they are adequate for our current needs.

Title to Properties

Title to our oil and gas properties is subject to royalty, overriding royalty, carried, net profits, working, and similar interests customary in the oil and gas industry. Our properties may also be subject to liens incident to operating agreements, as well as other customary encumbrances, easements, and restrictions, and for current taxes not yet due. Our general practice is to conduct title examinations on material property acquisitions. Prior to the commencement of drilling operations, a title examination and, if necessary, curative work is performed. The methods of title examination that we have adopted are reasonable in the opinion of management and are designed to ensure that production from our properties, if obtained, will be salable by us. We believe that title to our oil and natural gas properties is good and defensible, subject only to such exceptions that we believe do not materially interfere with the use of such properties.

Legal Proceedings

From time to time, we may be subject to various claims, title matters and legal proceedings arising in the ordinary course of business, including environmental contamination claims, personal injury and property damage claims, claims related to joint interest billings and other matters under natural gas operating agreements and other contractual disputes. While the outcome and impact on the Company cannot be predicted with certainty, we believe that our ultimate liability with respect to any such matters will not have a significant impact or material adverse effect on our financial positions, results of operations or cash flows. Our results of operations and cash flows, however, could be significantly impacted in the reporting periods in which such matters are resolved.

MANAGEMENT

Directors and Executive Officers

The following table provides information as of the date of this prospectus regarding the individuals who are expected to constitute our executive officers and directors upon completion of this offering. Executive officers serve at the discretion of our board of directors and until their successors are elected and qualified. Messrs. C. Vongkusolkit and S. Vongkusolkit are father and son, respectively.

Name	Age	Current Position(s) with the Company
Christopher P. Kalnin	45	Chief Executive Officer and Director
John T. Jimenez	53	Chief Financial Officer
Eric S. Jacobsen	52	Chief Operating Officer
Brid C. Kealey	59	Chief Human Resources Officer
Lindsay B. Larrick	40	Chief Legal Officer
Ethan Ngo	40	Chief Technical Services Officer
Chanin Vongkusolkit	69	Chairman of the Board
Somruedee Chaimongkol	60	Director
Joseph R. Davis	72	Director
Akaraphong Dayananda	63	Director
Carla S. Mashinski	59	Director
Thiti Mekavichai	60	Director
Charles C. Miller III	70	Director
Sunit S. Patel	60	Director
Anon Sirisaengtaksin	69	Director
Sinon Vongkusolkit	32	Director

Christopher P. Kalnin has served as Chief Executive Officer and a director of the Company since its formation in May 2020 and founded the Company in 2015. He also worked at Kalnin Ventures, the fund manager of BKV O&G, owned by Banpu (SET: BANPU), as Managing Director from June 2014 to May 2020 and Group CEO from January 2019 to May 2020. Prior to that, Mr. Kalnin served in multiple roles at Level 3 Communications, Inc. ("Level 3 Communications"), a global provider of high-capacity communications services to businesses, serving as Vice President of Strategic Business Operations and Planning from January 2014 to June 2014 and Senior Director from February 2012 to December 2013. From January 2010 to July 2011, he served as a Strategy Advisor and Chief of Staff to the Chief Executive Officer at PTT Exploration (SET: PTTEP), a petroleum exploration and production company based in Thailand. Additionally, he served as Engagement Manager at McKinsey & Company, a management consulting firm, from October 2005 to January 2010 and Senior Analyst at Credit Suisse First Boston, the investment banking division of Credit Suisse Group, from July 2000 to July 2003. Mr. Kalnin received a BA in Finance from the University of Western Ontario and an MBA from Northwestern University's Kellogg School of Management. We believe that Mr. Kalnin's extensive industry experience and demonstrated leadership capabilities throughout our growth make him qualified to serve on our board of directors.

John T. Jimenez has served as Chief Financial Officer of the Company since April 2021. Prior to joining the Company, he served as Chief Financial Officer of BP Gas and Power Trading Americas and a member of the board of directors of BP Energy Company, a subsidiary of BP (NYSE: BP), from January 2019 to April 2021. Mr. Jimenez also served as interim Chief Executive Officer and a member of the board of directors of VAKT Global Ltd, a venture established by some of the world's leading energy majors, trading houses and banks to develop a blockchain-based digital platform for post-transaction management of physical energy commodities, from January 2018 to December 2018 and Chairman of the board of directors of VAKT Holdings Ltd from January 2019 to April 2021. Prior to that, he served in various positions at various affiliates of BP, including, most recently, Vice President and Head of IST Global Finance Services from January 2016 to December 2017, Transformation Director from March 2014 to December 2015, Chief of Staff and Vice President of HR Strategy and Planning from May 2012 to March 2014 and Finance Director — Group HR from January 2006 to April 2012. In addition, he has held various leadership roles in international business environments, ranging from start-up operations to corporate head offices, in the US, UK, Mexico, Poland, Bulgaria and India. He has led a range of commercial activities, including large scale transformations, systems implementations, business turnarounds, business start-ups, analytics, strategy and business development. Mr. Jimenez received a BA in Accounting from Saint Mary's University of Minnesota and an MBA from Northwestern University's Kellogg School of Management.

Eric S. Jacobsen has served as Chief Operating Officer of the Company since its formation in May 2020. He also served as Chief Operating Officer of Kalnin Ventures from February 2020 to May 2020. Prior to that, he served as Senior Vice President of Extraction Oil & Gas, Inc. (previously NASDAQ: XOG), an independent oil and gas company focused on the acquisition, development and production of oil, natural gas and NGL reserves, from October 2016 to December 2019 and Director of Planning and Development, Director of Exploration and Production and Well Engineering Manager of Noble Energy, Inc. (previously NASDAQ: NBL), an independent energy company engaged in worldwide crude oil and natural gas exploration and production, where he led large-scale shale development efforts of the DJ Basin in Colorado, from January 2011 to October 2016. From June 1993 to January 2011, Mr. Jacobsen worked at BP (NYSE: BP) and its heritage companies, Atlantic Richfield Company and Vastar Resources, Inc., in Montana, Texas, Louisiana, Gulf of Mexico, Algeria, Azerbaijan and other locations and in various positions, including Operations Manager, Offshore Installation Manager and Reservoir Engineer. Mr. Jacobsen received a BS in Environmental Engineering and an MS in Petroleum Engineering from Montana Tech University.

Brid C. Kealey has served as Chief Human Resources Officer of the Company since February 2021. Prior to joining the Company, she co-founded and served as Senior Partner of Vector Human Capital Services, a provider of human resources strategy and operational services, from January 2012 to January 2021. In addition, Ms. Kealey served as Chief Human Resources Officer and Vice President, PEO Services of MedSynergies, a provider of business services to Physician Networks, from November 2010 to December 2012 and Chief Learning Officer of Atmos Energy Corporation (NYSE: ATO), a gas utilities company, from March 2009 to May 2010. Previously, she held global human resources leadership roles at Google Inc. (now Alphabet Inc. (NASDAQ: GOOGL, GOOG)) from June 2007 to July 2008, Nokia Corporation (NYSE: NOK) from March 2000 to June 2007 and PepsiCo, Inc. (now NASDAQ: PEP) from 1995 to 2000. Ms. Kealey received a Bachelor of Laws from Trinity College Dublin and a Masters in Business Studies from University College Dublin Michael Smurfit Graduate Business School.

Lindsay B. Larrick has served as Chief Legal Officer of the Company since July 2022 and as Vice President, General Counsel and Corporate Secretary of the Company since its formation in May 2020. She also served as Vice President and General Counsel of Kalnin Ventures from October 2018 to May 2020. Prior to that, she was a partner at national law firms Fox Rothschild LLP from July 2016 to October 2018 and Lathrop & Gage LLP from January 2007 to July 2016. During her time at such law firms, she specialized in the energy practice, served in various management positions, including Chair of the Energy Practice Group for both firms, and gained experience in structuring private equity funds and mergers, acquisitions and divestitures in the oil and gas industry. Ms. Larrick received a BS in Business Administration and a JD from the University of Denver.

Ethan Ngo has served as Chief Technical Services Officer of the Company since July 2022 and, prior to that, as Senior Vice President, Engineering of the Company since its formation in May 2020. He served at Kalnin Ventures as Senior Vice President, Engineering since December 2017 and Vice President, Engineering from March 2015 to December 2017. Prior to that, Mr. Ngo served as A&D Reservoir Engineer of Fidelity Exploration and Production Company, which is involved in the acquisition, exploration, development and production of natural gas and oil resources, from July 2014 to March 2015, Reservoir Engineer of Liberty Resources LLC, a Denver-based private equity backed oil and gas company, from April 2013 to June 2014 and Reservoir Engineer of Newfield Exploration Company (previously NYSE: NFX), an independent energy company, from April 2011 to April 2013. He also served as Senior Reservoir Engineer of ExxonMobil Production Company from February 2008 to March 2011. Mr. Ngo received a BS in Civil Engineering, an MS in International Political Economy and an ME in Petroleum Engineering from the Colorado School of Mines. Mr. Ngo also received an MBA from the University of Colorado, Denver.

Chanin Vongkusolkit has served as Chairman of the Board of the Company since May 2020. He founded Banpu (SET: BANPU) in 1983 and has served as its Chairman of the Board since April 2016. His other positions at Banpu include director and Senior Executive Officer from 2015 to 2016 and director and Chief Executive Officer from 1983 to 2015. In addition, Mr. Vongkusolkit has served as a director of The Erawan Group Public Company Limited (SET: ERW), a hotel investor, developer and operator, since November 2004, and Chairman of its board of directors since April 2018. He has also served as a director of Mitr Phol Sugar Corp., Ltd., a sugar and bio-energy producer, since 1983 and various subsidiaries of Banpu, including Banpu Power (SET: BPP). Additionally, Mr. Vongkusolkit serves as Chairman of the Thai Listed Companies Association and an advisor at the Thammasat Economics Association. He previously served as a Commissioner at the Securities and Exchange Commission of Thailand from 2016 to 2018 and a director of Ratchaburi Electricity Generating Holding Public Company Limited, an independent power producer, from November 2003 to March 2011. Mr. Vongkusolkit received a Bachelor in Economics from Thammasat University and an MBA in Finance from St. Louis University. Mr. Vongkusolkit brings broad expertise in corporate development and leadership to the board of directors. In addition, we believe that Mr. Vongkusolkit’s extensive experience with international energy companies makes him qualified to serve on our board of directors.

Somruedee Chaimongkol has served as a director of the Company since May 2020. She has served as a director and Chief Executive Officer of Banpu (SET: BANPU) since May 2015 and a director of BNAC since February 2015. Prior to that, she worked at Banpu as Chief Financial Officer from 2006 to 2015 and Senior Vice President of Finance from 2001 to 2006. In addition, Ms. Chaimongkol has served as a director of various subsidiaries of Banpu, including Banpu Power (SET: BPP). She has also served as a commissioner of PT. Indo Tambangraya Megah Tbk (IDX: ITMG), an Indonesian coal supplier, since March 2022, and served as a director of Biofuel Development Holdings Co., Ltd., from November 2010 to December 2018. Ms. Chaimongkol received a Bachelor’s degree in Accounting from Bangkok University. Ms. Chaimongkol brings broad expertise in corporate leadership and financial matters to the board of directors. In addition, we believe that Ms. Chaimongkol’s extensive experience as an executive and director at international energy companies makes her qualified to serve on our board of directors.

Joseph R. Davis has served as a director of the Company since May 2020. He has served as a director of Reconnaissance Energy Africa Ltd. d/b/a ReconAfrica (TSXV: RECO), a Canadian oil and gas company engaged in the exploration and development of oil and gas in Namibia and Botswana, since January 2022. In 2014, Mr. Davis began working with our Chief Executive Officer, Chris Kalnin, as a consultant, and upon the formation of BKV O&G in June 2015, he assumed the role of Vice President of Geosciences with Kalnin Ventures. He was later promoted to Senior Vice President of Kalnin Ventures, and in January 2019, he became Chief Operating Officer and served in that position until his retirement in March 2020. In addition, he served as Exploration Advisor for Digital Prospectors, LLC, an exploration consulting firm, from May 2009 to May 2015 and Vice President of Hyperion Oil Iraq, L.L.C., an international oil and gas exploration company involved in Iraq and Latin America, from August 2006 to May 2009. From 1992 to 2006, he had a consulting business specializing in evaluation of oil and gas exploration projects. Mr. Davis received an AB in Earth Science from Dartmouth College, an MS in Geology from Southern Methodist University and a PhD in Geology from the University of Texas at Austin. Mr. Davis brings broad expertise in strategic planning and operations. In addition, we believe that Mr. Davis’s upstream industry experience and executive experience make him qualified to serve on our board of directors.

Akaraphong Dayananda has served as a director of the Company since May 2020. He has served as a director and President of BNAC since February 2015. Prior to that, Mr. Dayananda served in various positions at Banpu (SET: BANPU) and Banpu Power (SET: BPP), including a director of Banpu Power from July 2009 to December 2017, Chief Strategy Officer — Head of Strategy and Business Development of Banpu from 2011 to 2019, Senior Vice President — Head of Strategy and Business Development of Banpu from 2006 to 2011, Senior Vice President — Head of Corporate Strategic Planning of Banpu from 1999 to 2006 and Senior Vice President — Finance of Banpu Power from 1997 to 1999. Prior to that, he gained expertise in the financial service sector while serving as Managing Director of Peregrine Nithi Finance and Securities Company Limited from 1995 to 1997 and in various positions at Thai Investment and Securities Plc from 1984 to 1995, including most recently Senior Vice President of Corporate Lending and Marketing. Mr. Dayananda has also served as a director of various subsidiaries of Banpu, both internationally and domestically throughout his career. Mr. Dayananda received a BS in Engineering from Chulalongkorn

University and an MBA from Bowling Green State University. He also received certificates in various management and directorship programs, such as the Executive Program in Strategy and Organization from Stanford University and the Director Certificate Program from the Thai Institute of Directors. Mr. Dayananda brings broad expertise in strategic planning, business development and risk management to the board of directors. In addition, we believe that Mr. Dayananda's extensive experience as an executive and director and financial and investment experience make him qualified to serve on our board of directors.

Carla S. Mashinski has served as a director of the Company since September 1, 2022. Since 2019, she has served on the board of directors of Primoris Services Corporation (NASDAQ: PRIM), a specialty construction and infrastructure company in the United States, and has served as chair of its audit committee and a member of its compensation committee since 2021. Ms. Mashinski served as Chief Financial and Administrative Officer of Cameron LNG, a liquefied natural gas terminal near the Gulf of Mexico, from 2015 to May 2022. Prior to that, she served as Chief Financial Officer and Vice President, Finance and Information Management, North American Operations, of Sasol Ltd. (JSE: SOL), an integrated energy and chemical company based in South Africa, from 2014 to 2015, Vice President, Finance and Administration and U.S. Chief Financial Officer of SBM Offshore (AMX: SBMO), a Dutch-based global group of companies servicing the offshore oil and gas industry, from 2008 to 2014 and Vice President, Accounting and Chief Accounting Officer/Controller of GulfMark Offshore, Inc., a global provider of marine transportation services, from 2004 to 2008. Her previous board experience includes serving as a director, and a member of the audit, compensation and nominating committees, of Carbo Ceramics Inc., a technology and services company servicing the oil and gas industry, from 2019 to 2020 and a director, and chair of the compensation committee and member of the audit committee, of Unit Corporation (OTC: UNTC), a diversified energy company, from 2015 to 2020. Ms. Mashinski received a BS in Accounting with high honors from the University of Tennessee at Knoxville and an Executive MBA from the University of Texas at Dallas. She is a Certified Public Accountant in the State of Texas, Certified Management Accountant and Project Management Professional. Ms. Mashinski brings broad experience in financial and accounting matters and corporate governance to the board of directors. In addition, we believe that Ms. Mashinski's financial and accounting experience, U.S. public company board experience and upstream industry experience make her qualified to serve on our board of directors.

Thiti Mekavichai has served as a director of the Company since May 2020. He has served as a director and Chief Executive Officer of BNAC since January 2019 and Head of Oil and Gas Business of Banpu (SET: BANPU) since November 2018. Prior to that, Mr. Mekavichai served as Executive Vice President of Human Resources and Business Services of PTT Exploration (SET: PTTEP) from October 2011 to September 2018 and Executive Vice President of Human Resources of Central Retail Corporation, Thailand's leading multi-format and multi-category retailing platform, from June 2008 to October 2011. From December 1992 to June 2008, he held various technical and human resources positions at subsidiaries of Shell plc (NYSE: SHEL), in both the upstream and downstream industries, and served as a director of Shell Company of Thailand Limited from February 2004 to May 2008. He also served as a director of Energy Complex Company Limited, a company responsible for the construction and operational management of an office building complex, from April 2012 to August 2018 and PTT Digital Solutions Co., Ltd., an information and communication technology company, from March 2014 to August 2018. Mr. Mekavichai received a BS in Geography from Srinakharinwirot University and a diploma in Hydrographic Surveying from Plymouth Polytechnic, U.K. Mr. Mekavichai brings broad expertise in oil and gas operations, risk management, human resources and corporate development to the board of directors. In addition, we believe that Mr. Mekavichai's extensive experience as an executive and director at international energy companies makes him qualified to serve on our board of directors.

Charles C. Miller III has served as a director of the Company since May 2020. He has served as a director of Global Healthcare Exchange, a provider of exchange and other electronic services to health care providers and their suppliers, since June 2017 and Equideum Health, a Web3 person-centered healthcare and research network provider, since December 2021. Mr. Miller was an executive in the telecommunications industry from 1987 to 2013. From 2000 to 2014, he was Vice Chairman of Level 3 Communications where his responsibilities included corporate strategy, mergers and acquisitions, business development, marketing and information services. Prior to that, Mr. Miller was an executive officer of BellSouth Corporation from 1987 to 2000, where his roles included Senior Vice President, Corporate Strategy and Development, as well as President of BellSouth International, Inc. Before his telecommunications career, he practiced corporate law at King & Spalding LLP from 1979 to 1984 and Ropes & Gray LLP from 1977 to 1979. Mr. Miller received an AB from Harvard College and a JD from Harvard Law School. Mr. Miller brings broad expertise in strategic planning, business development and technology to the board of directors. In addition, we believe that Mr. Miller's U.S. public company board experience and legal expertise make him qualified to serve on our board of directors.

Sunit S. Patel has served as a director of the Company since September 1, 2022. Since February 2021, Mr. Patel has served as Chief Financial Officer of Ibotta, Inc., a consumer technology company. Prior to that, he served as Executive Vice President, Merger and Integration Lead, at T-Mobile US, Inc., a provider of mobile communications services, from October 2018 to April 2020. In addition, Mr. Patel served as Executive Vice President and Chief Financial Officer of CenturyLink, Inc., an international facilities-based communications company, from November 2017 to September 2018 and Executive Vice President and Chief Financial Officer of Level 3 Communications Inc. from 2003 until its merger with CenturyLink in November 2017. He also co-founded and served as Chief Financial Officer of Looking Glass Networks Inc., a facilities-based provider of metropolitan telecommunication transport services, from April 2000 to March 2003. Prior to that, he served in senior leadership positions in a number of telecom companies and began his professional career in investment banking. Mr. Patel received a B.S. in Chemical Engineering and Economics from Rice University and is a Chartered Financial Analyst (CFA). Mr. Patel brings broad experience in financial, accounting and technology matters and strategic planning and transactions to the board of directors. In addition, we believe that Mr. Patel's financial and accounting expertise, executive leadership experience and public company experience make him qualified to serve on our board of directors.

Anon Sirisaengtaksin has served as a director of the Company since May 2020. He has served as a director of Banpu (SET: BANPU) since April 2016 and an Executive Advisor to Banpu for its oil and gas business since 2014. He has also served as a director of Saha-Union Public Company Limited (SET: SUC), an investment company, since January 2020 and CIMB Thai Bank Public Company Limited (SET: CIMBT), a commercial bank in Thailand, since June 2020. In addition, he served as a director and Chief Executive Officer of PTT Global Chemical Public Company Limited (SET: PTTGC) from 2012 to 2013, President and Chief Executive Officer of PTT Exploration (SET: PTTEP) from 2008 to 2012, Senior Executive Vice President, Corporate Strategy and Development of PTT Public Company Limited ("PTT PCL") (SET: PTT) from 2002 to 2008, Executive Vice President, Natural Gas Supply and Trading, Gas Business Group, of PTT PCL from 2001 to 2002 and Deputy President, Natural Gas Marketing and Transmission of PTT Natural Gas Distribution Co., Ltd. from 1996 to 2001. Mr. Sirisaengtaksin received a BS in Geology from Chulalongkorn University and an MBA from Thammasat University. Mr. Sirisaengtaksin brings broad expertise in corporate leadership and strategic planning to the board of directors. In addition, we believe that Mr. Sirisaengtaksin's extensive experience as an executive at international energy companies makes him qualified to serve on our board of directors.

Sinon Vongkusolkit has served as a director of the Company since July 2022. He has served as Chief Executive Officer of Banpu NEXT Co. Ltd. since July 2022. Prior to that, he served at Banpu (SET: BANPU) in the Project Management Office team, where he executed financial and asset transactions, from January 2020 to June 2022. He also served as a financial analyst in the Corporate Finance team of Banpu, where he worked on funding for the Banpu group, from November 2014 to January 2020. Mr. Vongkusolkit received a BA in Business and Marketing Management from Oxford Brookes University and an MA in Global Management Finance from Regent's University London. Mr. Vongkusolkit brings broad expertise in strategic management and operations, including corporate finance, investments and project management, from his time at Banpu to the board of directors. In addition, we believe that Mr. Vongkusolkit's leadership skills, technological adeptness and growth mindset from his time at Banpu NEXT Co. Ltd. make him qualified to serve on our board of directors.

Controlled Company

We intend to apply to list our common stock on the NYSE. Upon completion of this offering, BNAC will hold approximately % of our total outstanding shares of common stock (or approximately % if the underwriters exercise in full their option to purchase additional shares), comprising more than 50% of the voting power of our outstanding common stock. As a result, we will be a "controlled company" within the meaning of the corporate governance rules of the NYSE. As a "controlled company," we will be eligible to rely on exemptions from the obligation to comply with certain NYSE corporate governance requirements, including the requirements that:

- a majority of our board of directors consist of independent directors;
- we have a corporate governance and nominating committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These exemptions do not modify the independence requirements for our audit committee. As a controlled company, we will remain subject to the rules of the Sarbanes-Oxley Act and the NYSE that require us to have an audit committee composed entirely of independent directors. Under these rules, we must have at least one independent director on our audit committee by the date our common stock is listed on the NYSE, at least two independent directors on our audit committee within 90 days of the listing date, and at least three independent directors on our audit committee within one year of the listing date. We expect to have independent directors upon the closing of this offering.

While BNAC continues to control more than 50% of the voting power of our outstanding common stock, we qualify for, and intend to rely on, these exemptions. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

If we cease to be a controlled company within the meaning of the applicable rules of the NYSE, we will be required to comply with these requirements after specified transition periods.

Board of Directors

We currently have eleven directors on our board of directors.

Pursuant to our Stockholders' Agreement, for so long as BNAC and Banpu beneficially own 10% or more of our voting stock, BNAC will be entitled to designate for nomination to our board of directors a number of individuals approximately proportionate to such beneficial ownership, provided that (i) from the completion of this offering until the first anniversary of the completion of this offering, at least three board seats will not be BNAC designees, (ii) from and after the first anniversary of the completion of this offering until the first date on which BNAC and Banpu beneficially own 50% or less of our voting stock, at least four board seats will not be BNAC designees, and (iii) from and after the first date on which BNAC and Banpu beneficially own 50% or less of our voting stock, a number of board seats equal to the minimum number of directors that would constitute a majority of the total number of directors comprising our board of directors will not be BNAC designees. The BNAC designees are Messrs. Kalnin, Davis, C. Vongkusolkit, Dayananda, Mekavichai, Sirisaengtaksin and S. Vongkusolkit and Ms. Chaimongkol.

Our board of directors will be divided into three classes of directors, with each class to be as equal in number as possible, and with the directors serving staggered three-year terms. The term of office of the Class I directors, consisting of , will expire at our first annual meeting of stockholders following the completion of this offering. The term of office of the Class II directors, consisting of , will expire at our second annual meeting of stockholders following the completion of this offering. The term of office of the Class III directors, consisting of , will expire at our third annual meeting of stockholders following the completion of this offering. See "*Description of Capital Stock — Anti-Takeover Provisions — Classified Board of Directors*" for more information.

Director Independence

Upon completion of this offering, members of our board of directors will qualify as "independent" under the listing standards of the NYSE. Our board of directors has determined as of the date of this prospectus that each of is independent as defined under the NYSE corporate governance standards.

Committees of the Board of Directors

Our board of directors will establish standing committees in connection with the discharge of its responsibilities. Upon the completion of this offering, these committees will include an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee. The composition and responsibilities of each of the committees of our board of directors are described below. Members will serve on these committees until their resignation or until as otherwise determined by our board of directors.

Audit Committee

The Audit Committee will oversee the conduct of our financial reporting processes, including (i) reviewing with management and the outside auditors the audited financial statements included in our annual reports filed with the SEC, (ii) reviewing with management and the outside auditors the interim financial results included in our quarterly reports filed with the SEC, (iii) discussing with management and the outside auditors the quality and adequacy of internal controls and (iv) reviewing the independence of the outside auditors.

Our Audit Committee will have a minimum of three members. Upon the completion of this offering, we expect the members of our Audit Committee will be , and . will serve as the chair of the Audit Committee. All members of our Audit Committee will be "independent" as defined in the NYSE corporate governance standards and Rule 10A-3 of the Exchange Act. All members of our Audit Committee will, in the judgment of our board of directors, be financially literate, or become so within a reasonable period of time after appointment to the Audit Committee, and at least one member of the Audit Committee will qualify as an "audit committee financial expert" as defined under the Sarbanes-Oxley Act and applicable SEC regulations. The Audit Committee will operate under a written charter that satisfies the applicable rules and regulations of the SEC and the listing standards of the NYSE, and the Audit Committee will review the charter annually. A copy of the Audit Committee Charter will be available for review on the Company's website.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee will be responsible for (i) advising our board of directors about the appropriate composition of our board of directors and its committees, (ii) identifying and evaluating candidates for board service, (iii) recommending director nominees for election at annual meetings of stockholders or for appointment to fill vacancies and newly created directorships, and (iv) recommending the directors to serve on each committee of our board of directors. The Corporate Governance and Nominating Committee will also be responsible for periodically reviewing and making recommendations to our board of directors regarding corporate governance policies and responses to stockholder proposals, for conducting an annual performance review of our board of directors and its committees, and for reviewing whether our directors satisfy applicable independence requirements. Pursuant to our Stockholders' Agreement, BNAC, through ownership interests in us held by BNAC and its affiliates, will have certain rights to designate individuals for nomination to our board of directors, subject to applicable corporate governance rules of the SEC and the NYSE (which may require BNAC to designate independent directors). See "*Certain Relationships and Related Party Transactions — Stockholders' Agreement*."

Upon the completion of this offering, we expect the members of our Corporate Governance and Nominating Committee will be , and . will serve as the chair of the Corporate Governance and Nominating Committee. As a "controlled company," our Corporate Governance and Nominating Committee is not required to be comprised of entirely independent directors. The Corporate Governance and Nominating Committee will operate under a written charter that satisfies the applicable rules and regulations of the SEC and the listing standards of the NYSE, and the Corporate Governance and Nominating Committee will review the charter annually. A copy of the Corporate Governance and Nominating Committee Charter will be available for review on the Company's website.

Compensation Committee

The Compensation Committee will review, evaluate and recommend to our board of directors compensation policies with respect to our directors, executive officers and senior management. The

Compensation Committee will also administer the 2022 Plan. The Compensation Committee will have the authority to approve the compensation of the directors, executive officers and senior management of the Company. The Compensation Committee will also have the authority to grant equity awards under the 2022 Plan.

Upon the completion of this offering, we expect the members of our Compensation Committee will be , and . will serve as the chair of the Compensation Committee. As a "controlled company," our Compensation Committee is not required to be comprised of entirely independent directors. The Compensation Committee will operate under a written charter that satisfies the applicable rules and regulations of the SEC and the listing standards of the NYSE, and the Compensation Committee will review the charter annually. A copy of the Compensation Committee Charter will be available for review on the Company's website.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serve on the board of directors or compensation committee of another public company that has an executive officer that serves on our board or compensation committee. No member of our board is an executive officer of another public company in which one of our executive officers serves as a member of the board of directors or compensation committee of that company.

Code of Business Conduct and Ethics

Upon the completion of this offering, our board of directors will adopt a new Code of Business Conduct and Ethics applicable to all the Company's employees, officers and directors. The Code of Business Conduct and Ethics will cover compliance with law; fair and honest dealings with the Company, its competitors and others; full, fair and accurate disclosure to the public; and procedures for compliance with the Code of Business Conduct and Ethics. This Code of Business Conduct and Ethics will be available on the Company's website.

Corporate Governance Guidelines

Upon the completion of this offering, our board of directors will adopt corporate governance guidelines in accordance with the corporate governance rules of the NYSE.

EXECUTIVE COMPENSATION

This section describes the material elements of compensation awarded to, earned by or paid to the following named executive officers (our "NEOs") for calendar year 2021:

- Christopher Kalnin, Chief Executive Officer and interim Chief Financial Officer
- John Jimenez, Chief Financial Officer
- Eric Jacobsen, Chief Operating Officer

2021 Summary Compensation Table

Name and Position (as of December 31, 2021)	Year	Salary ($)	Bonus ($)(1)	Stock awards ($)(2)	Nonequity incentive plan compensation ($)(3)	All other compensation ($)(4)	Total ($)
Christopher Kalnin Chief Executive Officer(5)	2021	501,923	—	16,896,074	795,000	11,928	18,204,925
John Jimenez Chief Financial Officer(6)	2021	250,385	250,000	8,009,952	120,204	31,339	8,661,880
Eric Jacobsen Chief Operating Officer	2021	401,539	—	9,591,205	224,190	22,340	10,239,274

(1) Amount represents the one-time sign-on bonus paid to Mr. Jimenez in connection with the commencement of his employment.

(2) Amounts reported represent the aggregate grant date fair value of TRSUs and PRSUs under the 2021 Plan, computed in accordance with FASB ASC 718. Each of Messrs. Kalnin's, Jimenez's and Jacobsen's PRSUs were granted in 2021. Under the 2021 Plan, TRSUs are expected to be granted in four annual grants over a four-year period. The first annual grant of each of Messrs. Kalnin's, Jimenez's and Jacobsen's TRSUs were granted in 2021. In accordance with FASB ASC 718, for accounting purposes, the Company recognized a compensation expense for each of the four annual grants expected to be granted during the four-year period, although only the first annual grant was granted in 2021. Therefore, the grant date fair value of the TRSUs reflects not only the TRSUs granted in 2021, but also the TRSUs that were expected to be granted in 2022, 2023 and 2024, subject to the continuation of the 2021 Plan and continued employment through each such anticipated grant date, in addition to other factors. For more details relating to the assumptions used in calculating the grant date fair value of the TRSUs and PRSUs reported in this column, including modifications made thereto in November 2021, see "*Note 11 — Equity-based Compensation*" to our historical consolidated financial statements included elsewhere in this prospectus. The grant date fair value for the PRSUs reflected in this table are reported based upon the probable outcome of the performance conditions as of the grant date, and were $12,570,730, $5,959,428 and $7,135,885 for Messrs. Kalnin, Jimenez and Jacobsen, respectively, which amounts are the sum of the original grant date fair value of the PRSUs, assuming a stock price of $10.00 per share and assumptions made with respect to the achievement of the performance goals at that time, plus the incremental cost associated with a modification made to the awards in November 2021, assuming a stock price of $11.06 per share and changes to the assumptions made with respect to the achievement of the performance goals as of the date of modification. The value of the PRSUs granted in 2021, assuming achievement of the maximum performance would have been as follows: Mr Kalnin: $20,184,942; Mr. Jimenez: $12,029,741; Mr. Jacobsen: $14,404,544, which amounts are the sum of the original grant date fair value of the PRSUs, assuming a stock price of $10.00 per share, plus the incremental cost associated with a modification made to the awards in November 2021, assuming a stock price of $11.06 per share.

(3) Amounts reported represent each NEO's annual performance-based bonus earned in 2021 but paid after the end of the fiscal year, upon certification of the applicable performance measures by our Compensation Committee. See "*— 2021 Performance-Based Bonuses*" for more information.

(4) Amounts reported include the amounts paid to the NEOs shown in the following table:

	Company 401(k) Contribution ($)[(a)]	Life Insurance Premiums ($)[(b)]	Relocation ($)[(c)]
Christopher Kalnin	11,808	120	—
John Jimenez	16,956	120	14,263
Eric Jacobsen	22,220	120	—

(a) The Company maintains a 401(k) plan that provides employees with an opportunity to save for retirement. The Company makes matching contributions of up to 6% of base salary, which contributions are immediately vested.

(b) Included in this column are the life insurance premiums paid on behalf of each NEO.

(c) Included in this column are the relocation expenses for which Mr. Jimenez was reimbursed in connection with his relocation to the Denver, Colorado area.

(5) Mr. Kalnin served as the Company's interim Chief Financial Officer from July 2020 until Mr. Jimenez assumed the role in April 2021. Mr. Kalnin was not separately compensated for his position as interim Chief Financial Officer.

(6) Mr. Jimenez assumed the role of Chief Financial Officer on April 16, 2021, and thus his base salary and non-equity incentive plan compensation information reflects only the period from April 16, 2021 through December 31, 2021.

Employment Agreements

CEO Employment Agreement

Mr. Kalnin and the Company entered into an employment agreement effective as of August 4, 2020 (the "CEO Employment Agreement"), which provides Mr. Kalnin with, among other things, (1) an annual base salary of $500,000, subject to annual review by our board of directors, (2) the eligibility to receive an annual cash bonus, with target payment equal to 100% of his base salary, but paid at an amount commensurate with the level at which the applicable performance goals are achieved (which may be higher or lower than the target level) and subject to continued employment through the end of the year, and (3) the opportunity to participate in the Company's equity incentive plan, with an annual restricted stock unit ("RSU") award to be made in each of 2020, 2021, 2022 and 2023 (each an "Annual RSU Grant") that is equal to, at least 325,900 RSUs per year; subject to the terms of the applicable plan. Mr. Kalnin's Annual RSU Grant has been satisfied in accordance with the 2021 Plan, by reference to Mr. Kalnin's four-year Annual RSU Grant opportunity, granted approximately 70% on January 1, 2021 in the form of PRSUs and the remaining 30% in TRSUs, the first and second annual grants of which were granted in each of January 1, 2021 and January 1, 2022. Each of the TRSU annual grants are subject to vesting requirements once granted, as described in more detail below in "*— Equity Awards Granted Under Our 2021 Long Term Incentive Plan*." Mr. Kalnin is also eligible to participate in and receive benefits offered to our employees, including paid and holiday time off, health insurance coverage and participation in our 401(k) plan. Mr. Kalnin is subject to customary confidentiality and invention assignment covenants, as well as non-competition and non-solicitation covenants which extend for 18 months after termination of employment. Additionally, Mr. Kalnin may receive compensation and benefits in connection with a termination of his employment or a change in control, which are discussed below in "*— Potential Payments Upon Termination or Change in Control — Separation Benefits in the CEO Employment Agreement*."

CFO Employment Agreement

Mr. Jimenez and the Company entered into an employment agreement effective as of January 11, 2021 (the "CFO Employment Agreement"), pursuant to which Mr. Jimenez assumed the role of the Company's Chief Financial Officer as of April 16, 2021 and which provides Mr. Jimenez with, among other things, (1) an annual base salary of $350,000, (2) the opportunity to receive a discretionary annual cash bonus based on the Company's performance (and taking into account Mr. Jimenez's individual effort and satisfactory achievement of established performance goals) in an amount between 0% and 60% of his base salary, and (3) the opportunity to participate in the 2021 Plan, which was originally estimated to equate to equity awards with respect to approximately 618,000 shares over a four-year period and, which would be subject to the terms of the 2021 Plan and ultimately dependent based on Company performance and Mr. Jimenez's individual effort and satisfactory achievement of performance goals. The CFO Employment Agreement provided Mr. Jimenez with a one-time singing bonus of $250,000 in connection with the commencement of his employment with the Company and the payment of Mr. Jimenez's relocation expenses, up to a maximum of $30,000, incurred in connection with his relocation to the Denver, Colorado area. Mr. Jimenez is also eligible to participate in and receive benefits offered to other employees, including paid and holiday time off, health insurance coverage and participation, with a company match, in our 401(k) plan. Mr. Jimenez is subject to customary confidentiality and invention assignment covenants, as well as non-disparagement, non-competition and non-solicitation covenants which extend for 12 months after termination of employment. Additionally, Mr. Jimenez may receive compensation in connection with a termination of his employment, which is discussed below in "—*Potential Payments Upon Termination or Change in Control — Separation Benefits in the CFO Employment Agreement*."

COO Employment Agreement

Mr. Jacobsen and Kalnin Ventures entered into an employment agreement effective as of February 18, 2020 (the "COO Employment Agreement"), which provides Mr. Jacobsen with, among other things, (1) an annual base salary of $400,000 and (2) the opportunity to receive a discretionary annual cash bonus based on the Company's performance (and taking into account Mr. Jacobsen's individual effort and satisfactory achievement of established performance goals) in an amount between 0% and 40% of his base salary. Mr. Jacobsen is also eligible to participate in and receive benefits offered to other employees, including paid and holiday time off, health insurance coverage and participation, with a company match, in our 401(k) plan. Mr. Jacobsen is subject to customary confidentiality and invention assignment covenants, as well as non-disparagement, non-competition and non-solicitation covenants. Additionally, Mr. Jacobsen may receive compensation in connection with a termination of his employment, which is discussed below in "— *Potential Payments Upon Termination or Change in Control — Separation Benefits in the COO Employment Agreement*."

Equity Awards Granted Under Our 2021 Long Term Incentive Plan

During the year ending December 31, 2021, RSU awards were granted to our NEOs under the 2021 Plan, some of which are subject to service-based vesting conditions and some of which are subject to both performance-based and service-based vesting conditions. On January 1, 2021, Mr. Kalnin and Mr. Jacobsen were granted 97,770 and 55,500 TRSUs, respectively, and 912,520 and 518,000 PRSUs at the target payout level (which equate to 1,825,040 and 1,036,000 PRSUs at maximum payout level), respectively. On April 16, 2021, Mr. Jimenez was granted 46,350 TRSUs and 432,600 PRSUs at the target payout level (which equates to 865,200 PRSUs at maximum payout level). Approximately 25% of Messrs. Kalnin's and Jacobsen's TRSUs were vested at the time of grant and the remainder were set to vest in three roughly equal tranches on each of January 1, 2022, January 1, 2023 and January 1, 2024, in each case, subject to continued employment through such applicable vesting date. Approximately 25% of Mr. Jimenez's TRSUs were vested at the time of grant and the remainder were set to vest in three roughly equal tranches on each of April 16, 2022, April 16, 2023 and April 16, 2024, in each case, subject to continued employment through such applicable vesting date. Messrs. Kalnin's, Jacobsen's and Jimenez's PRSUs will vest based upon the level at which the performance measures described below in "— *BKV Corporation 2021 Long Term Incentive Plan*" are achieved over the period beginning January 1, 2021 and ending on the earliest of December 31, 2023, an IPO or Change in Control of the Company (each as defined in the 2021 Plan), so long as each of Messrs. Kalnin, Jacobsen and Jimenez remain employed by the Company through the end of such performance period.

2021 Performance-Based Bonuses

For 2021, our Compensation Committee recommended and our board of directors approved the adoption of an annual, performance-based bonus program for all of our employees, including each of our NEOs (the "2021 Annual Bonus"). Messrs. Kalnin, Jimenez and Jacobsen were assigned a target bonus opportunity equal to, for Mr. Kalnin, 100% of his base salary and for Messrs. Jimenez and Jacobsen, 30%

of each of their respective base salaries. Each employee's 2021 Annual Bonus was calculated by multiplying the individual's base salary by his target bonus opportunity and multiplied by an additional two components: the corporate multiplier, based on corporate performance goals, which were based off of the KPI Scorecard (discussed below), and an individual multiplier, based on individual performance goals determined by, for Mr. Kalnin, the board of directors and for Messrs. Jimenez and Jacobsen, Mr. Kalnin, subject to approval by our board of directors. Once both the corporate performance goals and the individual performance goals were scored and the corporate multiplier and individual multipliers were determined, the 2021 Annual Bonus earned by each of Messrs. Kalnin, Jimenez and Jacobsen were equal to the product of their respective target bonus opportunities and the corporate multiplier and individual multiplier assigned to the corporate performance goals and individual performance goals, respectively. Mr. Jimenez's 2021 Annual Bonus was prorated to reflect the number of full months worked during 2021.

Company Performance Measures

The company performance metrics were based on the "KPI Scorecard," which evaluated "lagging" indicators and "leading" indicators that were weighted at an aggregate of 70% and 30%, respectively. The "lagging "indicators measured the Company's key financial and operation metrics, including the Company's EBITDA, net income, free cash flow, net production, year-end reserves, break-even unit costs, costs of upstream subsurface development and environmental health safety and regulatory measures. Each of these metrics comprised between 5% and 20% of the overall "lagging" indicator category." The "leading" indicators measured the Company's achievement of strategic and business plan goals, including employee engagement, baseline ESG scores as measured by a third-party consultant, the successful completion of the integration of the Devon Barnett Acquisition, the number of acquisition opportunities identified by the Company, the Company's automation and use of big data tools, the process redesign implementation of EHSR and operations, the achievement of midstream projects, enhancements in the Company's value chain and the level at which future projects inventory is clearly planned and to go, each weighted equally at 10%.

The Compensation Committee determined that the "lagging" indicators, or the financial and operational metrics were met, in the aggregate, at 160% of target, resulting in a company multiplier of 1.12 (or the product of the 160% level of achievement and the 70% weighting of such metrics). The Compensation Committee determined that the "leading" indicators, or the Company's strategic goals, were met, in the aggregate, at 184% of target, resulting in a company multiplier of .55 (or the product of the 184% level of achievement and the 30% weighting of such metrics). These determinations would have resulted in a total company multiplier equal to 1.67. However, the Compensation Committee included in its analysis of the Company's performance during 2021 that, while not costs that affected the level at which the performance metrics of the KPI Scorecard were met, there were nonetheless certain other costs that affected the Company. As a result of these costs and in the Compensation Committee's discretion to determine the level at which the performance metrics of the KPI Scorecard were achieved, the Compensation Committee determined that the overall company multiplier should be lowered by approximately 5%, resulting in a company multiplier equal to 1.59.

Individual Performance Measures

The Compensation Committee set Mr. Kalnin's individual performance measures to be the same as the KPI Scorecard used for the company performance measures. The Compensation Committee determined that Mr. Kalnin's individual contributions to the KPI Scorecard, along with his guiding the Company to be ready for an IPO and the Company's employee satisfaction (measured through a survey of the employees) resulted in an individual multiplier of 1.000, which the board of directors approved. Mr. Kalnin set Messrs. Jimenez's and Jacobsen's individual performance goals to be based off the elements of the KPI Scorecard that directly related to each of their duties. For Mr. Jimenez, his individual performance goals included his leadership, people and culture skills, his finance and accounting foundational processes and his IPO readiness. Mr. Kalnin recommended to the board of directors that, based on the strong relationships Mr. Jimenez built with investors, his ability to address audit issues and his engagement of Deloitte to define strategy and baseline readiness, and to prepare a plan for the Company's IPO, Mr. Jimenez's individual multiplier should be 1.080, which the board of directors approved. Mr. Jacobsen's individual performance goals included his leadership, people and culture skills, his ESG foundations and his IPO readiness. Mr. Kalnin recommended to the board of directors that, based on the strong leadership skills Mr. Jacobsen showed in both internal and external collaboration, his defined ESG strategy and implementation and his operations preparedness for an IPO in 2022, Mr. Jacobsen's individual multiplier should be 1.175, which the board of directors approved.

Outstanding Equity Awards at Fiscal Year-End

	Stock Awards			
Name	**Number of shares or units of stock that have not vested (#)**	**Market value of shares or units of stock that have not vested ($)**	**Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)**	**Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)**
Christopher Kalnin	—	—	912,520[(1)]	10,722,110
Christopher Kalnin	73,328[(2)]	861,604	—	—
John Jimenez	—	—	432,600[(1)]	5,083,050
John Jimenez	34,763[(3)]	408,465	—	—
Eric Jacobsen	—	—	518,000[(1)]	6,086,500
Eric Jacobsen	41,625[(2)]	489,094	—	—

(1) Represents the target number of PRSUs outstanding as of December 31, 2021 (assuming the performance goals are determined to be met at target). The number of PRSUs outstanding (and the value thereof), as of December 31, 2022 assuming the performance goals are determined to be met at maximum was 1,825,040 (or $21,444,220); 865,200 (or $10,166,100); and 1,036,000 (or $12,173,000) for Messrs. Kalnin, Jimenez and Jacobsen, respectively.

(2) Represents the portion of the TRSUs granted on January 1, 2021 to Messrs. Kalnin and Jacobsen that remained outstanding and unvested as of December 31, 2021, which vest approximately one-third on each of January 1, 2022, January 1, 2023 and January 1, 2024.

(3) Represents the portion of the TRSUs granted on April 16, 2021 to Mr. Jimenez that remain outstanding and unvested as of December 31, 2021, which vest approximately one-third on each of April 16, 2022, April 16, 2023 and April 16, 2024.

Potential Payments Upon Termination or Change in Control

Separation Benefits in the CEO Employment Agreement

The CEO Employment Agreement provides that, if Mr. Kalnin's employment with the Company is terminated by the Company without "cause" or by Mr. Kalnin with "good reason," (1) any outstanding RSUs granted pursuant to his Annual RSU Grant will become vested and (2) Mr. Kalnin will receive a lump sum payment equal to 200% of the sum of (a) his base salary plus (b) his target annual cash bonus, each in effect at the time of Mr. Kalnin's termination. If Mr. Kalnin elects coverage under the Company's medical plan pursuant to COBRA, Mr. Kalnin will be reimbursed for the full amount of his and his eligible dependents' COBRA premiums for the 18-month period following his termination, unless he earlier becomes eligible for coverage under another employer's medical plan (together with the Annual RSU Grant acceleration and lump sum payment, the "CEO Separation Benefits"). "Cause," as defined in the CEO Employment Agreement, means Mr. Kalnin's (i) indictment for a felony or his commission of fraud against the Company; (ii) misconduct that brings the Company into substantial public disgrace or disrepute; (iii) gross negligence or gross misconduct with respect to the Company; (iv) insubordination to, or material failure to follow lawful directions of, the board of directors, in either case if not cured within 10 days of Mr. Kalnin's receipt of written notice of such event; (v) material violation of the restrictive covenants in the CEO Employment Agreement; (vi) material breach of any a Company work rule or internal policy that is not cured within 10 days of Mr. Kalnin's receipt of written notice of such event (if such event can be cured); (vii) a violation of the Foreign Corrupt Practices Act of 1977 or any state or federal anti-money laundering laws; or (viii) material breach of the CEO Employment Agreement that is not cured within 30 days of

Mr. Kalnin's receipt of written notice of such breach. "Good Reason," as defined in the CEO Employment Agreement, means (i) a material reduction in Mr. Kalnin's base salary or target annual bonus (other than as part of an across-the board reduction of no more than 10% applicable to all of the Company's executives); (ii) a material diminution in Mr. Kalnin's position, duties, authority, reporting or responsibilities; (iii) the Company's material breach of the CEO Employment Agreement; or (iv) the involuntary permanent relocation of Mr. Kalnin's principal place of business to a location more than 35 miles beyond the Company's current place of business.

Mr. Kalnin's receipt of the CEO Separation Benefits is subject to his execution and non-revocation of a release of claims in favor of the Company and his continued compliance with the restrictive covenants contained in the CEO Employment Agreement. Such restrictive covenants include non-competition, non-solicitation (of both employees or customers) and intellectual development prohibitions for 18 months following termination, along with a perpetual confidentiality prohibitions.

Separation Benefits in the CFO Employment Agreement

The CFO Employment Agreement provides that, if Mr. Jimenez's employment with the Company is terminated by the Company without "cause" (as defined in the CFO Employment Agreement), Mr. Jimenez will receive 18 months of base salary, subject to his execution of a separation agreement and general release and his compliance with a 12 month non-competition and non-solicitation restriction.

Separation Benefits in the COO Employment Agreement

The COO Employment Agreement provides that, if Mr. Jacobsen's employment with the Company is terminated by the Company without "cause" (as determined by the Company in good faith), Mr. Jacobsen will receive a lump sum payment equal to three months of his base salary.

BKV Corporation 2021 Long Term Incentive Plan

The 2021 Plan was initially adopted by our board of directors on January 1, 2021 and was amended in November 2021. We anticipate the 2021 Plan will be terminated by the board of directors in connection with this offering.

Purpose. The purpose of the 2021 Plan was to permit the grant of awards to our directors and employees of our Company or any of our subsidiaries, and to attract and retain such individuals who contribute to the achievement of the Company's economic objectives.

Administration. Our 2021 Plan was administered by our Compensation Committee (for purposes of this section, the "Committee") and subject to the board of director's approval. Subject to the terms of the 2021 Plan, the administrator had the authority to, among other things, select the persons to whom awards are granted, determine the nature, extent and timing of the awards to be granted, determine the duration of and restrictions and other conditions applicable to such awards. Any interpretation or determination by the Committee under the 2021 Plan will be final and conclusive. The Committee may delegate its administrative duties or powers to one or more of our officers.

Shares Available. There were 14,941,176 shares of our common stock authorized for grant under the 2021 Plan. The shares available for issuance may be shares authorized but unissued or treasury shares. The Chief Executive Officer had the authority to grant up to 60% of the available shares on or before December 31, 2022 (assuming target payout of the PRSUs). Assuming maximum payout of the PRSUs and based on the TRSUs that were legally outstanding as of June 30, 2022, 12,648,166 shares were underlying outstanding equity awards and 975,119 shares remained available for issuance under the 2021 Plan.

Share Counting. The aggregate number of shares of our common stock that were available for award under the 2021 Plan were reduced by one share of our common stock for every one share of our common stock subject to an award granted under the 2021 Plan. Shares of our common stock that were subtracted from the amount of available shares with respect to an award that ultimately lapsed, expired, was forfeited or for any reason was terminated or unvested were not automatically available again for issuance under the 2021 Plan.

Eligibility. Awards under the 2021 Plan could be granted to employees and directors of the Company or any of our subsidiaries. Eligible recipients who were either (1) the Chief Executive Officer or classified by the Company at the Senior Management level (those reasonably likely to be in the four most highly compensated during the next financial year or otherwise recommended by the Chief Executive Officer and approved by the board of directors as such) or (2) classified by the Company below the Senior Management level but who were recommended for an award by our Chief Executive Officer generally received PRSUs and TRSUs under the 2021 Plan.

Types of Awards Under the 2021 Plan. Pursuant to the 2021 Plan, we could grant TRSUs and PRSUs. Generally, with respect to the aggregate awards anticipated to be granted to participants over a four-year period, 70% of such aggregate award granted under the 2021 Plan were PRSUs and 30% were TRSUs.

Time-Vested Restricted Stock Units. The TRSUs were contemplated as being granted annually beginning on the effective date of the 2021 Plan and in each of the three (3) financial years thereafter or commencing upon an individual first becoming a participant under the 2021 Plan. The TRSUs were subject to the recipient's continued employment and are 25% vested on grant, with the remaining TRSUs vesting 25% on each of the first, second and third anniversaries of grant.

Performance-Vested Restricted Stock Units. The PRSUs were granted as a one-time grant on the effective date of the 2021 Plan or upon an individual first becoming a participant under the 2021 Plan. The PRSUs vest subject to the recipient's continued performance through the vesting date and based upon the level at which the performance metrics are attained, which metrics may be attained at a level between 0% and 100% of the maximum performance level. The performance period for the PRSUs began on the effective date of the 2021 Plan and will end on the earliest of December 31, 2023, the date of an IPO or the date of a Change in Control (as defined in the 2021 Plan), which means that the performance period will end in connection with the completion of this offering. The performance measures include total shareholder return, return on capital employed and the Company's IPO readiness.

Effect of Termination or Forfeiture. Unless otherwise provided in an award agreement, or unless the Committee determines otherwise, upon a participant's termination for any reason, awards held by the participant that have not vested as of the date of his or her termination were forfeited. If the Committee determines that the participant has committed an act that would constitute cause or an adverse action (each as defined in the 2021 Plan), either before or after such participant's termination of employment and regardless of whether such participant was terminated for cause, the Committee in its sole discretion may require that the participant surrender and return to the Company all or any shares of common stock received prior to his or her termination in settlement of any vested award under the 2021 Plan or to disgorge all or any profits or any other economic value made or realized by the participant, during the period beginning one year before the participant's termination in connection with any shares of stock issued upon vesting of any TRSUs and PRSUs granted under the 2021 Plan.

Repurchase, Put and Drag-Along Rights. If a participant (1) committed a material breach of his or her employment agreement or service contract with the Company that was not capable of being remedied or, if capable of being remedied, that was not remedied by the participant within 30 days, or (2) was terminated for any reason, then the Company had the right, which remained open for 90 days following termination, to repurchase all (but not less than all) of the vested shares of common stock acquired by the participant under the 2021 Plan. The purchase price of the vested shares so repurchased was equal to the fair market value of the shares at the time of repurchase. If a participant's employment was terminated for any reason other than the participant's resignation or, if a participant's employment terminated due to his or her voluntary resignation and more than 36 months had passed since the participant's first grant of an incentive award under the 2021 Plan, and, in each case, the Company had not repurchased the participant's shares of common stock acquired under the 2021 Plan, the participant had the right to elect to sell such shares back to the Company at an amount equal to the fair market value of the shares at the time the election to sell was made. In November 2021, both the Company's repurchase right and this put right were amended so that they could not be exercised for at least 181 days following the date the participant's award vests and a "Sell Fund Purchase Program" was implemented whereby, if specifically provided for in an award agreement, participants have the ability to tender shares for repurchase by the Company. Additionally, if Banpu proposed to effect the sale of shares of common stock representing more than 80% of the total issued and outstanding shares of Banpu, it may have required the participation in such sale of all of the vested shares of common stock owned by participants.

Corporate Transactions; Change in Control. In the event of (1) any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, extraordinary dividend or divestiture or other similar change in corporate structure or shares, (2) any purchase, acquisition, sale, disposition or write-down of a significant amount of assets or a significant business, (3) any change in accounting principles or practices, tax laws or other such laws or provisions affecting reported results, (4) any uninsured catastrophic losses or extraordinary non-recurring items as described in Accounting Standards Codification 225-20, (5) an IPO or (6) any other similar change, in each case with respect to the Company or any other entity whose performance is relevant to the vesting of the PRSUs, the Committee may amend or modify the vesting criteria of any outstanding PRSUs to equitably reflect such event, with the desired result that the criteria for evaluating such financial performance of the Company or such other entity will be substantially the same following such event as prior to such event.

In the event of a Change in Control (as defined in the 2021 Plan), the board of directors or any corporation or entity assuming the obligations of the Company could have provided that awards outstanding under the 2021 Plan be vested in full or in part on the date of such Change in Control or could have provided that such awards be assumed or that an equivalent award be substituted by the acquiring or succeeding corporation. The performance period of the PRSUs would end as of the date of such Change in Control.

Transferability. Generally, awards under the 2021 Plan may not be transferred by a participant except by will or the laws of descent and distribution. However, the 2021 Plan allowed participants to designate a beneficiary that would receive payment or settlement of an award under the 2021 Plan in the event of the participant’s death.

Market Standoff. Unless the Committee otherwise provides the participant with prior written consent, the 2021 Plan places market stand-off restrictions on shares of common stock acquired in connection with the grant, vesting or settlement of the PRSUs and TRSUs. The participant may not, without the consent of the Company or the representatives of any underwriters (for the duration determined by the Company and the representatives of the underwriters, but not to exceed 180 days from the date of the final prospectus), (1) sell, pledge, offer to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock.

Amendment and Termination. The Committee has the authority to amend or modify for any reason the terms of any outstanding awards under the 2021 Plan, including the authority to modify the number of shares or other terms and conditions of an award, accept the surrender of an outstanding award or, to the extent to previously exercised or vested, authorize the grant of new awards in substitution for surrendered awards. However, the terms of any such amendments must be permitted by the 2021 Plan and such amendment may not (1) cause the award to become taxable under Section 409A of the Code or (2) adversely affect any participant without such participant’s consent.

Our board of directors generally may amend, suspend or terminate the 2021 Plan in whole or in part. However, no termination, suspension or amendment of the 2021 Plan may adversely affect any outstanding award without the consent of the affected participant. The 2021 Plan shall terminate pursuant to its terms on the earlier of (1) six months following an IPO (including this offering) and (2) January 1, 2024; however, the board of directors acted to terminate the 2021 Plan in connection with the adoption of the 2022 Plan. Termination of the 2021 Plan pursuant to its terms will not affect the rights of the Company and participants and the Company’s and participants’ rights will remain in full force and effect as to all outstanding unvested or vested awards, and shares of common stock issued in settlement of awards.

BKV Corporation 2022 Equity And Incentive Compensation Plan

In connection with this offering, our board of directors plans to adopt, and we anticipate our stockholders will approve, the 2022 Plan. The material terms of the 2022 Plan are as follows:

Purpose. The purpose of the 2022 Plan is to permit the grant of awards to our directors, officers and other employees and certain consultants, and to provide to such persons incentives and rewards for service and/or performance.

Administration; Effectiveness. The 2022 Plan will generally be administered by the Compensation Committee or any other committee of the board of directors designated by the board of directors to administer the 2022 Plan (for purposes of this section, the "Committee"). The Committee has the authority to determine eligible participants in the 2022 Plan, and to interpret and make determinations under the 2022 Plan. Any interpretation or determination by the Committee under the 2022 Plan will be final and conclusive. The Committee may delegate its administrative duties or powers to one or more of our officers. However, the board of directors shall have the same powers and authorities as the Committee with respect to grants of awards to non-employee directors and may, in its discretion, act in lieu of the Committee with respect to such awards.

Shares Available for Awards under the 2022 Plan. Subject to adjustment as described in the 2022 Plan, the number of shares of our common stock available for awards under the 2022 Plan is, in the aggregate, shares of our common stock (which we refer to as the "Available Shares"), with such shares subject to adjustment to reflect any extraordinary cash dividend, stock dividend, split or combination of our common stock. The Available Shares may be shares of original issuance, treasury shares or a combination of the foregoing.

The 2022 Plan also contains limits on the maximum value at grant for awards to non-employee directors in any calendar year of $750,000.

Share Counting. The aggregate number of shares of our common stock available for award under the 2022 Plan will be reduced by one share of our common stock for every one share of our common stock subject to an award granted under the 2022 Plan.

Shares of our common stock subject to an award that is cancelled or forfeited, expires, is settled for cash or is unearned (in whole or in part) will be added back to the aggregate number of shares of our common stock available under the 2022 Plan, however, the following shares of our common stock will not be added back: (i) shares of our common stock withheld by us in payment of the exercise price of a stock option; (ii) shares of our common stock tendered or otherwise used in payment of the exercise price of a stock option; (iii) shares of our common stock withheld by us or tendered or otherwise used to satisfy a tax withholding obligation; (iv) shares of our common stock subject to share-settled appreciation rights that are not actually issued in connection with the settlement of such appreciation right; and (v) shares of our common stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of stock options. In addition, if under the 2022 Plan a participant has elected to give up the right to receive cash compensation in exchange for shares of our common stock based on fair market value, such shares of our common stock will not count against the aggregate number of shares of our common stock available under the 2022 Plan.

Shares of our common stock issued or transferred pursuant to awards granted under the 2022 Plan in substitution for or in conversion of, or in connection with the assumption of, awards held by awardees of an entity engaging in a corporate acquisition or merger with us or any of our subsidiaries (which we refer to as "Substitute Awards") will not count against, nor otherwise be taken into account in respect of, the share limits under the 2022 Plan unless otherwise provided in the 2022 Plan. Additionally, shares of common stock available under certain plans that we or our subsidiaries may assume in connection with corporation transactions from another entity may be available for certain awards under the 2022 Plan, but will not count against, nor otherwise be taken into account in respect of, the share limits under the 2022 Plan.

Types of Awards Under the 2022 Plan. Pursuant to the 2022 Plan, we may grant stock options, appreciation rights, restricted stock, RSUs, performance shares, performance units, cash incentive awards, and certain other awards based on or related to shares of our common stock.

Each grant of an award under the 2022 Plan will be evidenced by an award agreement or agreements, which will contain such terms and provisions as the Committee may determine, consistent with the 2022 Plan. Those terms and provisions include the number of our shares of our common stock subject to each award, earning or vesting terms and any other terms consistent with the 2022 Plan. A brief description of the types of awards which may be granted under the 2022 Plan is set forth below.

Stock Options. Stock options granted under the 2022 Plan are non-qualified stock options and must have an exercise price per share that is not less than the fair market value of a share of our common stock on the date of grant. The term of a stock option may not extend more than 10 years after the date of grant. Each grant will specify the form of consideration to be paid in satisfaction of the exercise price.

Appreciation Rights. The 2022 Plan provides for the grant of appreciation rights. An appreciation right is a right to receive from us an amount equal to 100%, or such lesser percentage as the Committee may determine, of the spread between the base price and the value of shares of our common stock on the date of exercise. An appreciation right may be paid in cash, shares of our common stock or any combination thereof. Except with respect to Substitute Awards, the base price of an appreciation right may not be less than the fair market value of a share of common stock on the date of grant. The term of an appreciation right may not extend more than 10 years from the date of grant.

Restricted Stock. Restricted stock constitutes an immediate transfer of the ownership of shares of our common stock to the participant in consideration of the performance of services, entitling such participant to dividend, voting and other ownership rights, subject to the substantial risk of forfeiture and restrictions on transfer determined by the Committee for a period of time determined by the Committee or until certain management objectives specified by the Committee are achieved. Each such grant or sale of restricted stock may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value per share of our common stock on the date of grant. Any grant of restricted stock may specify the treatment of dividends or distributions paid on restricted stock that remains subject to a substantial risk of forfeiture. Any such dividends or other distributions on restricted stock shall be deferred until, and paid contingent upon, the vesting of such restricted stock.

Restricted Stock Units. RSUs awarded under the 2022 Plan constitute an agreement by us to deliver shares of our common stock, cash, or a combination thereof, to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of management objectives) during the restriction period as the Committee may specify. Each grant or sale of RSUs may be made without additional consideration or in consideration of a payment by the participant that is less than the fair market value of shares of our common stock on the date of grant. During the applicable restriction period, the participant will have no ownership, transfer or voting rights in the shares of our common stock underlying the RSUs. Rights to dividend equivalents may be extended to and made part of any RSU award at the discretion of and on the terms determined by the Committee, provided that any dividend equivalents or other distributions on the shares of our common stock underlying the RSUs shall be deferred until and paid contingent upon the vesting of such RSUs. Each grant of RSUs will specify that the amount payable with respect to such RSUs will be paid in cash, shares of our common stock, or a combination of the two.

Cash Incentive Awards, Performance Shares, and Performance Units. Performance shares, performance units and cash incentive awards may also be granted to participants under the 2022 Plan. A performance share is a bookkeeping entry that records the equivalent of one share of our common stock, and a performance unit is a bookkeeping entry that records a unit equivalent to $1.00 or such other value as determined by the Committee. Each grant will specify the number or amount of performance shares or performance units, or the amount payable with respect to cash incentive awards, being awarded, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.

These awards, when granted under the 2022 Plan, become payable to participants upon the achievement of specified management objectives and upon such terms and conditions as the Committee determines at the time of grant. Each grant will specify the management objectives regarding the earning of the award. Each grant will specify the time and manner of payment of cash incentive awards, performance shares or performance units that have been earned, and any grant may further specify that any such amount may be paid or settled in cash, shares of our common stock, or any combination thereof. Any grant of performance shares or performance units may provide for the payment of dividend equivalents in cash or in additional shares of our common stock, provided that such dividend equivalents shall be subject to deferral and payment on a contingent basis based on the earning and vesting of the performance shares or performance units, as applicable, with respect to which such dividend equivalents are paid.

Other Awards. The Committee may authorize the grant of such other awards (which we refer to as "other awards") that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of our common stock or factors that may influence the value of such shares of our common stock, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of our common stock, purchase rights for shares of our common stock, awards with value and payment contingent upon our performance or performance of specified subsidiaries, affiliates or other business units or any other factors designated by the Committee, and awards valued by reference to the book value of the shares of our common stock or the value of securities of, or the performance of our subsidiaries, affiliates or other business units.

Adjustments; Corporate Transactions. The Committee will make or provide for such adjustments in the: (i) number and kind of shares of our common stock covered by outstanding stock options, appreciation rights, restricted stock, RSUs, performance shares, performance units and, if applicable, other awards; (ii) exercise price or base price provided in outstanding stock options and appreciation rights; (iii) cash incentive awards; and (iv) other award terms, as the Committee determines to be equitably required in order to prevent dilution or enlargement of the rights of participants that otherwise would result from (a) any extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in our capital structure, (b) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities or (c) any other corporate transaction or event having an effect similar to any of the foregoing.

In the event of any such transaction or event, or in the event of a change in control (as defined in the 2022 Plan), the Committee may provide in substitution for any or all outstanding awards under the 2022 Plan such alternative consideration (including cash), if any, as it may in good faith determine to be equitable under the circumstances and will require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each stock option or appreciation right with an exercise price greater than the consideration offered in connection with any such transaction or event or change in control, the Committee may in its discretion elect to cancel such stock option or appreciation right without any payment to the person holding such stock option or appreciation right. The Committee will make or provide for such adjustments to the number of shares available for issuance under the 2022 Plan and the share limits of the 2022 Plan as the Committee in its sole discretion may in good faith determine to be appropriate in connection with such transaction or event.

Transferability of Awards. Except as otherwise provided by the Committee, no stock option, appreciation right, restricted share, RSU, performance share, performance unit, cash incentive award, other award or dividend equivalents paid with respect to awards made under the 2022 Plan may be transferred by a participant except by will or the laws of descent and distribution.

Amendment and Termination of the 2022 Plan. Our board of directors generally may amend the 2022 Plan from time to time in whole or in part. However, if any amendment (i) would materially increase the benefits accruing to participants under the 2022 Plan, (ii) would materially increase the number of shares of our common stock which may be issued under the 2022 Plan, (iii) would materially modify the requirements for participation in the 2022 Plan, or (iv) must otherwise be approved by our stockholders in order to comply with applicable law or the rules of the NYSE, then such amendment will be subject to stockholder approval and will not be effective unless and until such approval has been obtained.

Our board of directors may, in its discretion, terminate the 2022 Plan at any time. Termination of the 2022 Plan will not affect the rights of participants or their successors under any awards outstanding and not exercised in full on the date of termination. No grant will be made under the 2022 Plan more than 10 years after the effective date of the 2022 Plan, but all grants made prior to such date shall continue in effect thereafter subject to the terms of the 2022 Plan.

IPO Equity Grants

In connection with this offering, we expect the Compensation Committee to approve awards of RSUs under the 2022 Plan, subject to final adoption by the board and approval of our stockholders of the 2022 Plan to substantially all of our employees. We anticipate that 60% of each RSU award will be subject to performance-based vesting and will vest upon the achievement of pre-specified performance goals at the end of a three-year performance period and that 40% of each RSU award will be subject to time-based vesting and will vest in three equal installments one each of the first three anniversaries of the grant date. The vesting of both the performance-based and time-based RSUs will be subject to the grantee's continued employment through the applicable vesting date. We anticipate that the RSUs granted to our NEOs will have the following grant date fair values: Mr. Kalnin: $, Mr. Jimenez: $ and Mr. Jacobsen: $. Following the vesting date, these RSU awards are expected to be settled in shares of our common stock.

BKV Corporation Employee Stock Purchase Plan

In connection with this offering, our board of directors plans to adopt, and we anticipate our stockholders will approve, the ESPP. The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. The material terms of the ESPP are as follows:

Purpose. The purpose of the ESPP is to provide employees of the Company and certain of its subsidiaries with an opportunity to acquire a proprietary interest in the Company through the purchase of shares of our common stock.

Administration. The ESPP will be administered by the Compensation Committee (for purposes of this section, the "Committee"). Subject to the terms of the ESPP, the Committee will have the complete discretion to establish the terms and conditions of offerings under the ESPP and the subsidiaries, if any, eligible to participate in such offerings, to interpret the ESPP and to make all decisions related to the operation of the ESPP. The board of directors has the same powers as the Committee and may act in lieu of the Committee with respect to the ESPP.

Shares Available for Issuance. Subject to adjustment as described in the ESPP, the number of shares of our common stock available for awards under the ESPP is shares of our common stock.

Eligibility. All employees who have been employed by the Company or a designated subsidiary (whether currently existing or subsequently established) for at least six months prior to the beginning of an Offering and who work at least 20 hours per week and more than five months per calendar year are eligible to participate in the ESPP, resulting in approximately employees (including executive officers) as eligible participants. The Committee may permit employees who work less than 20 hours per week or less than five months per year to participate and may exclude certain categories of employees from participating in any offering to the extent permitted by Section 423 of the Code, including employees who have not completed a minimum period of service with the Company and/or highly compensated employees. An employee may be excluded from participation in the ESPP if his or her participation in the ESPP is prohibited by local law or if complying with local law would cause the ESPP or an offering to violate the requirements of Section 423 of the Code. Also, in accordance with Section 423 of the Code, no employee may be granted a right to purchase shares of the Company's Class A Common Stock under the ESPP if, immediately after such grant, such employee would own stock and/or hold outstanding options to purchase stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Company or any subsidiary (including in such calculation stock held directly or indirectly by or for the benefit of the employee and stock held by certain persons related to the employee) or if such option would permit his or her rights to purchase stock under all employee stock purchase plans of the Company and its subsidiaries to accrue at a rate that exceeds $25,000 of the fair market value of such stock (determined at the time the option is granted) for each calendar year in which such option is outstanding at any time.

Participation. The ESPP will permit an eligible employee to purchase shares of the Company's common stock through payroll deductions, which may not exceed 10% of the employee's eligible compensation (or such lesser or greater limit as may be determined by the Committee for a particular offering). Employees will be able to withdraw all, but not less than all, of their accumulated payroll deductions prior to the end of an offering in accordance with the terms of the offering. Participation in the ESPP will end automatically upon termination of employment. In the event of withdrawal or termination of participation in the ESPP, a participant's accumulated payroll contributions will be refunded without interest.

Certain limitations on the number of shares of our common stock that a participant may purchase apply. For example, if an offering is over-subscribed whereby, when added together, the total number of shares of our common stock purchased by all participants in a given offering would exceed the total number of shares of our common stock remaining available under the ESPP, the Committee shall allocate such shares remaining available under the ESPP in as uniform a manner as practicable and as the Committee determines to be equitable.

Offerings; Purchase Price. The ESPP will be implemented through a series of offerings of up to a period of 27 months, which will consist of one offering period. During the offering period, payroll contributions will accumulate without interest and, on the last trading day of the offering period, accumulated payroll deductions will be used to purchase shares of our common stock.

The purchase price for each offering will be established by the Committee and may not be less than 85% of the fair market value of a share of our common stock on either the first trading day of an offering or on the purchase date, whichever is lower.

Adjustments. In the event that there occurs a change in our capital structure through such actions as an extraordinary cash or a stock dividend, a stock split, combination of shares or recapitalization, or a merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or any other corporate transaction or event having a similar effect, then in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the ESPP, the Committee will adjust (1) the number of shares reserved under the ESPP, (2) the number of shares by which the share reserve may increase automatically each year, (3) the purchase price of outstanding options and (4) the number of shares that are subject to purchase limits under an ongoing offering.

Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, any offering then in progress will be shortened by setting a new purchase date before the proposed dissolution or liquidation and the offering will end immediately prior to the proposed dissolution or liquidation.

Change in Control. Unless otherwise determined by the Committee, in the event of a change in control (as defined in the ESPP) each outstanding option under the ESPP will be assumed or an equivalent option will be substituted by the successor corporation (or a parent or subsidiary of such successor corporation) and if the successor corporation refused to assume or substitute the options, then, unless otherwise provided by the Committee, the offering with respect to which the option relates will be shortened by setting a new purchase date, that will occur before the date of the change in control, on which the offering will end.

ESPP Amendment or Termination. The board of directors has the authority to amend or terminate our ESPP at any time. If any offering is terminated before its scheduled expiration, all amounts that have not been used to purchase shares of our common stock will be returned to participants (without interest, except as otherwise required by applicable law) as soon as administratively practicable. Unless earlier terminated by the board of directors, the ESPP shall have a term of 10 years.

Director Compensation

Name(1)	2021 Fees earned or paid in cash ($)(2)	Total($)
Chanin Vongkusolkit	—	—
Somruedee Chaimongkol	—	—
Joseph R. Davis	57,500	57,500
Akaraphong Dayananda	—	—
Thiti Mekavichai	—	—
Charles C. Miller III	57,500	57,500
Anon Sirisaengtaksin	—	—

(1) Mr. S. Vongkusolkit was elected to our board of directors effective July 19, 2022, and Ms. Mashinski and Mr.Patel were elected to our board effective September 1, 2022.

(2) In 2021, Messrs. Davis and Miller each receive an annual $50,000 cash retainers and additional $7,500 cash retainers, for service on the compensation committee (for Mr. Davis) and service on the audit committee (for Mr. Miller).

Through September 1, 2022, the non-executive members of our board of directors, other than Messrs. Davis and Miller, did not receive any compensation from the Company. Any compensation paid through such time by Banpu to our non-executive directors, including Messrs. C. Vongkusolkit, Dayananda, Mekavichai and Sirisaengtaksin and Ms. Chaimongkol, is not reflected as such compensation was not paid by us or our subsidiaries and related to such individual's services to Banpu.

On December 16, 2021, Mr. Davis, and on December 13, 2021, Messrs. Mekavichai and Miller, each purchased 6,000, 37,000 and 135,000 shares of our common stock, respectively, for a per share purchase price of $11.06 per share and an aggregate purchase price of $66,360; $409,220 and $1,493,100, respectively, under the Company's 2020 Employee Stock Purchase Plan, adopted on July 16, 2020, as amended (the "2020 ESPP"). The 2020 ESPP afforded certain employees and directors of the Company selected by the Chief Executive Officer of the Company the opportunity to purchase shares of common stock for the greater of $10.00 per share and the fair market value of a share on the date of purchase.

Our board of directors adopted the BKV Corporation Non-Employee Director Compensation Program (the "Non-Employee Director Compensation Program") which provides that, beginning on September 1, 2022, our non-employee directors will be compensated as follows:

- Each non-employee director, other than a non-employee director who serves as chairman of the board, will be entitled to receive an annual cash retainer of $75,000, and any non-employee director serving as the chairman of the board will be entitled to receive an annual cash retainer of $137,500, each of which will be paid in quarterly installments, based on calendar quarters, in arrears on a prorated basis;
- Members of our Audit Committee (other than the chairperson thereof) will be entitled to receive an additional cash retainer of $10,000, and the chairperson of the Audit Committee will be entitled to receive an additional cash retainer of $20,000, each paid in quarterly installments, based on calendar quarters, in arrears on a prorated basis;
- Members of our Compensation Committee and Governance Committee (other than the chairpersons thereof) will be entitled to receive an additional cash retainer of $5,000, and the chairperson of the Compensation Committee and chairperson of the Governance Committee will be entitled to receive an additional cash retainer of $15,000, each paid in quarterly installments, based on calendar quarters, in arrears on a prorated basis;
- Each non-employee director who is re-elected to serve, or will continue serving as a non-employee director immediately following any annual meeting of the Company's stockholders, will receive an annual grant of RSUs on the date of the Company's annual shareholder meeting with a grant date

value of $140,000, if such non-employee director will not serving as the chairman of the board, or $202,500 if such non-employee director will serve as the chairman of the board, which will vest on the day prior to the first annual meeting of the Company's stockholders following the date the RSUs are granted, subject to the non-employee director's continued service; and

- Each non-employee director will be reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board or any of its committees.

Because the Non-Employee Director Compensation Program was adopted mid-term, compensation payable thereunder will be pro-rated based on the non-employee director's service over the period beginning on the day the Non-Employee Director Compensation Program became effective through the day prior to the estimated date of the next annual meeting of the Company's stockholders. To the extent the 2022 Plan has not become effective prior to such meeting, cash will be paid in lieu of the RSU awards.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of our common stock immediately following the completion of this offering by (i) each NEO, director and director nominee of the Company, (ii) all executive officers, directors and director nominees of the Company as a group; and (iii) each person known to the Company to own beneficially more than 5% of any class of our voting securities. Except as otherwise indicated, (a) the persons or entities identified in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them and (b) the current directors and executive officers have not pledged any of such shares as security. All information with respect to beneficial ownership has been furnished by the respective 5% or more stockholders, directors, director nominees or executive officers, as the case may be.

The following information has been presented in accordance with the SEC's rules and is not necessarily indicative of beneficial ownership for any other purpose. Under the SEC's rules, beneficial ownership of a class of capital stock as of any date includes any shares of that class as to which a person, directly or indirectly, has or shares voting power or investment power as of that date and also any shares as to which a person has the right to acquire sole or shared voting or investment power as of or within 60 days after that date through the exercise of any stock option, warrant or other right (including any conversion or redemption right).

We have based our calculation of the percentage of beneficial ownership prior to this offering on shares of our common stock outstanding as of the date of this prospectus. We have based our calculation of the percentage of beneficial ownership after this offering on shares of our common stock outstanding immediately following the completion of this offering, assuming that the underwriters do not exercise their option to purchase additional shares.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o BKV Corporation, 1200 17th Street, Suite 2100, Denver, Colorado 80202.

	Beneficial Ownership Before the Offering			Beneficial Ownership After the Offering		
	Common Stock		Total Voting Power Before the Offering	Common Stock		Total Voting Power After the Offering
Name of Beneficial Owner	**Shares**	**%**	**%**	**Shares**	**%**	**%**
Named Executive Officers, Directors and Director Nominees:						
Christopher P. Kalnin						
John T. Jimenez						
Eric S Jacobsen						
Somruedee Chaimongkol						
Joseph R. Davis						
Akaraphong Dayananda						
Carla S. Mashinski						
Thiti Mekavichai						
Charles C. Miller III						
Sunit S. Patel						
Anon Sirisaengtaksin						
Chanin Vongkusolkit						
Sinon Vongkusolkit						
All executive officers, directors and director nominees as a group (persons)						
5% Stockholders:						
Banpu North America Corporation [1]						

* Less than 1%.

(1) Approximately 96.1% of our outstanding shares of common stock are currently owned by BNAC, a Delaware corporation wholly owned by BOG Co., Ltd., a wholly owned subsidiary of Banpu, a public company listed on the Stock Exchange of Thailand and the ultimate parent company of BKV Corporation, BNAC, Banpu Power and BPPUS. The principal address of Banpu is 27th Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok, Thailand.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We describe below transactions and series of similar transactions, during our last three fiscal years or currently proposed, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed $120,000; and
- any of our directors, director nominees, executive officers or beneficial holders of more than 5% of any class of our voting securities, or any immediate family member of any such person, had, or will have, a direct or indirect material interest.

Other than as described below, there have not been, nor are there any currently proposed, transactions or series of similar transactions meeting these criteria to which we have been or will be a party other than compensation arrangements, which are described where required under "*Executive Compensation*."

Stockholders' Agreement

We are party to a stockholders' agreement, dated as of May 1, 2020, with certain of our stockholders, including BNAC and Chris Kalnin. Our existing stockholders' agreement will be terminated prior to the completion of this offering.

Additionally, in connection with the closing of this offering, we will enter into our Stockholders' Agreement with BNAC. Pursuant to our Stockholders' Agreement, for so long as BNAC and Banpu beneficially own 10% or more of our voting stock, BNAC will be entitled to designate for nomination to our board of directors a number of individuals approximately proportionate to such beneficial ownership, provided that (i) from the completion of this offering until the first anniversary of the completion of this offering, at least three board seats will not be BNAC designees, (ii) from and after the first anniversary of the completion of this offering until the first date on which BNAC and Banpu beneficially own 50% or less of our voting stock, at least four board seats will not be BNAC designees, and (iii) from and after the first date on which BNAC and Banpu beneficially own 50% or less of our voting stock, a number of board seats equal to the minimum number of directors that would constitute a majority of the total number of directors comprising our board of directors will not be BNAC designees. Under our Stockholders' Agreement, we will agree to use our best efforts to cause the election of the individuals nominated by BNAC to our board of directors, including nominating such individuals to be elected as a director, recommending their election and soliciting proxies or consents in favor of their election. Our Stockholders' Agreement also provides that we and BNAC shall, to the extent permitted by law, take actions to cause our Chief Executive Officer to be included in our board of directors.

In addition, for so long as BNAC and its affiliates beneficially own shares of our voting stock representing at least 25% of our total voting power, BNAC will have the right to designate the chairman of our board of directors from among its designees. Our Stockholders' Agreement will also provide BNAC with certain information rights for so long as it continues to own shares of our voting stock representing at least 25% of our voting power. Further, we may not amend our charter or our bylaws in a manner inconsistent with the rights granted to BNAC pursuant to our Stockholders' Agreement without BNAC's consent.

Our Stockholders' Agreement will terminate on the earlier to occur of (i) such time as BNAC is no longer entitled to designate a director pursuant to our Stockholders' Agreement (except that the registration rights discussed below will survive and continue until BNAC and its affiliates no longer hold any shares of our common stock constituting registrable securities (as defined in our Stockholders' Agreement)) and (ii) the delivery of written notice by BNAC to us requesting termination of our Stockholders' Agreement.

BKV-BPP Power Joint Venture

BKV-BPP Power is jointly controlled by us and BPPUS through a board of directors (the "BKV-BPP board") consisting of eight members, four of whom are appointed by us and four of whom are appointed by BPPUS. We account for BKV-BPP Power using the equity method of accounting.

In November 2021, BKV-BPP Power acquired Temple I for an aggregate purchase price of $430.0 million. BKV-BPP Power was formed in July 2021 for the purpose of purchasing and operating Temple I and is a joint venture owned 50% by us and 50% by BPPUS, a wholly owned subsidiary of Banpu Power.

In connection with the purchase of Temple I, we made a capital contribution to BKV-BPP Power in the amount of $87.0 million and BPPUS made a capital contribution to BKV-BPP Power in the amount of $87.0 million.

BKV-BPP Loan Agreements

On October 14, 2021, BKV-BPP Power entered into a Loan Agreement (the “$141 Million Banpu Loan Agreement”) with BNAC, which allowed for a single drawdown in the amount of $141.0 million. On November 1, 2021, BKV-BPP Power borrowed $141.0 million for the purpose of acquiring Temple I and working capital.

On October 15, 2021, BKV-BPP Power entered into a Loan Agreement (the “141 Million BPPUS Loan Agreement” and, together with the $141 Million Banpu Loan Agreement, the “BKV-BPP Loan Agreements”) with BPPUS, which allowed for a single drawdown in the amount of $141.0 million. On November 21, 2021, BKV-BPP Power borrowed $141.0 million for the purpose of acquiring Temple I and working capital.

BKV-BPP Power’s payment obligations under the BKV-BPP Loan Agreements are senior unsecured indebtedness. The BKV-BPP Loan Agreements bear interest at six-month LIBOR plus 5.25% per annum. Interest on the loans is payable on a semi-annual basis, and the loans will mature on November 1, 2023. BKV-BPP is permitted to prepay the loans at any time, with no prepayment premium. The BKV-BPP Loan Agreements include covenants that, among other things, prohibit BKV-BPP from merging, incurring liens or incurring any additional indebtedness or guarantees. The BKV-BPP Loan Agreements include financial covenants that require BKV-BPP to maintain a minimum net worth (as defined in the BKV-BPP Loan Agreements, but generally meaning total assets minus total liabilities). In the $141 Million Banpu Loan Agreement, the minimum net worth requirement is $120.0 million and in the $141 Million BPPUS Loan Agreement, the minimum net worth requirement is $40.0 million. Under the BKV-BPP Loan Agreements, BNAC and BPPUS have no recourse to us with respect to any amounts owed to them thereunder and we are not liable in any manner (and are not required to provide security) for any obligations owed to them thereunder.

BKV-BPP Power Limited Liability Company Agreement

We and BPPUS are each a party to the BKV-BPP Power LLC Agreement governing the BKV-BPP Power Joint Venture, which, among other things, provides that a general manager appointed by the BKV-BPP board will have the power to manage and administer the business and affairs of BKV-BPP Power, subject to specified matters reserved for approval by the BKV-BPP board. The appointment and removal of the general manager must be approved by both the BKV-BPP board and BPPUS. Transfer or encumbrance of a party’s interest in BKV-BPP Power is permitted without prior approval of the other party or the BKV-BPP board. However, no transfer will be permitted if the transfer: (A) would subject BKV-BPP Power to U.S. federal securities law reporting requirements, (B) would cause BKV-BPP Power to lose its status as a U.S. partnership for federal income tax purposes or will cause BKV-BPP Power to be classified as a “publicly traded partnership,” (C) would violate, give rise to a default under or cause any payment to become due under any credit agreement, guaranty, or similar credit document or any other material contract to which BKV-BPP Power or any affiliate is bound, or (D) occurs prior to the repayment by BKV-BPP Power of all loans and other amounts outstanding under the term loans.

In the event that either party admits in writing that it is unable to perform its obligations (including any obligation to provide additional capital contributions) under the BKV-BPP Power LLC Agreement, the non-defaulting party will be entitled to (i) sell the assets of the joint venture and dissolve the joint venture on reasonable terms deemed acceptable to the BKV-BPP board, (ii) obtain specific performance of the non-defaulting party’s obligations, and/or (iii) exercise any other right or remedy provided in law or in equity.

The BKV-BPP board will determine the amount and timing of distributions of operating cash flow (which will be done no less frequently than once per quarter) and net capital proceeds (which will be distributed within three business days after becoming available for distribution). All distributions will be made on a pro-rata basis to us and BPPUS. As of June 30, 2022, no distributions have been made by BKV-BPP Power. Additional cash capital contributions will be required to be made by us and by BPPUS on a pro-rata basis upon 30 days written notice either by us or by BPPUS; provided that the additional contributions must be expended on items included in the annual approved budget, items in response to an emergency in the event that BKV-BPP Power does not have sufficient cash reserves to address such emergency, or any other matter approved by the BKV-BPP board. Otherwise, neither us nor BPPUS will be required to provide additional capital contributions without consent.

Major decisions and significant activities of BKV-BPP Power are reserved for approval by at least a majority of the members of the BKV-BPP board, such as, among other things, any merger, consolidation, amalgamation, conversion of BKV-BPP or any of its subsidiaries, into another form or entity or other business combination of any nature, wind up, the dissolution, liquidation, commencement or any filing or petition for a voluntary bankruptcy, reorganization, debt arrangement involving BKV-BPP Power, any plan to or initial sale of BKV-BPP Power or other equity interests to the public, any amendments, restatements or revocations of its organizational documents, execution, amendment or termination of a material contract, and any amendment to or deviation from the dividend policy of the joint venture or any of its subsidiaries. Under the terms of the BKV-BPP Power LLC Agreement:

- we do not have the power to unilaterally cause BKV-BPP Power to make distributions;
- we may be required to make additional capital contributions to fund items approved in the annual budget or other matters approved by the board of BKV-BPP Power at the request of BPPUS, which would reduce the amount of cash otherwise available for dividend payments by us on our common stock or require us to incur additional indebtedness; and
- BKV-BPP Power may incur additional indebtedness in an amount greater than $1,500,000 if approved by the board of BKV-BPP Power, which debt payments would reduce the amount of cash that might otherwise be available for distributions to us.

In December 2021, we entered into an Administrative Service Agreement (the “Administrative Services Agreement”) with BKV-BPP Power. Under the Administrative Service Agreement, we provide certain operational, accounting, tax and other services as required by the Administrative Services Agreement and in return receive an annual fee of $2.6 million until December 1, 2022, with options to extend. In addition to the annual fee, we are entitled to receive reimbursement for all (i) reasonable, ordinary and necessary out-of-pocket expenses actually incurred in connection with travel, (ii) actual costs of audits, legal fees, tax return preparations and other third-party professional fees approved by BKV-BPP Power and (iii) reasonable, ordinary and necessary out-of-pocket expenses actually incurred by us in connection with the services provided by us under the Administrative Services Agreement. During the six months ended June 30, 2022 and the year ended December 31, 2021, we recognized $1.3 million and $0.2 million, respectively, of revenues related to the services provided under the Administrative Services Agreement.

Loan Agreements

Intercompany Loan Agreements

On December 17, 2019, BKV O&G entered into the $10 Million Loan Agreement with BNAC, which allowed for a single drawdown in the amount of $10.0 million. On June 23, 2020, we entered into a novation agreement with BKV O&G and BNAC, which transferred all of BKV O&G’s rights and obligations under the $10 Million Loan Agreement to us. Also on June 23, 2020, we entered into the First Amendment to the Loan Agreement. On July 1, 2020, we borrowed $10.0 million thereunder for working capital purposes. During the year ended December 31, 2020, we paid $0.2 million in interest on the loan, and on December 31, 2020, we repaid $5.0 million of the outstanding principal amount of the loan. During the year ended December 31, 2021, we paid $0.1 million in interest on the loan and repaid the remaining outstanding principal amount of the loan in full. The First Amendment to $10 Million Loan Agreement terminated on June 20, 2021.

On September 28, 2020, we borrowed $119.0 million under the $119 Million Loan Agreement with BNAC to partially fund the Devon Barnett Acquisition and for working capital. During the year ended December 31, 2020, we paid $1.5 million in interest on the loan, and on December 16, 2020, we repaid

$100.0 million of the outstanding principal amount of the loan. During the year ended December 31, 2021, we paid $0.2 million in interest on the loan, and on March 15, 2021, we repaid the remaining outstanding principal amount of the loan in full. The $119 Million Loan Agreement terminated concurrently with repayment of the remaining principal amount.

On November 8, 2021, we borrowed $50.0 million under the $50 Million Loan Agreement with BNAC. On January 11, 2022, we repaid $15.0 million of the outstanding principal amount of the loan. On June 1, 2022, we paid $1.3 million in interest on the loan and repaid the remaining $35.0 million of the outstanding principal amount of the loan in full. The $50 Million Loan Agreement terminated concurrently with repayment of the remaining principal amount.

For additional information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Loan Agreements and Credit Facilities — Intercompany Loan Agreements*."

Subordinated Intercompany Loan Agreements

On October 14, 2021, we borrowed $116.0 million under the $116 Million Loan Agreement with BNAC to redeem all of the outstanding preferred and common stock of the company owned by OCM BKV Holdings, LLC, an affiliate of Oaktree Capital Management L.P. Following such redemption, we do not have any issued and outstanding preferred stock. On June 15, 2022, we entered into the $116 Million A&R Loan Agreement, which amended and restated the $116 Million Loan Agreement to, among other things, subordinate the $116.0 million term loan owed to BNAC thereunder to the term loans we borrowed under the Term Loan Credit Agreement. On August 24, 2022, BNAC entered into a Subordination Agreement with Bangkok Public Company Limited, New York Branch, which subordinated the $116.0 million term loan owed to BNAC to the revolving loans at any time outstanding under the Revolving Credit Agreement (the "August 2022 Subordination Agreement").

On March 10, 2022, we borrowed $75.0 million under the $75 Million Loan Agreement with BNAC to fund the deposit for the Exxon Barnett Acquisition. On June 15, 2022, we entered into the $75 Million A&R Loan Agreement, which amended and restated the $75 Million Loan Agreement to, among other things, subordinate the $75.0 million term loan owed to BNAC thereunder to the term loans we borrowed under the Term Loan Credit Agreement. The August 2022 Subordination Agreement provides for the subordination of the $75.0 million term loan owed to BNAC thereunder to the revolving loans at any time outstanding under the Revolving Credit Agreement.

For additional information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Loan Agreements and Credit Facilities — Subordinated Intercompany Loan Agreements*."

Tax Sharing Agreement

Since our inception, BNAC has owned, directly and indirectly, in excess of 80% of the outstanding shares of our common stock, with the result that we have been included in BNAC's consolidated federal income tax group (as well as in certain consolidated, combined and unitary state and local income tax returns filed by BNAC). If and when BNAC's ownership of our common stock falls below 80%, we will cease to be part of BNAC's consolidated federal income tax group (a "deconsolidation event"). We are party to a Tax Sharing Agreement, dated as of May 1, 2020 (the "Existing Tax Sharing Agreement"), with BNAC, providing for payment by us to BNAC of the amounts payable by us in respect of U.S. federal income taxes and certain state and local taxes, and for certain payments by BNAC to us. We made no payments to BNAC under the Existing Tax Sharing Agreement in 2020, 2021 and as of June 30, 2022.

At the completion of this offering, we anticipate BNAC will own less than 80% of the outstanding shares of our common stock and, as a result, we will generally be deconsolidated from BNAC for federal and, in most cases, state, income tax purposes for periods beginning after completion of the offering. In anticipation of this offering, we will enter into an Amended and Restated Tax Sharing Agreement with BNAC, which sets forth the principles and responsibilities (i) governing the allocation of consolidated U.S. federal income tax liabilities and consolidated, combined and unitary state and local income tax liabilities between us and BNAC during the periods in which we have been and are included in any consolidated or combined income tax return filed by BNAC, (ii) specifying the allocation of tax attributes and tax liabilities in connection with deconsolidation and (iii) setting forth agreements with respect to certain other tax matters.

The Amended and Restated Tax Sharing Agreement contains provisions that we believe are customary for tax sharing agreements between members of a consolidated group. In particular, we make payments to BNAC in respect of our allocable share of the U.S. federal income consolidated tax liability and state and local combined tax liability, in each case as determined on a separate return basis. In addition, we are compensated for the use of our net operating losses and other tax assets to the extent such assets reduce the U.S. federal income consolidated tax liability or state and local combined tax liability, as applicable, during the periods in which we have been and are included in any consolidated or combined income tax return filed by BNAC. The Amended and Restated Tax Sharing Agreement also includes customary indemnification clauses and survives until all obligations and liabilities of the parties arising under the agreement are satisfied.

Registration Rights

Our Stockholders' Agreement will provide BNAC and its affiliates with the right, in certain circumstances, to require us to register their shares of our common stock constituting registrable securities under the Securities Act for sale into the public markets and with certain piggyback rights, as described below. Our Stockholders' Agreement will also provide that we will pay certain expenses of BNAC and its affiliates relating to such registrations and indemnify them against certain liabilities that may arise under the Securities Act.

Demand Rights/Shelf Registration Rights

Subject to certain limitations, following the date that is six months after the consummation of this offering, BNAC and its affiliates will have the right, by delivering written notice to us, to require us to register the number of their registrable securities requested under the Securities Act. In no event later than 45 days after receiving a valid demand request, we are required to file or confidentially submit, at our discretion, with the SEC a registration statement covering all of the registrable securities covered by such demand request, subject to the limitations discussed below. We will not be obligated to effect more than two such registered offerings in any twelve-month period.

Upon the delivery of written notice to us by BNAC and its affiliates from time to time after a shelf registration statement has been declared effective by the SEC, we will facilitate a takedown of registrable securities off of an effective shelf registration statement. We will not be required to effect (i) an underwritten shelf takedown unless the offering includes securities with a total offering price (including piggyback securities and before deducting underwriting discounts) reasonably expected to exceed, in the aggregate, $5.0 million and (ii) more than two offerings demanded pursuant to this paragraph or the preceding paragraph in any twelve-month period.

In addition, if we are eligible to file a shelf registration statement on Form S-3, BNAC and its affiliates can request that we register their registrable securities for resale on a shelf registration statement.

Piggyback Rights

BNAC and its affiliates will be entitled to request to participate in, or "piggyback" on, registrations of common stock for sale by us or underwritten shelf takedowns. This piggyback right does not apply to, among other things, a registration relating to our employee benefit plans, a registration on Form S-4 or Form S-8 (or any similar successor forms) or a registration where the registrable securities are not being sold for cash.

Conditions and Limitations

The rights outlined above will be subject to conditions and limitations, including the right of the underwriters to limit the number of shares of our common stock to be included in a registration statement and our right to postpone or suspend a registration statement under specified circumstances.

Indemnification Agreements with our Directors and Officers

We intend to enter into indemnification agreements, to be effective upon the completion of this offering, with each of our directors and officers. The indemnification agreements and our governing documents will require us to indemnify our directors and officers to the fullest extent permitted by Delaware law. Subject to certain limitations, the indemnification agreements and our governing documents will also require us to advance expenses incurred by our directors and officers. For more information regarding these agreements, see "*Description of Capital Stock — Limitations of Liability and Indemnification*."

Policies and Procedures Regarding Related Party Transactions

Upon completion of this offering, we expect that our board of directors will adopt a new written Code of Business Conduct and Ethics that complies with all applicable requirements of the SEC and NYSE and that contains conflict of interest policies governing transactions involving any director, executive officer or beneficial owner of more than 5% of any class of our voting securities that could be deemed to present a conflict of interest.

Upon completion of this offering, we expect that our board of directors will adopt a written related party transactions policy, pursuant to which our Audit Committee will be responsible for reviewing and either approving, ratifying or disapproving such transactions with our directors, officers or beneficial owners of more than 5% of any class of our voting securities, or any immediate family member of any of the foregoing persons. In considering a related party transaction, our Audit Committee will take into account relevant facts and circumstances relating to whether the transaction is in the best interests of the Company, including the following:

- the materiality of the transaction to the related party and the Company;
- the business purpose for and reasonableness of the transaction; and
- whether the transaction is comparable to a transaction that could be available with an unrelated party or is on terms that the Company offers generally to persons who are not related parties.

DESCRIPTION OF CAPITAL STOCK

General

The following description summarizes certain important terms of our capital stock and of our governing documents, as each will be in effect upon the completion of this offering. For a complete description of the matters set forth in this section titled "*Description of Capital Stock*," you should refer to our governing documents, which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law.

Upon completion of this offering, our authorized capital stock will consist of 500,000,000 shares of common stock, $0.01 par value per share, of which shares (or shares if the underwriters exercise in full their option to purchase additional shares) will be issued and outstanding and 80,000,000 shares of preferred stock, $0.01 par value per share, of which no shares will be issued and outstanding. In addition, shares of our common stock will be reserved for issuance under our equity compensation plans. See "*Executive Compensation — BKV Corporation 2022 Equity and Incentive Compensation Plan*."

As of the date of this prospectus, BNAC owns approximately 96.1% of our common stock.

Common Stock

Holders of shares of our common stock are entitled to one vote for each share held of record on all matters on which stockholders are entitled to vote generally, including the election or removal of directors elected by our stockholders generally. Holders of our common stock do not have cumulative voting rights in the election of directors. Subject to certain nomination rights of BNAC under our Stockholders' Agreement, holders of our common stock will be entitled to elect all directors to our board of directors. See "*Certain Relationships and Related Party Transactions — Stockholders' Agreement* ."

Holders of shares of our common stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available therefor, subject to any statutory or contractual restrictions on the payment of dividends and to any restrictions on the payment of dividends imposed by the terms of any outstanding preferred stock. See "*Dividend Policy*."

Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of shares of our common stock will be entitled to receive pro rata our remaining assets available for distribution.

All shares of our common stock that will be outstanding at the time of the completion of the offering will be fully paid and non-assessable. Our common stock will not be subject to further calls or assessments by us. Holders of shares of our common stock do not have preemptive, subscription, redemption or conversion rights. There will be no redemption or sinking fund provisions applicable to our common stock. The rights powers, preferences and privileges of our common stock will be subject to those of the holders of any shares of our preferred stock or any other series or class of stock we may authorize and issue in the future.

Preferred Stock

No shares of preferred stock will be issued or outstanding immediately after the offering contemplated by this prospectus. Our certificate of incorporation authorizes our board of directors to establish one or more series of preferred stock (including convertible preferred stock). Unless required by law or any stock exchange, the authorized shares of preferred stock will be available for issuance without further action by the holders of our common stock. Our board of directors is able to determine, with respect to any series of preferred stock, the powers (including voting powers), preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, including, without limitation:

- the designation of the series;
- the number of shares of the series, which our board of directors may, except where otherwise provided in the preferred stock designation, increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares then outstanding);

- whether dividends, if any, will be cumulative or non-cumulative and the dividend rate of the series;
- the dates at which dividends, if any, will be payable;
- the redemption or repurchase rights and price or prices, if any, for shares of the series;
- the terms and amounts of any sinking fund provided for the purchase or redemption of shares of the series;
- the amounts payable on shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding-up of our affairs;
- whether the shares of the series will be convertible into shares of any other class or series, or any other security, of us or any other entity, and, if so, the specification of the other class or series or other security, the conversion price or prices or rate or rates, any rate adjustments, the date or dates as of which the shares will be convertible and all other terms and conditions upon which the conversion may be made;
- restrictions on the issuance of shares of the same series or of any other class or series; and
- the voting rights, if any, of the holders of the series.

Dividends

The DGCL permits a corporation to declare and pay dividends on shares of its capital stock out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of capital stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend will be subject to the discretion of our board of directors. See "*Dividend Policy*."

Annual Stockholder Meetings

Our bylaws provide that annual stockholder meetings will be held at a date, time and place, if any, as determined by our board of directors or a duly authorized committee thereof. To the extent permitted under applicable law, we may conduct meetings by remote communications, including by webcast.

Anti-Takeover Provisions

Our governing documents and the DGCL contain provisions, which are summarized in the following paragraphs, that are intended to enhance the likelihood of continuity and stability in the composition of our board of directors. These provisions are intended to avoid costly takeover battles, reduce our vulnerability to a hostile or abusive change of control and enhance the ability of our board of directors to maximize stockholder value in connection with any unsolicited offer to acquire us. However, these provisions may have an anti-takeover effect and may delay, deter or prevent a merger or acquisition of the Company by means of a tender offer, a proxy contest or other takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the prevailing market price for the shares of common stock held by stockholders.

Authorized but Unissued Capital Stock

Delaware law does not require stockholder approval for any issuance of shares that are authorized and available for issuance. However, the listing requirements of the NYSE, which would apply so long as our common stock remains listed on the NYSE, require stockholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power of our capital stock or then outstanding number of shares of common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

Our board of directors may generally issue shares of one or more series of preferred stock on terms calculated to discourage, delay or prevent a change of control of the Company or the removal of our management. Moreover, our authorized but unissued shares of preferred stock will be available for future issuances in one or more series without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, to facilitate acquisitions and employee benefit plans.

One of the effects of the existence of authorized and unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of the Company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Classified Board of Directors

Our certificate of incorporation provides that our board of directors will be divided into three classes of directors, with each class to be as equal in number as possible, and with the directors serving staggered three-year terms. As a result, approximately one-third of our board of directors will be elected each year. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board of directors. Our certificate of incorporation provides that, subject to any rights of holders of preferred stock to elect additional directors under specified circumstances, the total number of directors will be determined from time to time by the affirmative vote of a majority of the total number of directors then in office.

Delaware Law

We will be subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. Section 203 of the DGCL provides that, subject to exceptions specified therein, an “interested stockholder” of a Delaware corporation shall not engage in any “business combination,” including general mergers or consolidations or acquisitions of additional shares of the corporation, with the corporation for a three-year period following the time that such stockholder becomes an interested stockholder unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an “interested stockholder,” the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding specified shares); or
- at or subsequent to such time, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66⅔% of the outstanding voting stock not owned by the interested stockholder.

Under Section 203 of the DGCL, the restrictions described above also do not apply to specified business combinations proposed by an interested stockholder following the announcement or notification of one of specified transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation’s directors, if such transaction is approved or not opposed by a majority of the directors who were directors prior to any person becoming an interested stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors.

Except as otherwise specified in Section 203 of the DGCL, an “interested stockholder” is defined to include:

- any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and

- the affiliates and associates of any such person.

Under some circumstances, Section 203 of the DGCL makes it more difficult for a person who is an interested stockholder to effect various business combinations with us for a three-year period following the time such stockholder became an interested stockholder.

A Delaware corporation may "opt out" of Section 203 of the DGCL with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from amendments approved by the holders of at least a majority of the corporation's outstanding voting shares. We do not intend to "opt out" of the provisions of Section 203 of the DGCL. The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us.

Removal of Directors; Vacancies and Newly Created Directorships

Under the DGCL, unless otherwise provided in our certificate of incorporation, directors serving on a classified board may be removed by the stockholders only for cause. Our certificate of incorporation provides that directors may be removed only for cause and only by the affirmative vote of the holders of at least 60% in voting power of all the then-outstanding shares of our stock entitled to vote generally in the election of directors, voting together as a single class. In addition, our certificate of incorporation provides that, subject to the rights granted to the holders of one or more series of preferred stock then outstanding or the rights granted under our Stockholders' Agreement, any vacancies on our board of directors, and any newly created directorships, will be filled by a majority of the total number of directors then in office, even if less than a quorum, or by a sole remaining director, and not by the stockholders.

No Cumulative Voting

Under the DGCL, the right to vote cumulatively does not exist unless the certificate of incorporation specifically authorizes cumulative voting. Our certificate of incorporation does not authorize cumulative voting. Therefore, stockholders holding a majority in voting power of the shares of our stock entitled to vote generally in the election of directors will be able to elect all our directors, subject to certain nomination rights of BNAC under our Stockholders' Agreement. See "*Certain Relationships and Related Party Transactions — Stockholders' Agreement*."

Special Stockholder Meetings

Our certificate of incorporation provides that, subject to the rights of the holders of any series of preferred stock, special meetings of our stockholders may be called at any time only by or at the direction of our board of directors by the affirmative vote of a majority of the total number of directors then in office, the chairman of our board of directors or our Chief Executive Officer, and may not be called by any other person or persons. Our bylaws prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting. These provisions may have the effect of deterring, delaying or discouraging hostile takeovers, or changes in control or management of the Company.

Director Nominations and Stockholder Proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of the board of directors or a committee of the board of directors. In order for any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information. Generally, to be timely, a stockholder's notice must be received at our principal executive offices not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary date of the immediately preceding annual meeting of stockholders. Our bylaws also specify requirements as to the form and content of a stockholder's notice. Our bylaws allow the chairman of the meeting at a meeting of the stockholders to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to influence or obtain control of the Company.

Stockholder Action by Written Consent

Under the DGCL, any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is or are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted, unless our certificate of incorporation provides otherwise. Our certificate of incorporation precludes stockholder action by written consent at any time when BNAC and its affiliates and subsidiaries (excluding the Company and its subsidiaries) own, in the aggregate, less than 35% in voting power of our stock entitled to vote generally in the election of directors.

Supermajority Provisions

Our governing documents provide that our board of directors is expressly authorized to make, repeal, alter, amend and rescind, in whole or in part, our bylaws by the affirmative vote of a majority of the total number of directors then in office, without the assent or vote of the stockholders in any matter not inconsistent with the laws of the State of Delaware or our certificate of incorporation. Any amendment, alteration, rescission or repeal of any provision of our bylaws, or the adoption of any provision inconsistent with our bylaws, by our stockholders requires the affirmative vote of the holders of at least 66⅔% in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class, in addition to any vote of the holders of any class or series of our capital stock required by our governing documents or applicable law or securities exchange rule or regulation.

The DGCL provides generally that the affirmative vote of a majority of the outstanding shares entitled to vote thereon, voting together as a single class, is required to amend a corporation's certificate of incorporation, unless the certificate of incorporation requires a greater percentage.

Our certificate of incorporation provides that, in addition to any vote required by our governing documents or applicable law or securities exchange rule or regulation, the following provisions in our certificate of incorporation may be amended, altered, repealed or rescinded, in whole or in part, or any provision inconsistent therewith may be adopted, only by the affirmative vote of the holders of at least 66⅔% in voting power all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class (except that, in the case of any proposed amendment, alteration, repeal or rescission of, or the adoption of any provision inconsistent with, the following provisions, as to which the DGCL does not require the consent or vote of the stockholders or that is approved by at least 60% of our board of directors, then only the affirmative vote of the holders of a majority in voting power of all the then-outstanding shares of our stock entitled to vote thereon, voting together as a single class (in addition to any vote required by our governing documents or applicable law or securities exchange rule or regulation), will be required to amend, alter, repeal or rescind, or adopt any provision inconsistent with, the following provisions:

- the provisions requiring a 66⅔% supermajority vote for stockholders to amend our bylaws;
- the provisions providing for a classified board of directors (the election and term of our directors);
- the provisions regarding removal of directors;
- the provisions regarding filling vacancies on our board of directors and newly-created directorships;
- the provisions eliminating monetary damages for breaches of fiduciary duty by a director or officer;
- the provisions regarding indemnification and advancement of expenses to certain indemnitees in connection with certain proceedings;
- the provisions regarding stockholder action by written consent;
- the provisions regarding calling special meetings of stockholders;
- the provisions regarding competition and corporate opportunities; and

- the amendment provision requiring that the above provisions be amended with a majority vote or a 66⅔% supermajority vote, as applicable, of stockholders.

The combination of the classification of our board of directors, the lack of cumulative voting and the supermajority voting requirements in certain circumstances will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management.

These provisions may have the effect of deterring hostile takeovers or delaying or preventing changes in control of us or our management, such as a merger, reorganization or tender offer. These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of the Company. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. The provisions are also intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. Such provisions may also have the effect of preventing changes in management.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of the Company. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our shares at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Choice of Forums

Our certificate of incorporation provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by law, be the sole and exclusive forum for any (i) derivative action or proceeding brought on behalf of the Company, (ii) action asserting a claim of breach of a fiduciary duty owed by any director, officer or employee of the Company to the Company or our stockholders, (iii) action asserting a claim against the Company or any director or officer of the Company arising pursuant to any provision of the DGCL or our governing documents, or (iv) action asserting a claim against the Company or any director, officer or employee of the Company, which claim is governed by the internal affairs doctrine. Notwithstanding the foregoing sentence, the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under U.S. federal securities laws, including the Securities Act and the Exchange Act. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Company will be deemed to have notice of and consented to the forum provisions in our certificate of incorporation. However, the enforceability of similar forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be unenforceable.

Corporate Opportunity

The DGCL permits corporations to adopt provisions renouncing any interest or expectancy of the corporation in, or in being offered an opportunity to participate in, specified business opportunities that are presented to the corporation or its officers, directors or stockholders. Our certificate of incorporation, to the fullest extent permitted by law, renounces any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries' employees. Our certificate of incorporation provides that, to the fullest extent permitted by law, neither BNAC nor its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his or her director and officer capacities) or his or her affiliates will have any duty to refrain from (i) engaging in the same or similar business activities or lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that BNAC or its affiliates or any non-employee director acquires knowledge of a potential transaction or other business opportunity that may be a corporate opportunity for itself, himself or herself or its or his or her affiliates or for us or any of our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our certificate of incorporation does not renounce our interest in any corporate opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of the Company. To the fullest extent permitted by law, a business opportunity will not be deemed to be a potential corporate opportunity for us if we would not be financially or legally able, or contractually permitted to undertake, the opportunity; the opportunity, from its nature, would not be in the line of our business; or the opportunity is one in which we would have no interest or reasonable expectancy.

Limitations of Liability and Indemnification

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our certificate of incorporation includes a provision that eliminates the personal liability of our directors and officers for monetary damages to the Company or its stockholders for any breach of fiduciary duty as a director or an officer, to the fullest extent permitted by the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director or an officer for breach of fiduciary duty as a director or an officer, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any breaches of the duty of loyalty, any acts or omissions not in good faith or that involve intentional misconduct or knowing violation of law, any authorization of dividends or stock redemptions or repurchases paid or made in violation of the DGCL, or for any transaction from which the director derived an improper personal benefit.

Our certificate of incorporation and our bylaws generally provide that we must defend, indemnify and advance expenses to our directors and officers to the fullest extent permitted by the DGCL. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability, indemnification and advancement provisions in our certificate of incorporation and our bylaws may discourage stockholders from bringing a lawsuit against directors or officers for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Indemnification Agreements

We intend to enter into an indemnification agreement with each of our directors and officers as described in "*Certain Relationships and Related Person Transactions — Indemnification Agreements with our*

Directors and Officers." Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

Registration Rights

Our Stockholders' Agreement will provide BNAC and its affiliates with the right, in certain circumstances, to require us to register their shares of our common stock constituting registrable securities under the Securities Act for sale into the public markets and with certain piggyback rights. Our Stockholders' Agreement will also provide that we will pay certain expenses of BNAC and its affiliates relating to such registrations and indemnify them against certain liabilities that may arise under the Securities Act. See "*Certain Relationships and Related Party Transactions — Registration Rights*" for a description of these registration rights.

Transfer Agent and Registrar

Upon completion of this offering, the transfer agent and registrar for our common stock will be Broadridge Corporate Issuer Solutions, Inc. The transfer agent and registrar's address is 51 Mercedes Way, Edgewood, New York 11717.

Listing

We intend to apply for the listing of our common stock on NYSE under the symbol "BKV."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Future sales of our common stock in the public market, or the perception that those sales may occur, could adversely affect the prevailing market price of our common stock at such time, which could make it more difficult for you to sell your shares of common stock at a time and price that you consider appropriate, and could impair our ability to raise equity capital or use our common stock as consideration for acquisitions of other businesses, investments or other corporate purposes in the future.

Sale of Restricted Securities

Immediately upon completion of this offering, there will be outstanding shares of common stock (or if the underwriters exercise in full their option to purchase additional shares). Of these outstanding shares, shares of our common stock to be sold in this offering (or shares if the underwriters exercise in full their option to purchase additional shares) will be freely tradable without further restriction or registration under the Securities Act. Any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below.

BNAC's shares of common stock will be deemed "restricted securities" as defined in Rule 144 under the Securities Act. These restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 under the Securities Act. BNAC will agree to certain lock-up restrictions with the underwriters pursuant to which it will agree, subject to specific exceptions, not to sell any of our stock for 180 days following the date of this prospectus. See "— *Lock-Up Arrangements*" below and "*Underwriting*."

As a result of the lock-up agreements described below and the provisions of Rule 144 and Rule 701 under the Securities Act, the shares of our common stock (excluding the shares to be sold in this offering) that will be available for sale in the public market are as follows:

- no shares will be eligible for sale on the date of this prospectus or prior to 180 days after the date of this prospectus; and
- shares will be eligible for sale upon the expiration of the lock-up agreements beginning 180 days after the date of this prospectus and when permitted under Rule 144 or Rule 701.

Lock-Up Arrangements

In connection with the completion of this offering, BNAC and all of our directors and executive officers will enter into lock-up agreements with the underwriters pursuant to which they will agree not to offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock for a period of at least 180 days following the date of this prospectus, subject to certain exceptions. As a result of these contractual restrictions, shares of our common stock and the other securities subject to lock-up agreements will not be eligible for sale until these agreements expire or the restrictions are waived by the underwriters. The representatives of the underwriters may, in their discretion, release any of the securities subject to lock-up restrictions with the underwriters in whole or in part at any time. See "*Underwriting*."

Shares of our common stock which were issued in satisfaction of awards granted under the 2021 Plan are subject to resale restrictions. The holder may not, without the consent of the Company or the representatives of the underwriters (for 180 days from the date of the final prospectus), (1) sell, pledge, offer to sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock, or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock. See "*Executive Compensation — BKV Corporation 2021 Long Term Incentive Plan*."

Rule 144

In general, under Rule 144 as in effect on the date of this prospectus, once we have been subject to public company reporting requirements for at least 90 days, a person who has beneficially owned shares proposed to be sold for at least six months, including the holding period of any prior owner other than an affiliate of us, and who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale, will be entitled to sell, upon expiration of the lock-up agreements described above, such shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. Such a non-affiliated person who has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than an affiliate of us, will be entitled to sell these shares without limitation.

In general, under Rule 144, our affiliates or persons selling shares on behalf of our affiliates will be entitled to sell upon expiration of the 180-day lock-up period described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately shares immediately after this offering (or shares if the underwriters elect to exercise in full their option to purchase additional shares); or
- the average weekly trading volume of our common stock on the NYSE during the four calendar weeks before a notice of the sale is filed on Form 144 with respect to such sale.

Sales by our affiliates or persons selling shares on behalf of our affiliates under Rule 144 also are subject to manner of sale and notice provisions and to the availability of public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirement of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation or notice filing provisions of Rule 144. The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus.

Registration Statement on Form S-8

We intend to file with the SEC a registration statement on Form S-8 under the Securities Act promptly after the completion of this offering to register shares of our common stock subject to equity-based incentive awards which were granted under the 2021 Plan, and which are reserved for future issuance under our 2022 Plan. See "*Executive Compensation — BKV Corporation 2021 Long Term Incentive Plan*" and "*Executive Compensation — BKV Corporation 2022 Equity and Incentive Compensation Plan*." The Form S-8 will also register shares of our common stock purchased under the BKV Corporation 2020 Employee Stock Purchase Plan and shares of our common stock reserved for future purchase under our 2022 Employee Stock Purchase Plan. See "*Executive Compensation — BKV Corporation Employee Stock Purchase Plan*." The registration statement on Form S-8 is expected to become effective immediately upon filing, and shares of our common stock covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates and vesting restrictions. See "*Executive Compensation — BKV Corporation 2021 Long Term Incentive Plan,*" "*Executive Compensation — BKV Corporation 2022 Equity and Incentive Compensation Plan*" and "*Executive Compensation — BKV Corporation Employee Stock Purchase Plan*."

Registration Rights

Our Stockholders' Agreement will provide BNAC and its affiliates with the right, in certain circumstances, to require us to register their shares of our common stock constituting registrable securities under the Securities Act for sale into the public markets at any time following the date that is six months after the consummation of this offering. BNAC and its affiliates will also be entitled to certain piggyback rights with respect to future registrations or underwritten shelf takedowns, subject to certain limitations. "*Certain Relationships and Related Party Transactions — Registration Rights*" contains additional information regarding such rights.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the acquisition and holding of shares of our common stock by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA), non-U.S. plans (as described in Section 4(b)(4) of ERISA) or other plans that are not subject to the foregoing but may be subject to provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “Plan”).

This summary is based on the provisions of ERISA and the Code (and related regulations and administrative and judicial interpretations) as of the date of this registration statement. This summary does not purport to be complete, and no assurance can be given that future legislation, court decisions, regulations, rulings or pronouncements will not significantly modify the requirements summarized below. Any of these changes may be retroactive and may thereby apply to transactions entered into prior to the date of their enactment or release. This discussion is general in nature and is not intended to be all inclusive, nor should it be construed as investment or legal advice.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an “ERISA Plan”) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan, or who renders investment advice for a fee or other compensation to an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in shares of our common stock with a portion of the assets of any Plan, a fiduciary should consider the Plan’s particular circumstances and all of the facts and circumstances of the investment and determine whether the acquisition and holding of shares of our common stock is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code, or any Similar Law relating to the fiduciary’s duties to the Plan, including, without limitation:

- whether the investment is prudent under Section 404(a)(1)(B) of ERISA and any other applicable Similar Laws;
- whether, in making the investment, the ERISA Plan will satisfy the diversification requirements of Section 404(a)(1)(C) of ERISA and any other applicable Similar Laws;
- whether the investment is permitted under the terms of the applicable documents governing the Plan;
- whether in the future there may be no market in which to sell or otherwise dispose of the shares of our common stock;
- whether the acquisition or holding of the shares of our common stock will constitute a “prohibited transaction” under Section 406 of ERISA or Section 4975 of the Code (see discussion under “—*Prohibited Transaction Issues*”); and
- whether the Plan will be considered to hold, as plan assets, (i) only shares of our common stock or (ii) an undivided interest in our underlying assets (see the discussion under “— *Plan Asset Issues*”).

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to excise taxes, penalties and liabilities under ERISA and the Code. The acquisition and/or holding of shares of our common stock by an ERISA Plan with respect to which the issuer, the initial purchaser, or a guarantor is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

Because of the foregoing, shares of our common stock should not be acquired or held by any person investing "plan assets" of any Plan, unless such acquisition and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

Plan Asset Issues

Additionally, a fiduciary of a Plan should consider whether the Plan will, by investing in us, be deemed to own an undivided interest in our assets, with the result that we would become a fiduciary of the Plan and our operations would be subject to the regulatory restrictions of ERISA, including its prohibited transaction rules, as well as the prohibited transaction rules of the Code and any other applicable Similar Laws.

The Department of Labor (the "DOL") regulations provide guidance with respect to whether the assets of an entity in which ERISA Plans acquire equity interests would be deemed "plan assets" under some circumstances. Under these regulations, an entity's assets generally would not be considered to be "plan assets" if, among other things:

(a) the equity interests acquired by ERISA Plans are "publicly offered securities" (as defined in the DOL regulations) — *i.e.*, the equity interests are part of a class of securities that is widely held by 100 or more investors independent of the issuer and each other, are freely transferable, and are either registered under certain provisions of the federal securities laws or sold to the ERISA Plan as part of a public offering under certain conditions;

(b) the entity is an "operating company" (as defined in the DOL regulations) — *i.e.*, it is primarily engaged in the production or sale of a product or service, other than the investment of capital, either directly or through a majority-owned subsidiary or subsidiaries; or

(c) there is no significant investment by "benefit plan investors" (as defined in the DOL regulations) — *i.e.*, immediately after the most recent acquisition by an ERISA Plan of any equity interest in the entity, less than 25% of the total value of each class of equity interest (disregarding certain interests held by persons (other than benefit plan investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof) is held by ERISA Plans, individual retirement accounts and certain other Plans (but not including governmental plans, foreign plans and certain church plans), and entities whose underlying assets are deemed to include plan assets by reason of a Plan's investment in the entity.

Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering acquiring and/or holding shares of our common stock on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the acquisition and holding of shares of our common stock. Purchasers of shares of our common stock have the exclusive responsibility for ensuring that their acquisition and holding of shares of our common stock complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. The sale of shares of our common stock to a Plan is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by any such Plan or that such investment is appropriate for any such Plan.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a general discussion of material U.S. federal income tax consequences to non-U.S. holders (as defined herein) with respect to the ownership and disposition of our common stock. This discussion applies only to non-U.S. holders that acquire our common stock in this offering and hold such stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment purposes). This discussion is based on current provisions of the Code, U.S. Treasury regulations promulgated under the Code, and administrative rulings and court decisions in effect as of the date of this prospectus, all of which are subject to change at any time, possibly with retroactive effect. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below.

For purposes of this discussion, the term “non-U.S. holder” means a beneficial owner of our common stock that is not, for U.S. federal income tax purposes, an entity or arrangement treated as a partnership or any of the following:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (1) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more “United States persons” (as defined in Section 7701(a)(30) of the Code) has or have the authority to control all substantial decisions of the trust, or (2) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a “United States person.”

This discussion is for general information only and does not address all aspects of U.S. federal income taxation that may be important to a non-U.S. holder in light of that holder’s particular circumstances or that may be applicable to holders subject to special treatment under U.S. federal income tax law (including, for example, financial institutions, brokers or dealers in securities, traders in securities that elect mark-to-market treatment, insurance companies, controlled foreign corporations, passive investment companies, holders who acquire our common stock pursuant to the exercise of employee stock options or otherwise as compensation, entities or arrangements treated as partnerships for U.S. federal income tax purposes (and partners or beneficial owners therein), holders liable for the alternative minimum tax, certain former citizens or former long-term residents of the U.S., persons who hold or are deemed to hold our common stock as part of a hedge, straddle, constructive sale, conversion transaction or other risk-reduction transaction, persons required for U.S. federal income tax purposes to conform the timing of income accruals with respect to the common stock to their financial statements under Section 451 of the Code, tax-qualified retirement plans, tax-exempt organizations, and governmental organizations, and “qualified foreign pension funds” as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds). In addition, this discussion does not address U.S. federal tax laws other than those pertaining to the U.S. federal income tax, nor does it address any aspects of the Medicare contribution tax on net investment income, or U.S. state or local or non-U.S. taxes. This discussion also does not specifically address any tax treaties. Accordingly, prospective investors should consult their own tax advisors regarding the U.S. federal, state, local, and non-U.S. income and other tax considerations of acquiring, holding and disposing of shares of our common stock.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, we urge partners in partnerships (including entities or arrangements treated as partnerships for U.S. federal income tax purposes) considering the purchase of our common stock to consult their tax advisors regarding the U.S. federal income tax considerations of the ownership and disposition of our common stock by such partnership.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY. IT IS NOT TAX ADVICE. INVESTORS CONSIDERING THE PURCHASE OF OUR COMMON STOCK ARE URGED TO

CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS AND ANY APPLICABLE TAX TREATIES TO THEIR PARTICULAR SITUATIONS.

Distributions on Common Stock

At or prior to the closing of this offering, our board of directors will adopt a policy pursuant to which we intend to pay dividends to stockholders.

In general, any distributions we make to a non-U.S. holder with respect to shares of our common stock that constitute dividends for U.S. federal income tax purposes will be subject to U.S. withholding tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) of the gross amount distributed, unless the dividends are effectively connected with a trade or business carried on by the non-U.S. holder within the United States and, if required by an applicable income tax treaty, are attributable to a permanent establishment of the non-U.S. holder within the United States. A distribution will constitute a dividend for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Any distribution not constituting a dividend will be treated as first reducing the adjusted basis in the non-U.S. holder's shares of our common stock, but not below zero, and, to the extent it exceeds the adjusted basis in the non-U.S. holder's shares of our common stock, as capital gain and will be treated as described below under "— *Sale, Exchange or Other Taxable Disposition of Common Stock* ." However, except to the extent that we elect (or the paying agent or other intermediary through which you hold your shares of common stock elects) to withhold with respect to the taxable portion of the distribution only, we (or the applicable paying agent or intermediary) must generally withhold on the entire distribution, in which case you generally would be entitled to a refund from the IRS by timely filing an appropriate claim for a refund, to the extent the withholding exceeds your tax liability with respect to the distribution.

A non-U.S. holder who wishes to claim the benefit of an applicable treaty rate on dividends will be required (a) to provide the applicable withholding agent with a properly executed IRS Form W-8BEN or W-8BEN-E (or other applicable form) certifying under penalties of perjury that such holder is not a U.S. person as defined under the Code and is eligible for treaty benefits or (b) if our common stock is held through certain foreign intermediaries, to satisfy the relevant certification requirements of applicable U.S. Treasury regulations. A non-U.S. holder that does not timely furnish the required documentation, but that is eligible for a lower rate of U.S. federal withholding tax pursuant to an income tax treaty, may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS. Non-U.S. holders are urged to consult their own tax advisors regarding their possible entitlement to benefits under an applicable income tax treaty.

Dividends effectively connected with a non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to such non-U.S. holder's U.S. permanent establishment) generally will not be subject to U.S. withholding tax if the non-U.S. holder complies with applicable certification requirements. More particularly, to claim this exemption from U.S. withholding tax, the non-U.S. holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States. Such effectively connected dividends, although not subject to withholding tax (provided the IRS Form W-8ECI certification requirements are satisfied), generally will be subject to U.S. federal income tax on a net income basis, at the regular graduated rates applicable to U.S. persons. A non-U.S. holder that is a corporation may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) on its "effectively connected earnings and profits," subject to certain adjustments.

The foregoing is subject to the discussion below under "— *Information Reporting and Backup Withholding*" and "— *Foreign Account Tax Compliance Act* ."

Sale, Exchange or Other Taxable Disposition of Common Stock

Subject to the discussion below under "— *Information Reporting and Backup Withholding*" and "— *Foreign Account Tax Compliance Act* ," a non-U.S. holder will generally not be subject to U.S. federal income or withholding tax with respect to gain recognized on the sale, exchange or other taxable disposition of our common stock unless:

- the gain is effectively connected with a trade or business carried on by the non-U.S. holder within the United States and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of such non-U.S. holder,
- the non-U.S. holder is a nonresident alien individual and is present in the United States for 183 days or more in the taxable year of the sale, exchange or other taxable disposition and certain other conditions are satisfied, or
- we are or have been a “United States real property holding corporation” (“USRPHC”) for U.S. federal income tax purposes at any time within the shorter of the five-year period ending on the date of the disposition of the common stock and the non-U.S. holder’s holding period, and certain other conditions are satisfied.

Gain described in the first bullet point above (*i.e.*, gain that is effectively connected with the conduct of a trade or business in the United States) generally will be subject to U.S. federal income tax, net of certain deductions, at the regular graduated rates applicable to U.S. persons. If the non-U.S. holder is a foreign corporation, the branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty) also may apply to such effectively connected gain.

A non-U.S. holder described in the second bullet point above (*i.e.*, who is subject to U.S. federal income tax because the non-U.S. holder was present in the United States for 183 days or more during the taxable year of the sale, exchange or other taxable disposition of our common stock) will be subject to U.S. federal income tax at a rate of 30% (or such lower rate as may be specified under an applicable income tax treaty) on the gain derived from such sale, exchange or other taxable disposition, which may be offset by U.S. source capital losses, provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we are currently, and expect to continue to be for the foreseeable future, a USRPHC (and the remainder of this discussion assumes we are and will be a USRPHC). However, if our common stock is “regularly traded on an established securities market” (as defined by the U.S. Treasury regulations), a non-U.S. holder will be taxed on gain recognized on the disposition of our common stock as a result of our status as a USRPHC only if the non-U.S. holder actually or constructively holds or held more than 5% of our common stock at any time during the five-year period ending on the date of disposition or, if shorter, during the entire period the non-U.S. holder has held our common stock. If our common stock were not considered to be regularly traded on an established securities market, all non-U.S. holders would be subject to U.S. federal income tax on the sale, exchange or other taxable disposition of our common stock and a 15% withholding tax would apply to the gross proceeds from such sale, exchange or other taxable disposition of our common stock by a non-U.S. holder. Such withholding tax is not an additional tax but, rather, is credited against the actual U.S. federal income taxes owed by the non-U.S. holder (and such non-U.S. holder may obtain a refund of any amounts so withheld which exceed the non-U.S. holder’s actual U.S. federal income tax liability, if any, provided that the non-U.S. holder makes the necessary filings with the IRS in a timely manner).

Information Reporting and Backup Withholding

We (or the applicable paying agent or intermediary) must report annually to the IRS and to each non-U.S. holder the amount of distributions paid to, and the tax withheld (if any) with respect to, each non-U.S. holder of our common stock. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable tax treaty. Copies of this information also may be made available under the provisions of a specific treaty or agreement with the tax authorities in the country in which the non-U.S. holder resides or is established.

U.S. backup withholding tax, at a rate that is currently 24%, is imposed on certain payments to persons that fail to furnish the information required under the U.S. information reporting rules. Dividends paid to a non-U.S. holder generally will be exempt from backup withholding if the non-U.S. holder provides a properly executed applicable IRS Form W-8, or otherwise establishes an exemption.

Under U.S. Treasury regulations, the payment of proceeds from the disposition of our common stock by a non-U.S. holder effected at a U.S. office of any broker (U.S. or non-U.S.), generally will be subject to information reporting and backup withholding, unless the beneficial owner certifies its status as a non-U.S. holder (generally by providing a properly executed applicable IRS Form W-8), or otherwise establishes an exemption. The payment of proceeds from the disposition of our common stock by a non-U.S. holder effected at a non-U.S. office of a broker that is neither a U.S. person nor a person having certain relationships with the United States generally will not be subject to backup withholding or information reporting. However, the payment of proceeds from a disposition of our common stock by a non-U.S. holder effected at a non-U.S. office of a broker that is a U.S. person or has certain relationships with the United States will generally be subject to information reporting, unless the beneficial owner certifies its status as a non-U.S. holder (generally by providing a properly executed applicable IRS Form W-8), or the broker has other documentary evidence in its files that the beneficial owner is a non-U.S. holder and certain other conditions are satisfied, or the beneficial owner otherwise establishes an exemption (and the broker has no knowledge or reason to know to the contrary). If the payment described in the preceding sentence is subject to information reporting, it will be subject to backup withholding if the broker has actual knowledge or reason to know that the payee is a U.S. person.

Backup withholding is not an additional tax but, rather, is credited against the actual U.S. federal income taxes owed by the non-U.S. holder. A non-U.S. holder may obtain a refund of any amounts withheld under the backup withholding rules which exceed the non-U.S. holder's actual U.S. federal income tax liability, if any, provided that the non-U.S. holder makes the necessary filings with the IRS in a timely manner.

Foreign Account Tax Compliance Act

Under Sections 1471 through 1474 of the Code and the U.S. Treasury regulations promulgated thereunder (collectively, "FATCA"), a U.S. federal withholding tax of 30% generally will be imposed on certain payments made to a "foreign financial institution" (as specifically defined under these rules) unless such institution enters into an agreement with the U.S. tax authorities to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution or meets other exceptions. Under FATCA and administrative guidance, a U.S. federal withholding tax of 30% generally also will be imposed on certain payments made to a "non-financial foreign entity" (as specifically defined under these rules) unless such entity provides the withholding agent with a certification identifying its direct and indirect U.S. owners or meets other exceptions. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the U.S. governing these withholding and reporting requirements may be subject to different rules.

These withholding taxes would be imposed on dividends with respect to our common stock to foreign financial institutions or non-financial foreign entities (including in their capacity as agents or custodians for beneficial owners of our common stock) that fail to satisfy the above requirements. Prior to the issuance of proposed U.S. Treasury regulations, withholding taxes under FATCA also would have applied to gross proceeds from the disposition of our common stock. However, the proposed U.S. Treasury regulations provide that such gross proceeds are generally not subject to withholding taxes under FATCA. Taxpayers (including withholding agents) may currently rely on these proposed U.S. Treasury regulations until they are revoked or final U.S. Treasury regulations are issued.

Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. Prospective non-U.S. holders should consult their tax advisors regarding the possible implications of FATCA on their investment in our common stock.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated as of the date of this prospectus (the "Underwriting Agreement"), we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC, BofA Securities, Inc. and Barclays Capital Inc. are acting as representatives, the following respective numbers of shares of common stock:

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	
BofA Securities, Inc.	
Barclays Capital Inc.	
Total	

The Underwriting Agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The Underwriting Agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

We have granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of up to $ per share. After the initial public offering the underwriters may change the public offering price and concession.

The following table summarizes the underwriting discounts and commissions payable by us to the underwriters in connection with this offering, assuming both no exercise and full exercise of the underwriters' over-allotment option.

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting discounts and commissions payable by us	$	$	$	$

The expenses of this offering that have been paid or are payable by us are estimated to be approximately $ million (excluding underwriting discounts and commissions). We have also agreed to reimburse the underwriters for certain of their expenses incurred in connection with this offering in an amount up to $.

We have agreed that, subject to certain exceptions, we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus.

The representatives of the underwriters may, in their discretion, release the shares of our common stock or other securities subject to the lock-up agreements described above in whole or in part at any time.

Our officers and directors and certain of our stockholders have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any such offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus, subject to certain exceptions.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

We intend to apply to list the shares of common stock on the NYSE.

In connection with the listing of the common stock on the NYSE, the underwriters will undertake to sell round lots of 100 shares or more to a minimum of 400 beneficial owners.

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations among us and the representatives and will not necessarily reflect the market price of the common stock following this offering. The principal factors that were considered in determining the initial public offering price included:

- the information presented in this prospectus and otherwise available to the underwriters;
- the history of, and prospects for, the industry in which we will compete;
- the ability of our management;
- the prospects for our future earnings;
- the present state of our development, results of operations and our current financial condition;
- the general condition of the securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded common stock of generally comparable companies.

We cannot assure you that the initial public offering price will correspond to the price at which the common stock will trade in the public market subsequent to this offering or that an active trading market for the common stock will develop and continue after this offering.

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the

underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing transaction or a syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NYSE or otherwise and, if commenced, may be discontinued at any time.

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their affiliates have, from time to time, performed, and may in the future perform, various commercial and investment banking and financial advisory services for the issuer and its affiliates, for which they received, or may in the future receive, customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer or its affiliates. If the underwriters or their affiliates have a lending relationship with us, certain of those underwriters or their affiliates may hedge their credit exposure to us consistent with their customary risk management policies. Typically, the underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities or the securities of our affiliates, including potentially the shares of common stock offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the shares of common stock offered hereby. The underwriters and certain of their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

A prospectus in electronic format will be made available on the web sites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make internet distributions on the same basis as other allocations.

Notice to Prospective Investors in Canada

The common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriter is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each an “EEA State”), no common stock has been offered or will be offered pursuant to the offering to the public in that EEA State prior to the publication of a prospectus in relation to the common stock which has been approved by the competent authority in that EEA State or, where appropriate, approved in another EEA State and notified to the competent authority in that EEA State, all in accordance with the EU Prospectus Regulation, except that it may make an offer to the public in that EEA State of any shares of common stock at any time under the following exemptions under the EU Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the EU Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the EU Prospectus Regulation), subject to obtaining the prior consent of Credit Suisse Securities (USA) LLC for any such offer; or
- in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of the common stock shall require the Issuer or any underwriter to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an “offer to the public” in relation to the common stock in any EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock, and the expression “EU Prospectus Regulation” means Regulation (EU) 2017/1129.

Notice to Prospective Investors in the United Kingdom

In relation to the United Kingdom, no shares of common stock have been offered or will be offered pursuant to the offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the common stock which has been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, except that it may make an offer to the public in the United Kingdom of any shares of common stock at any time under the following exemptions under the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (the “FSMA”),

provided that no such offer of the common stock shall require the Issuer or any underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

In the United Kingdom, the offering is only addressed to, and is directed only at, “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation, who are also (i) persons having professional experience in matters relating to investments who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”); (ii) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Order; or (iii) persons to whom it may otherwise lawfully be communicated (all such persons being referred to as “relevant persons”). This document must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

For the purposes of this provision, the expression an “offer to the public” in relation to the common stock in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offering and any shares of common stock to be offered so as to enable an investor to decide to purchase or subscribe for any shares of common stock, and the expression “UK Prospectus Regulation” means the UK version of Regulation (EU) No 2017/1129 as amended by The Prospectus (Amendment etc.) (EU Exit) Regulations 2019, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the “DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission, in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the securities may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the securities without disclosure to investors under Chapter 6D of the Corporations Act.

The securities applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring securities must observe such Australian on-sale restrictions. This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Switzerland

The common stock may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the “FinSA”) and no application has or will be made to admit the common stock to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this prospectus nor any other offering or marketing material relating to the common stock constitutes a prospectus pursuant to the FinSA, and neither this prospectus nor any other offering or marketing material relating to the common stock may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in Hong Kong

The common stock may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the common stock may not be circulated or distributed, nor may the common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the shares of common stock are (A) prescribed capital markets products (as defined in the CMP Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Prospective Investors in Thailand

This prospectus does not, and is not intended to, constitute a public offering in Thailand. The common stock may not be offered or sold to persons in Thailand, unless such offering is made under the exemptions from approval and filing requirements under applicable laws, or under circumstances which do not constitute an offer for sale of the common stock to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand, nor require approval from the Office of the Securities and Exchange Commission of Thailand.

Where the shares of common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust will not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

LEGAL MATTERS

The validity of the common stock offered hereby and certain other legal matters in connection with this offering will be passed upon for us by Baker Botts L.L.P., Dallas, Texas. Certain legal matters in connection with this offering will be passed upon for the underwriters by Latham & Watkins LLP, Houston, Texas. Baker Botts L.L.P. has from time to time represented and may continue to represent BKV and some of its affiliates in connection with various legal matters.

EXPERTS

The consolidated financial statements of BKV Corporation as of December 31, 2021 and 2020 and for each of the two years in the period ended December 31, 2021 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP ("PwC"), an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

In connection with this registration statement, PwC completed an independence assessment to evaluate the services and relationships with the Company and its affiliates that may bear on PwC's independence under the SEC and the PCAOB independence rules for an audit period commencing January 1, 2020. PwC informed the Company's Audit Committee that one of its member firms within PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity (a "PwC member firm"), provided non-audit services during the audit period to two sister entities under common control with BKV Corporation. The services that occurred from January 2020 to June 2021, which are inconsistent with the SEC and PCAOB independence rules, involved the provision of corporate secretarial services and the disbursement of incidental payments on behalf of client management. The fees for these services totaled approximately $8,500 and $10,000, respectively, for the years ended December 31, 2021 and 2020. The provision of corporate secretarial services and the incidental payments made on behalf of client management are in contravention of SEC Rule 2-01(c)(4)(vi) of Regulation S-X.

PwC informed the Company's Audit Committee of the facts and circumstances surrounding the impermissible services, noting that (i) the PwC member firm did not make any decisions or judgments on management's behalf, and management reviewed and approved all documentation prepared by the PwC member firm, (ii) no aspect of the financial results of the sister entities or the provision of the services is included in (or has any impact on) the financial results of the Company, (iii) the services were performed by persons who were not part of the PwC audit engagement team, and (iv) the fees for the services were not material to the Company, the sister entities, the PwC member firm, or PwC. Additionally, the services do not create a mutual or conflicting interest between PwC and the Company, do not place PwC in a position of auditing its own work, and do not place PwC in a position of being an advocate for the Company.

After considering the facts and circumstances, the Company's Audit Committee concurred with PwC's conclusion that, for the reasons described above, the impermissible services did not impair PwC's objectivity and impartiality with respect to the planning and execution of the audits of the Company's consolidated financial statements as of December 31, 2021 and 2020 and for each of the two years in the period ended December 31, 2021, and that no reasonable investor would conclude otherwise.

The statements of revenues and direct operating expenses of the Barnett Assets of XTO Energy Inc. and Barnett Gathering, LLC for the years ended December 31, 2021 and 2020 included in this prospectus have been so included in reliance on the report (which contained an explanatory paragraph relating to the basis of presentation of the statements of revenues and direct operating expenses as described in Note 1 to the financial statements) of PricewaterhouseCoopers LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Estimates of our natural gas reserves, related future net cash flows and the present values thereof related to our properties as of June 30, 2022 and December 31, 2021 and 2020 included elsewhere in this prospectus were based upon reserve reports prepared by independent petroleum engineers Ryder Scott Company, L.P. We have included these estimates in reliance on the authority of such firms as experts in such matters.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement.

The SEC maintains an internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at *www.sec.gov*. Our filings with the SEC, including the registration statement, are available to you for free on the SEC's internet website.

Upon completion of this offering, we will become subject to the informational and reporting requirements of the Exchange Act and, in accordance with those requirements, will file reports and proxy and information statements with the SEC. We intend to furnish to our stockholders our annual reports containing audited consolidated financial statements and the notes thereto certified by an independent public accounting firm.

We also maintain an internet website at *www.bkvcorp.com*. Information on or accessible through our website is not part of this prospectus.

INDEX TO FINANCIAL STATEMENTS

BKV CORPORATION

Audited Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of BKV Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of BKV Corporation and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive loss, of stockholders’ equity, partners’ capital and mezzanine equity and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Denver, Colorado
August 12, 2022

We have served as the Company’s auditor since 2020.

BKV CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 134,667	$ 17,445
Accounts receivable, net	104,143	79,454
Accounts receivable, related parties	3,498	—
Prepaid expenses	4,109	3,770
Inventory	4,975	2,878
Commodity derivative assets	9,986	15,484
Total current assets	261,378	119,031
Natural gas properties and equipment		
Developed properties	1,378,629	1,297,112
Undeveloped properties	16,835	13,265
Midstream assets	55,363	55,313
Accumulated depreciation, depletion, and amortization	(274,710)	(196,393)
Total natural gas properties, net	1,176,117	1,169,297
Other property and equipment, net	22,124	23,168
Commodity derivative assets	—	15
Right of use assets	14,233	9,860
Goodwill	18,417	18,417
Investment in joint venture	89,320	—
Deferred tax asset	35,504	—
Other noncurrent assets	3,735	2,704
Total assets	$1,620,828	$1,342,492
Liabilities, mezzanine equity and stockholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 166,836	$ 16,930
Right of use liabilities	10,713	6,534
Contingent consideration payable	65,000	—
Commodity derivative liabilities	91,156	—
Income taxes payable to related party	30,660	1,217
Notes payable to related party	166,000	24,000
Total current liabilities	530,365	48,681
Asset retirement obligations	158,968	148,826
Contingent consideration	142,533	12,565
Other contingent liabilities	5,669	5,329
Commodity derivative liabilities	23,662	5,170
Right of use liabilities	4,692	4,604
Deferred tax liability	—	37,249
Total liabilities	865,889	262,424

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

BKV CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31, 2021	December 31, 2020
Commitments and contingencies (*Note 15*)		
Mezzanine equity		
Preferred stock, $10 par value; 80,000 authorized shares; 0 and 9,900 shares issued and outstanding at December 31, 2021 and 2020, respectively	—	94,924
Common stock – Minority ownership puttable shares, 4,357 authorized shares; 4,357 and 4,229 shares issued and outstanding at December 31, 2021 and 2020, respectively	49,841	42,288
Equity-based compensation	34,006	—
Total mezzanine equity	83,847	137,212
Stockholders' equity		
Common stock, $.01 par value; 300,000 authorized shares; 112,745 and 112,855 shares issued and outstanding at December 31, 2021 and 2020, respectively	1,132	1,129
Treasury stock, shares at cost; 385 and 0 shares at December 31, 2021 and 2020, respectively	(3,970)	—
Additional paid-in capital	933,622	968,500
Accumulated deficit	(259,692)	(26,773)
Total stockholders' equity	671,092	942,856
Total liabilities, mezzanine equity and stockholders' equity	$1,620,828	$1,342,492

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

BKV CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share amounts)

	Year Ended December 31, 2021	2020
Revenues and other operating income		
Natural gas, NGL and oil sales	$ 829,745	$115,043
Non-operated midstream revenues	6,917	7,458
Derivative (losses) gains, net	(383,847)	20,755
Marketing revenues	52,616	—
Other	251	33
Total revenues and other operating income	505,682	143,289
Operating expenses		
Lease operating and workover	88,105	31,260
Taxes other than income	45,650	5,151
Gathering and transportation	173,587	—
Accretion of asset retirement obligations	10,030	3,211
Depreciation, depletion and amortization	81,986	83,388
Exploration and impairment	34	560
General and administrative	85,740	29,442
Accretion of right of use liabilities	227	184
Total operating expenses	485,359	153,196
Income (loss) from operations	20,323	(9,907)
Other income and expense		
(Loss) gain on contingent consideration liabilities	(194,968)	7,135
Interest expense	(2,134)	(1,713)
Other income	872	—
Income from equity affiliates	910	—
Interest income	8	121
Loss before income taxes	(174,989)	(4,364)
Income tax benefit (expense)	40,526	(38,982)
Net loss and comprehensive loss attributable to BKV Corporation	(134,463)	(43,346)
Less accretion of preferred stock to redemption value	(3,745)	—
Less preferred stock dividends	(9,900)	(460)
Less deemed dividend on redemption of preferred stock	(22,606)	—
Net loss and comprehensive loss attributable to common stockholders	$(170,714)	$ (43,806)
Net loss and comprehensive loss per common share:		
Basic and diluted	$ (1.46)	$ (0.42)
Weighted average number of common shares outstanding:		
Basic and diluted	116,904	105,275

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

BKV CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net loss	$(134,463)	$ (43,346)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, depletion and amortization	88,473	86,644
Equity-based compensation expense	30,387	—
Accretion of asset retirement obligations	10,030	3,211
Accretion of right of use liabilities	330	336
Deferred income tax (benefit) expense	(72,753)	37,750
Unrealized derivative losses (gains), net	115,161	(10,329)
Loss (gain) on contingent consideration liabilities	194,968	(7,135)
Income from equity affiliates	(910)	—
Loss on the sale of assets	48	—
Changes in operating assets and liabilities, net of effect of business acquired:		
Accounts receivable, net	(19,568)	(38,991)
Accounts receivable, related parties	(3,498)	—
Prepaid expenses	(339)	(1,628)
Inventory	(2,097)	(95)
Other noncurrent assets	(1,030)	92
Accounts payable and accrued liabilities	94,299	(25,221)
Commodity derivative settlements payable/receivable	38,130	(5,489)
Right of use liabilities	(7,313)	(3,910)
Income taxes payable to related party	29,443	1,217
Payable to related party	—	(511)
Asset retirement expenditures	(1,165)	—
Net cash provided by (used in) operating activities	358,133	(7,405)
Cash flows from investing activities:		
Investment in joint venture	(88,410)	—
Acquisition of natural gas properties	(2,528)	(501,712)
Business combination, net of cash acquired	—	311
Acquisition of undeveloped natural gas properties	(5,024)	(2,064)
Investment in other property and equipment	(2,249)	(1,187)
Development of natural gas properties	(63,932)	(9,340)
Proceeds from the sale of other property and equipment	285	—
Net cash used in investing activities	(161,858)	(513,992)

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

BKV CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31, 2021	Year Ended December 31, 2020
Cash flows from financing activities:		
Proceeds from notes payable from related party	166,000	129,000
Payments on notes payable to related party	(24,000)	(105,000)
Proceeds from the issuance of common stock and other equity contributions	—	323,799
Proceeds from the issuance of preferred stock	—	94,924
Redemption of minority ownership puttable shares	(2,754)	—
Issuance of minority ownership puttable shares	3,177	—
Dividends paid to preferred stock shareholders	(10,330)	—
Redemption of preferred stock	(121,275)	—
Dividends paid to common stock shareholders	(88,126)	—
Redemption of common stock	(1,106)	—
Purchase of common stock issued through equity-based compensation plan	(110)	—
Net share settlements, equity-based compensation	(529)	—
Net cash (used in) provided by financing activities	(79,053)	442,723
Net increase (decrease) in cash, cash equivalents and restricted cash	117,222	(78,674)
Cash and cash equivalents, beginning of period	17,445	96,119
Cash and cash equivalents, end of period	$ 134,667	$ 17,445
Supplemental cash flow information:		
Cash payments for:		
Interest	$ 393	$ 1,523
Non-cash investing and financing activities:		
Increase (decrease) in accrued capital expenditures	$ 12,297	$ (1,377)
Additions to asset retirement obligations	$ 923	$ 772
Additions to operating assets and liabilities for business combination, net of cash acquired	$ —	$ 19,689
Additions to right of use assets and liabilities	$ 11,249	$ 7,093
Adjustment of minority ownership puttable shares to redemption value	$ 7,042	$ —
Adjustment of equity-based compensation to redemption value	$ 4,236	$ —
Impact of redemption of minority interest puttable shares on additional paid-in capital, common stock and treasury stock	$ 2,754	$ —
Accretion of preferred stock to redemption value	$ 3,745	$ —

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

BKV CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY, PARTNERS' CAPITAL AND MEZZANINE EQUITY

(In thousands, except per share amounts)

	Stockholders' Equity and Partners' Capital							Mezzanine Equity				
	Common Stock								Common Stock			
	Shares	Amount	Treasury	Additional Paid-in Capital	Accumulated Deficit	Total Stock-holders' Equity	Total Partners' Capital	Preferred Stock	Shares	Amount	Equity-based compensation	Total Mezzanine Equity
Balances, January 1, 2020	—	$ —	$ —	$ —	$ —	$ —	$ 684,190	$ —	—	$ —	$ —	$ —
Contributed capital	—	—	—	—	—	—	100,000	—	—	—	—	—
Net loss	—	—	—	—	(26,773)	(26,773)	(16,573)	—	—	—	—	—
Corporatization	90,471	905	—	744,424	—	745,329	(767,617)	—	2,229	22,288	—	22,288
Shares issued in business combination	—	—	—	—	—	—	—	—	2,000	20,000	—	20,000
Issuance of common stock	22,384	224	—	223,575	—	223,799	—	—	—	—	—	—
Issuance of preferred stock	—	—	—	—	—	—	—	94,924	—	—	—	94,924
Other, net	—	—	—	501	—	501	—	—	—	—	—	—
Balances, December 31, 2020	112,855	$1,129	$ —	$968,500	$ (26,773)	$ 942,856	$ —	$ 94,924	4,229	$42,288	$ —	$137,212
Net loss	—	—	—	—	(134,463)	(134,463)	—	—	—	—	—	—
Dividend declared, preferred stock shareholders ($0.25 per share)	—	—	—	—	(10,330)	(10,330)	—	—	—	—	—	—
Accretion of preferred stock to redemption value	—	—	—	(3,745)	—	(3,745)	—	3,745	—	—	—	3,745
Deemed dividend, preferred stock shareholders	—	—	—	(22,606)	—	(22,606)	—	—	—	—	—	—
Redemption of preferred stock	—	—	—	—	—	—	—	(98,669)	—	—	—	(98,669)
Redemption of common stock	(100)	—	(1,106)	—	—	(1,106)	—	—	—	—	—	—
Purchase of vested equity-based compensation award shares of common stock	(10)	—	(110)	—	—	(110)	—	—	—	—	—	—
Redemption of minority ownership puttable common stock shares	—	3	(2,754)	2,751	—	—	—	—	(275)	(2,754)	—	(2,754)
Dividend declared ($0.75 per share)	—	—	—	—	(88,126)	(88,126)	—	—	—	—	—	—
Issuance of common stock from employee stock purchase plan	—	—	—	—	—	—	—	—	287	3,265	—	3,265
Adjustment of minority ownership puttable shares to redemption value	—	—	—	(7,042)	—	(7,042)	—	—	—	7,042	—	7,042
Issuance of common stock upon vesting of equity-based compensation awards	—	—	—	—	—	—	—	—	116	—	—	—
Impact of modification of equity-based compensation plan	—	—	—	—	—	—	—	—	—	—	25,342	25,342
Capital contribution from modification of equity-based compensation plan	—	—	—	780	—	780	—	—	—	—	—	—
Equity-based compensation	—	—	—	—	—	—	—	—	—	—	3,648	3,648
Adjustment of equity-based compensation to redemption value	—	—	—	(5,016)	—	(5,016)	—	—	—	—	5,016	5,016
Balances, December 31, 2021	112,745	$1,132	$(3,970)	$933,622	$ (259,692)	$ 671,092	$ —	$ —	4,357	$49,841	$ 34,006	$ 83,847

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

BKV CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

Note 1 — General Information

General

BKV Corporation ("BKV Corp") was formed on May 1, 2020 and is a corporation registered with the State of Delaware. BKV Corp is a growth driven, vertically integrated, energy company focused on creating value for its shareholders through organic development of its properties, as well as accretive acquisitions. BKV Corp's core business is to produce natural gas from its owned and operated upstream businesses.

Upon its incorporation, BKV Corp entered into certain agreements to acquire the net assets of BKV Oil and Gas Capital Partners, L.P. ("BKV O&G") in a common control transaction. BKV Corp also entered into a transaction to acquire Kalnin Ventures LLC ("KV") in a business combination. These two transactions resulted in the formation of a new consolidated corporate entity. The associated series of transactions further described in *Note 18 — Corporatization Event* are collectively referred to as the "Corporatization Event."

Together BKV Corp and its wholly owned subsidiaries are referred to collectively as "BKV" or the "Company." The Corporatization Event resulted in a change in reporting entity. The change in reporting entity under common control requires retrospective presentation of BKV O&G and BKV for the period presented as if the change had been in effect since the beginning of the period being presented. Accordingly, the accompanying Consolidated Statement of Operations and Comprehensive Loss for the year ended December 31, 2020 represents the consolidation of BKV O&G's results of operations for the four months ended April 30, 2020 and BKV Corp's results of operations for the eight months ended December 31, 2020.

The majority shareholder of BKV Corp is Banpu North America Corporation ("BNAC"), which owns 96.3% of BKV Corp's shares. BKV Corp's ultimate parent company is Banpu Public Company Limited, a public company listed in the Stock Exchange of Thailand. The remaining 3.7% of shares are owned by non-controlling management, director, employee and non-employee shareholders who hold shares with contingent put rights that may be exercised according to conditions stipulated in the Shareholders' Agreement.

Basis of Preparation of the Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts for BKV Corp's direct and indirect wholly owned subsidiaries and entities in which BKV Corp has a controlling financial interest.

These consolidated financial statements include BKV Corp and its wholly owned subsidiaries which include:

- KV, a limited liability company formed September 19, 2013 and registered with the State of Colorado;
- BKV O&G, a limited partnership formed June 1, 2015 with the State of Delaware;
    - BKV Chaffee Corners, LLC ("Chaffee"), a limited liability company formed March 28, 2016, wholly owned subsidiary of BKV O&G, and registered with the State of Delaware;
    - BKV Chelsea LLC ("Chelsea"), a limited liability company formed November 10, 2016, wholly owned subsidiary of BKV O&G, and registered with the State of Delaware;
    - BKV Operating LLC ("Operating"), a limited liability company formed October 12, 2017, wholly owned subsidiary of BKV O&G, and registered with the State of Delaware; and
    - BKV Barnett LLC ("Barnett"), a limited liability company formed December 5, 2019, wholly owned subsidiary of BKV O&G, and registered with the State of Delaware.

BKV CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

Significant Judgments and Accounting Estimates

The preparation of these consolidated financial statements in accordance with GAAP as of and for the years ended December 31, 2021 and 2020 requires Company management to make estimates using assumptions and judgements considered reasonable, which affect the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Estimates which are particularly significant to the Company's consolidated financial statements include estimates of proved hydrocarbon reserves used in calculating depletion; estimates of unpaid revenues and unbilled costs; future cash flows from natural gas reserves on proved properties used in impairment assessments; valuation of commodity derivative instruments; the estimation of future decommissioning obligations; assignment of fair value to assets acquired and liabilities assumed in connection with acquisitions that are considered business combinations and allocating purchase price in connection with acquisitions that are considered asset acquisitions; valuation of ownership puttable shares; valuation of the Company's common stock relative to the grant date fair value of equity-based compensation, valuation of market-based performance conditions; valuation of contingent consideration associated with potential bonus payments for certain assets acquired; and valuation of deferred income tax assets.

Liquidity

As of December 31, 2021, the Company held $134.7 million of cash in operating accounts. The Company's working capital deficit as of December 31, 2021 is $269.0 million, which is largely driven by notes payable to BNAC of $166.0 million due in 2022, contingent consideration payable of $65.0 million, and current derivative liabilities of $91.2 million. For the year ended December 31, 2021, the Company's cash flows from operations was $358.1 million. In 2022, the Company paid $50.0 million of the $166.0 million of notes payable and extended the maturity of the remaining $116.0 million to December 31, 2027 (see *Note 7 — Related Parties).* As discussed in *Note 15 — Commitments and Contingencies*, the $65.0 million of contingent consideration payable as of December 31, 2021 was paid on January 18, 2022. The current derivative liabilities will settle monthly during the year ended December 31, 2022, in conjunction with the corresponding commodity sales. The Company intends to use the proceeds from the corresponding commodity sales to pay the settlements of the derivative liabilities.

In June 2022, the Company entered into a term loan and used the proceeds to fund the acquisition of operated and non-operated interests in proved reserves and certain midstream support assets in the Barnett formation. Refer to *Note 20 — Subsequent Events* for additional information regarding the acquisition. The term loan is due in five equal installments beginning in June 2023. The Company intends to make this payment with cash flows from existing and newly acquired operations.

On August 4, 2022, the Company entered an amendment to its ISDA Master Agreement with a counterparty to its derivative contracts pursuant to which the Company has agreed to terminate or novate, at the election of the Company, $100.0 million of its derivative contracts with the counterparty. To the extent the Company elects to terminate any such derivative contracts, the Company will be required to make cash payments in the applicable amount to the counterparty, which payments would be due in the aggregate by November 30, 2022. The Company intends to make such payments with cash flows from operations, inclusive of the recent acquisition of assets from XTO Energy, Inc. Refer to *Note 20 — Subsequent Events* for additional information regarding this agreement.

Note 2 — Summary of Significant Accounting Policies

The consolidated financial statements have been prepared on the historical cost basis with the exception of certain derivative financial liabilities, derivative financial assets, mezzanine equity, and certain contingent payments measured at fair value, as required by GAAP.

(a) Principles of Consolidation

These consolidated financial statements include financial information for BKV Corp, KV, BKV O&G, Chaffee, Chelsea, Operating, and Barnett. Accordingly, all intercompany balances and transactions between these entities have been eliminated within the consolidated financial statements. Undivided interests in natural gas properties and midstream assets are consolidated on a proportionate basis.

(b) Accounting Estimates

The preparation of these consolidated financial statements in accordance with GAAP as of and for the years ended December 31, 2021 and 2020 requires Company management to make estimates using assumptions and judgements considered reasonable, which affect the consolidated financial statements and accompanying notes. Management believes its estimates and assumptions are reasonable; however, such estimates and assumptions are subject to a number of risks and uncertainties that may cause actual results to differ materially from such estimates. Estimates which are particularly significant to the Company's consolidated financial statements include estimates of proved hydrocarbon reserves used in calculating depletion; estimates of unpaid revenues and unbilled costs; future cash flows from natural gas reserves on proved properties used in impairment assessments; valuation of commodity derivative instruments; the estimation of future decommissioning obligations; assignment of fair value to assets acquired and liabilities assumed in connection with acquisitions that are considered business combinations and allocating purchase price in connection with acquisitions that are considered asset acquisitions; valuation of ownership puttable shares; valuation of the Company's common stock relative to the grant date fair value of equity-based compensation, valuation of market-based performance conditions; valuation of contingent consideration associated with potential bonus payments for certain assets acquired; and valuation of deferred income tax assets. While Management is not aware of any significant revisions to any of its current estimates, there will likely be future revisions to its estimates resulting from matters such as revisions in estimated oil and natural gas volumes, changes in ownership interests, payouts, joint venture audits, re-allocations by purchasers or pipelines, or other corrections and adjustments common in the oil and natural gas industry, many of which require retroactive application. These types of adjustments cannot be currently estimated and will be recorded in the period in which the adjustment occurs.

(c) Acquisitions

Acquisitions are accounted for either as Business Combinations or Asset Acquisitions in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 *Business Combinations*.

Business Combinations

If the assets acquired and liabilities assumed constitute a business, the transaction is accounted for as a business combination. This method requires the recognition of the acquired identifiable assets, assumed liabilities and any non-controlling interest in the companies acquired at their fair value.

The value of the purchase price may be finalized up to a maximum of one year from acquisition date.

The acquirer shall recognize goodwill at the acquisition date, being the excess of:

- The consideration transferred, the amount of non-controlling interests and, in business combinations achieved in stages, the fair value at acquisition date of the investment previously held in the acquired company;
- Over fair value at acquisition date of acquired identifiable assets and assumed liabilities.

Factors giving rise to goodwill generally include operational synergies that are anticipated as a result of the business combination and growth expected to result in economic benefits from access to new customers and markets. If the consideration transferred is lower than the fair value of acquired identifiable assets and assumed liabilities, an additional analysis is performed on the identification and valuation of the identifiable elements of the assets and liabilities. After having completed such additional analysis, any residual negative goodwill is recorded as a bargain purchase gain.

Asset Acquisitions

When substantially all of the gross assets acquired are concentrated in a single identifiable asset, or a group of similar identifiable assets, the acquisition is treated as an asset acquisition.

The Company accounts for asset acquisitions by performing purchase price allocations wherein the total transaction value is determined by aggregating the base purchase price, certain closing adjustments, and contingent consideration, if any. The total transaction value is then allocated to the acquired assets pro-rata based on their fair values. This allocation may cause identified assets to be recognized at amounts that are greater than their fair values. However, “non-qualifying” assets, which include financial assets and other current assets, should not be assigned an amount greater than their fair value. The determination of fair values of assets acquired requires the Company to make estimates and use valuation techniques. The transaction costs associated with asset acquisitions are capitalized as part of the assets acquired. Subsequent changes to the fair value of contingent consideration are recorded in the Other income and expense section of the Consolidated Statements of Operations and Comprehensive Loss.

(d) Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less.

(e) Inventory

Inventories are stated at the lower of cost or net realizable value. The cost of inventories is based upon the average cost method.

(f) Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance if it is more likely than not that some portion, or all, of a deferred tax asset will not be realized. The determination as to whether a deferred tax asset will be realized is made on a jurisdictional basis and is based on both positive and negative evidence. This evidence includes historic taxable income, projected future taxable income, the expected timing of the reversal of existing temporary differences and the implementation of tax planning strategies.

The Company records uncertain tax positions in accordance with Accounting Standards Codification (“ASC”) Topic 740 on the basis of a two-step process in which (1) the Company determines whether it is more-likely-than-not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

The Company evaluates its tax positions that have been taken or are expected to be taken on income tax returns to determine if an accrual is necessary for uncertain tax positions. The Company recognizes interest and penalties as a component of tax expense. Refer to *Note 17 — Income Taxes* for further discussion.

(g) Natural Gas Properties

The Company uses the successful efforts method of accounting for natural gas producing activities, as defined within ASC 932 *Extractive Activities — Oil and Gas*. Costs to acquire mineral interests in natural gas properties, to drill and equip exploratory leases that find proved reserves, and to drill and equip development leases and related asset retirement costs are capitalized. Costs to drill exploratory wells are capitalized, or suspended, pending determination of whether the wells have proved reserves. If the Company determines the wells do not have proved reserves, the costs are charged to expense. For exploratory wells that find reserves that cannot be classified as proved when drilling is completed, costs continue to be capitalized as suspended exploratory drilling costs if there have been sufficient reserves found to justify completion as a producing well and sufficient progress is being made in assessing the reserves and the economic and operational viability of the project. If the Company determines that future appraisal drilling or development activities are unlikely to occur, associated suspended exploratory well costs are expensed. In some instances, this determination may take longer than one year. There were no exploratory wells capitalized pending determinations of whether the wells have proved reserves at December 31, 2021 and 2020. Geological and geophysical costs, including seismic studies and costs of carrying and retaining unproved properties, are charged to expense as incurred. The Company capitalizes interest on expenditures for significant exploration and development projects that last more than six months while activities are in progress to bring the assets to intended use. For the years ended December 31, 2021 and 2020, the Company had no capitalized interest costs. Costs incurred to maintain wells and related equipment are charged to expense as incurred. Capitalized amounts attributable to developed gas properties are depleted by the unit-of-production method over proved developed reserves.

Capitalized costs related to proved gas properties, including wells and related support equipment and facilities, are evaluated for impairment on an analysis of undiscounted future cash flows in accordance with ASC 360 *Property, Plant, and Equipment*. If undiscounted future cash flows are insufficient to recover the net capitalized costs related to proved properties, then the Company recognizes an impairment charge in its results of operations equal to the difference between the net capitalized costs related to proved properties and their estimated fair values based on the present value of the related future net cash flows. The Company had no impairment of proved properties during the years ended December 31, 2021 and 2020.

Undeveloped natural gas properties are tested for impairment on a regular basis, based on the results of the exploratory activity and management's evaluation. In the event of a discovery, the undeveloped natural gas properties are transferred to developed natural gas properties at net book value as soon as proved reserves are recognized. During the years ended December 31, 2021 and 2020, the Company recognized no impairments related to undeveloped natural gas properties.

(h) Midstream Assets

Midstream assets are recorded at historical cost, less depreciation. Hydrocarbon transportation and processing assets (midstream assets) are depreciated using the straight-line method over twenty-five years for compressor and meter stations, and forty years for pipelines. Routine maintenance and repairs are charged to operating expenses as incurred. Realization of the carrying value of midstream assets is reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are determined to be impaired if a forecast of undiscounted estimated future net operating cash flows directly related to the assets, including any disposal value, is less than the carrying amount of the asset. If any asset is determined to be impaired, the loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. An estimate of fair value is based on the best information available, including prices for similar assets and discounted cash flows. There were no impairments recognized during the periods ended December 31, 2021 and 2020.

(i) Other Property and Equipment

Other property and equipment is stated at cost, net of accumulated depreciation. Cost includes the purchase price and, where relevant, any costs directly attributable to bringing the asset to the location and condition necessary. When significant costs are incurred subsequent to the purchase of the asset that extends the life of the asset, such costs are included in the cost of the applicable asset and depreciated over their respective useful lives. All other subsequent costs are recognized in the Consolidated Statements of Operations and Comprehensive Loss as either lease operating expense or general and administrative expense.

Realization of the carrying value of other properties and equipment is reviewed for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets are determined to be impaired if a forecast of undiscounted estimated future net operating cash flows directly related to the asset, including any disposal value, is less than the carrying amount of the asset. If any asset is determined to be impaired, the loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. An estimate of fair value is based on the best information available, including prices for similar assets and discounted cash flows. There were no material impairments recognized during the periods ended December 31, 2021 and 2020, respectively.

The Company incurs costs in developing, configuring, integrating, and implementing a cloud computing environment for hosting internal-use software. Costs which are able to be capitalized are amortized on a straight-line basis over the useful life of the software.

Depreciation and amortization expense is included within Depreciation, depletion and amortization on the Consolidated Statements of Operations and Comprehensive Loss. Following is a listing of useful lives for other property and equipment and cloud computing costs:

	Useful Life
Buildings	39 years
Furniture, fixtures, equipment, vehicles and other	5 years
Computer hardware and software	3 – 5 years
Leasehold improvements	7 – 10 years

(j) Asset Retirement Obligations

The Company follows the provisions of ASC 410-20 *Asset Retirement Obligations,* which requires entities to record the fair value of obligations associated with the retirement of tangible, long-lived assets in the period in which they are incurred. When a liability is initially recorded, the Company capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value, and the capitalized cost is depleted over the useful life of the related asset. During the years ended December 31, 2021 and 2020, accretion expense of $10.0 million and $3.2 million, respectively, was recognized.

Revisions to estimated asset retirement obligations will result in an adjustment to the related capitalized asset and corresponding liability. Upon settlement of the liability, the Company either settles the obligation for its recorded amount or incurs a gain or loss. The Company's asset retirement obligation relates to the plugging, dismantling, removal, site reclamation and similar activities of its natural gas properties.

Asset retirement obligations are estimated at the present value of expected future net cash flows and are discounted using the Company's credit adjusted risk free rate. The Company uses unobservable inputs in the estimation of asset retirement obligations that include, but are not limited to: costs of labor, costs of materials, profits on costs of labor and materials, the effect of inflation on estimated costs, and discount rate. Due to the subjectivity of assumptions and the relative long lives of the Company's leases, the costs to ultimately retire the Company's obligations may vary significantly from prior estimates. Assumptions used in determining estimates are reviewed annually.

(k) Leases

The Company adopted ASC 842 — *Leases* on January 1, 2020. ASC 842 requires lessees to recognize a right of use asset and corresponding lease liability on the Consolidated Balance Sheets for all leases. The Company determines if an arrangement is a lease at inception of the arrangement and if such lease will be classified as an operating lease or a finance lease. As of December 31, 2021 and 2020, all of the Company's leases are accounted for as operating leases. The Company makes use of the practical expedient that permits combining lease and non-lease components.

Right of use ("ROU") assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the leases. ROU assets and ROU liabilities are recognized at the lease commencement date based on the present value of minimum lease payments over the lease term. Most leases do not provide an implicit interest rate; therefore, the Company used its incremental borrowing rate based on the information available at the inception date to determine the present value of the lease payments. Lease terms include options to extend the lease when it is reasonably certain that the Company will exercise that option. Lease cost for lease payments is recognized on a straight-line basis over the lease term. Certain leases have payment terms that vary based on the usage of the underlying assets.

The Company has ROU assets, and current and non-current ROU liabilities related to office space, a pipe yard, and compressor leases requiring balance sheet presentation. As of December 31, 2021 and 2020, the Company had $14.2 million and $9.9 million, respectively, of ROU assets. At December 31, 2021 and 2020, the related current ROU liabilities measured at $10.7 million and $6.5 million, respectively, and non-current ROU liabilities measured at $4.7 million and $4.6 million, respectively.

(l) Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 *Revenue from Contracts with Customers* ("ASC 606"). The core principle of ASC 606 is that an entity should recognize revenue for the transfer of goods or services equal to the amount of consideration that it expects to be entitled to receive for those goods or services. The Company derives the majority of revenues from natural gas, NGL and oil sales contracts. The contracts specify each party's rights regarding the goods or services to be transferred and contain commercial substance as they impact the Company's financial statements. A high percentage of receivables balance is current, and the Company has not historically entered into contracts with counterparties that pose a credit risk without requiring adequate economic protection to ensure collection. The Company determines revenue recognition through the following five step model:

- Identification of the contract(s) with a customer
- Identification of the performance obligation(s) in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligation(s) in the contract
- Recognition of revenue when or as performance obligation(s) are satisfied

Natural Gas, NGLs and Oil Revenue

The Company's revenues are primarily derived from the sale of natural gas and NGLs that are extracted from the Company's natural gas wells as well as the sale of oil. Sales of natural gas, NGLs and oil are recognized when the Company satisfies a performance obligation by transferring control of a product to a customer. Payment is generally received in the month following the sale. Timing of revenue recognition may differ from the timing of invoicing to customers; however, as the right to consideration after delivery is unconditional based on only the passage of time before payment of the consideration is due, upon delivery the Company records a receivable on the Consolidated Balance Sheets.

Under the Company's natural gas sales contracts, it delivers natural gas to the purchaser at an agreed upon delivery point for a specified index price adjusted for pricing differentials. To deliver natural gas to the agreed upon delivery point, the Company or other third parties gather, compress, process and transport the Company's natural gas. The Company maintains control of the natural gas during gathering, compression, processing, and transportation. Upon delivery of the product, the Company transfers control and recognizes revenue based on the contract price. In this scenario, the Company is the principal, and revenues are recognized on a gross basis or based on the contract price.

The Company enters into certain contracts for gathering and transportation of natural gas, NGL and oil products to deliver the products to customers. Fees incurred prior to control transfer are considered shipping and handling costs and are classified as gathering and transportation expense. Fees incurred after control transfer are included as a reduction to the transaction price. In this scenario, the Company is the agent, and revenues are recognized on a net basis.

Typically, the Company's natural gas, NGL, and oil sales contracts define the price as a formula based on the average market price, as specified on set dates each month, for the specific commodity during the month of delivery. Given the industry practice to invoice customers the month following the month of delivery and the Company's payment terms which are typically within 30 to 60 days of control transfer, no significant financing component is included within the contracts.

Non-operated Midstream Revenue

Non-operated midstream revenues are generated from the Company's undivided interest in certain midstream assets. As a non-operator the Company recognizes revenues when services are rendered by the operator based on quantities transported and measured, and contractual rates in accordance with the joint operating agreement between the Company and the operator. Revenues is recognized revenue based on the actual (known) consideration obtained from the operator because the Company does not have immediate visibility of all quantities transported. Consequently, revenue is recorded when the data is available.

Marketing Revenue

In conjunction with certain contracts for the sales of natural gas and NGLs, the Company recognizes the Company's share of net profits related to marketing revenues generated from a profit sharing agreement with a marketer. The contract includes variable components of consideration that are settled upon satisfaction of performance obligations which occurs at the point which control of the natural gas or NGL's is transferred by the purchaser to a third party. Revenues are recognized based on the underlying variable consideration pricing, and delivered volumes.

Other Considerations

In addition to revenues from natural gas, NGL and oil contracts from the Company's operated assets, BKV Corp entered into joint operating agreements as a non-operator for the sale of hydrocarbons through other operators. As a non-operator, BKV Corp recognizes revenue based on the actual (known) consideration that is obtained from the operator because BKV Corp does not have visibility into the terms of the sale. Consequently, non-operated revenue is recorded when the data is available.

The recognition of gains or losses on derivative instruments is not considered revenue from contracts with customers. The Company may use financial contracts accounted for as derivatives as economic hedges to manage price risk associated with normal sales or in limited cases may use them for contracts the Company intends to physically settle but that do not meet all of the criteria to be treated as normal sales.

Transaction Price Allocated to Remaining Performance Obligations

For the Company's product sales that have a contract term greater than one year, the Company utilized the practical expedient in ASC 606, which does not require the disclosure of the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under the Company's product sales contracts, each unit of product delivered to the customer represents a separate performance obligation; therefore, future volumes are wholly unsatisfied, and disclosure of the transaction price allocated to remaining performance obligations is not required. For the Company's product sales that have a contract term of one year or less, the Company utilized the practical expedient in ASC 606, which does not require the disclosure of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original expected duration of one year or less.

Contract Costs

Costs to obtain a contract are generally immaterial but the Company has elected the practical expedient to expense these costs as incurred if the duration of the contract is one year or less.

Please refer to *Note 9 — Revenue from Contracts with Customers* for additional disclosure.

(m) Lease Operating and Workover Expense

Lease operating expenses represent certain field employees' salaries, salt water disposal, repairs and maintenance, and other standard operating expenses. Lease operating expenses are expensed as incurred.

Workover expenses include those costs incurred to perform more substantial maintenance or remedial treatments on a well to enhance production. These costs are also expensed as incurred.

(n) Derivative Financial Instruments

The Company enters into commodity derivative instruments to reduce the effect of price volatility on a portion of the Company's future natural gas and NGL production. These activities may prevent the Company from realizing the full benefits of price increases above the levels of the derivative instruments on a portion of its future natural gas and NGL production. The commodity derivative instruments are measured at fair value and are included in the Consolidated Balance Sheets as commodity derivative assets and commodity derivative liabilities. The fair value of the Company's commodity derivative instruments are calculated using industry standard models using assumptions and inputs which are substantially observable in active markets throughout the full term of the instruments. These include market price curves, contract terms and prices, credit risk adjustments, implied market volatility and discount factors. The Company has not designated any of the derivative contracts as fair value or cash flow hedges. Therefore, the Company does not apply hedge accounting to the commodity derivative instruments. Net unsettled gains and losses on commodity derivative instruments are recorded based on the changes in the fair values of the derivative instruments and are recorded in the derivatives (losses) gains, net line on the Consolidated Statements of Operations and Comprehensive Loss. The Company's cash flow is only impacted when the actual settlements under the commodity derivative contracts result in making or receiving a payment to or from the counterparty. These settlements under the commodity derivative contracts are reflected as operating activities in the Company's Consolidated Statements of Cash Flows.

Derivative instruments (*Note 5 — Derivative Financial Instruments*) are with counterparties of high credit quality and are subject to master netting agreements, therefore the risk of nonperformance by the counterparties is low. Risk of nonperformance of the Company, relative to counterparties liabilities is recognized accordingly in the consolidated financial statements.

(o) Accounts Receivable and Allowance for Expected Credit Losses

In June 2016, the FASB issued Accounting Standards Update ("ASU") 2016-13, Financial Instruments — Credit Losses (Topic 326): "Measurement of Credit Losses on Financial Instruments." For public business entities, the new standard became effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. The Company adopted this standard effective January 1, 2020. The standard changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, and requires entities to use a new forward-looking expected loss model that will result in earlier recognition of allowance for losses. The Company's receivables consist mainly of trade receivables from commodity sales and joint interest billings due from owners on properties the Company operates. The majority of these receivables have payment terms of 30 days or less. For receivables due from joint interest owners, the Company generally has the ability to withhold future revenue disbursements to recover non-payment of joint interest billings. From an evaluation of the Company's existing credit portfolio, historical credit losses have been de minimis and are expected to remain so in the future assuming no substantial changes to the business or creditworthiness of BKV Corp's business partners. There was no material impact on the Company's consolidated financial statements or disclosures upon adoption of this ASU.

(p) Fair Value of Financial Instruments

The Company follows ASC 820 *Fair Value Measurements and Disclosures ("ASC 820")* for financial and non-financial assets and liabilities. ASC 820 establishes a framework for measuring fair value and expands disclosure about fair value measurements. The standard characterizes inputs used in determining fair value based on a hierarchy that prioritizes inputs depending on the degree to which they are observable.

Level 1 Fair Value Measurements — Observable, unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company considers active markets as those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Fair Value Measurements — Observable inputs such as: (i) quoted prices for similar assets or liabilities in active markets; (ii) quote prices for identical or similar assets or liabilities in markets that are not active; or (iii) valuations based on pricing models where significant inputs (e.g., interest rates, yield curves, etc.) are observable for the assets or liabilities, are derived principally from observable market data, or can be corroborated by observable market data.

Level 3 Fair Value Measurements — Unobservable inputs, including valuations based on pricing models where significant inputs are not observable and not corroborated by market data. Unobservable inputs used to the extent that observable inputs are not available and reflect the Company's own assumptions about the assumptions market participants would use in pricing the assets or liabilities. Unobservable inputs are based on the best information available in the circumstances, which might include the Company's own data.

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

Fair values are estimated for the majority of the Company's financial instruments. Estimations of fair value, which are based on principles such as discounting future cash flows to present value, must be weighted by the fact that the value of a financial instrument at a given time may be influenced by the market environment (particularly liquidity), and also the fact that subsequent changes in interest rates and exchange rates are not taken into account.

Fair value of derivative financial instruments is estimated through mark-to-market of all open positions. The valuations are determined on a daily basis using observable market data based on organized and over the counter markets.

The valuation techniques that may be used to measure fair value include a market approach, an income approach and a cost approach. A market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. An income approach uses valuation techniques to convert future amounts to a single present amount based on current market expectations, including present value techniques, option-pricing models and the excess earnings method. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

(q) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. Impairment may occur if the reporting unit's carrying value exceeds its fair value. Due to the nature of the goodwill arising from the acquisition of KV, as is described further in *Note 18 — Corporatization Event,* the Company's goodwill is tested at the reporting unit level, which for the Company is at the consolidated level due to the Company having one identifiable operating segment or reporting unit. Under the provisions of ASC 350 *Intangibles — Goodwill and Other*, the Company performs an impairment test for goodwill at least annually or when events and circumstances indicate the carrying value may not be recoverable. In performing the required impairment tests, the Company has the option to first assess qualitative factors to determine if it is necessary to perform a quantitative assessment for goodwill impairment. If the qualitative assessment concludes that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying value, a quantitative assessment is performed. The Company's quantitative assessment utilizes present value (discounted cash flow) methods to determine the fair value of the reporting units with goodwill. Determining fair value using discounted cash flows requires considerable judgment and is sensitive to changes in underlying assumptions and market factors. Key assumptions relate to revenue growth, projected operating income growth, terminal values, and discount rates. If current expectations of future growth rates and margins are not met, or if market factors outside of the Company's control, such as factors impacting the applicable discount rate, or economic or political conditions in key markets change significantly, then goodwill allocated to the reporting unit may be impaired. Management determined there were no circumstances indicating the carrying value may not be recoverable during the years ended December 31, 2021 and 2020. There have been no impairments recorded related to goodwill as the results of the annual quantitative impairment test indicated the fair value of the assets of the group to be greater than the carrying value as of December 31, 2021 and 2020.

(r) Equity-based Compensation

The Company recognizes compensation cost related to equity-based awards in the consolidated financial statements on a straight-line basis based on estimated grant date fair value. Equity-based compensation awards which ultimately settle in cash are accounted for as liabilities, and awards which are contingently settled in cash or shares of the Company's common stock are accounted for as mezzanine equity. Mezzanine equity classified awards which are considered probable of becoming redeemable are carried on the Consolidated Balance Sheets at the greater of redemption value or initial carrying value. Changes in the redemption value of the awards result in a transfer from stockholders' equity to mezzanine equity on the Consolidated Balance Sheets of the Company.

The Company is authorized to grant equity-based compensation in the form of restricted stock units which include service conditions, and performance-based restricted stock units, which include service conditions, market performance conditions, and non-market performance conditions. The grant date fair value is determined based on the components of the award and utilize the estimated fair value of common stock prices on the grant date, Monte Carlo simulations, and the fair market value of common stock coupled with probability assessments relative to the satisfaction of non-market performance conditions.

Compensation cost is recognized ratably on a straight-line basis over the applicable vesting or service period, as applicable. Forfeitures are estimated and recognized over the applicable vesting or service period and are re-evaluated at the end of each reporting period. Actual forfeitures are recognized as they occur by reversing the expense previously recognized for awards that were forfeited during the period. The Company's equity-based compensation is discussed further in *Note 11 — Equity-based Compensation*.

(s) Treasury Stock

The Company recognizes purchases of its own stock as a reduction to stockholders' equity or mezzanine equity in the Consolidated Balance Sheets using the cost method. Shares are held until authorized for redistribution by the Company's Board of Directors.

(t) Equity Method Investments

The Company applies the equity method of accounting to its investments over which it does not have the power to direct the activities that most significantly impact the investment's economic performance. The Company's judgment regarding the level of influence over its equity method investments includes considering key factors such as the Company's ownership interest, representation on the board of directors and participation in the policy-making decisions of equity method investees. The carrying value of the Company's equity method investments is recorded in Investment in joint venture on the Consolidated Balance Sheets. The Company's pro-rata share of earnings in equity method investments is recorded in Income from equity affiliates in the Consolidated Statements of Operations and Comprehensive Loss.

The Company evaluates its investment in the equity method investee for impairment whenever events or changes in circumstances indicate that the carrying value of its investment may have experienced an "other-than-temporary" decline in value. If such conditions exist, the Company compares the estimated fair value of the investment to its carrying value to determine if an impairment is indicated. If impairment is indicated, the Company then determines whether the impairment is "other-than-temporary" based on its assessment of all relevant factors, including consideration of the Company's intent and ability to retain its investment.

(u) Earnings (Loss) Per Common Share

Earnings (loss) per common share — basic for each period is computed by dividing net income (loss) attributable to BKV Corp by the basic weighted average number of shares outstanding during the period. The potential dilutive effect of shares is calculated using the treasury stock method or if-converted method as applicable. During periods in which the Company incurs a net loss, diluted weighted average shares outstanding are equal to basic weighted average shares outstanding because the effects of all potential shares are anti-dilutive.

(v) Business Segment Information

The Company is organized and managed and identified as one operating segment and one reportable segment.The Company measures financial performance on a consolidated basis with all operating revenues and income from operations with all operating revenues and income from operations generated in, and all assets based in the United States.

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(w) Recently Issued Accounting Standards

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, Leases. The objective of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclose key information about leasing arrangements. The FASB subsequently issued various ASUs which provided additional implementation guidance, and these ASUs collectively make up ASC 842 — Leases ("ASC 842"). For non-public companies, ASC 842 had an effective date for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2021 with early adoption permitted. The Company elected early adoption and adopted ASC 842 effective January 1, 2020 using the modified retrospective method as of the adoption date. Refer to *Note 2 — Summary of Significant Accounting Policies (l) Leases* and *Note 16 — Leases* for more information on the Company's implementation of this standard.

In December 2019, the FASB issued ASU No. 2019-12, Simplifying the Accounting for Income Taxes. This ASU removes certain exceptions to the general principles in ASC 740 — Income Taxes ("ASC 740") and also simplifies portions of ASC 740 by clarifying and amending existing guidance. It is effective for interim and annual reporting periods after December 15, 2020. The Company adopted this ASU on January 1, 2021, and it did not have a material impact on the Company's consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04"), and in January 2021, issued ASU No. 2021-01, Reference Rate Reform (Topic 848): Scope ("ASU 2021-01"), to provide clarifying guidance regarding the scope of Topic 848. ASU 2020-04 was issued to provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Generally, the guidance is to be applied as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. ASU 2020-04 and ASU 2021-01 are effective for all entities through December 31, 2022. The Company has elected not to use the optional guidance provided by these ASUs. Please refer to *Note 7 — Related Parties* and *Note 8 — Credit Facilities* for discussion of the use of the LIBOR in connection with borrowings under the Loan Facility agreements with BNAC and credit facilities with banks.

In August 2020, the FASB issued ASU 2020-06, Debt with Conversion and Other Options and Derivatives and Hedging: Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. This ASU simplifies accounting for convertible instruments by removing certain separation models for convertible instruments. For convertible instruments with conversion features that are not accounted for as derivatives under ASC 815 or do not result in substantial premiums accounted for as paid-in capital, the convertible instrument's embedded conversion features are no longer separated from the host contract. Consequently, and as long as no other feature requires bifurcation and recognition as a derivative, the convertible instrument is accounted for as a single liability (if applicable) and is measured at its amortized cost. This ASU is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for fiscal years ending after December 15, 2020. The Company has elected early adoption of this ASU effective as of January 1, 2021, using the full retrospective method of adoption. The accompanying Consolidated Balance Sheet was adjusted as follows:

	As of December 31, 2020		
(in thousands)	**As Reported**	**Adjustment**	**As Adjusted**
Preferred Stock – mezzanine equity	$ 396	$ 94,528	$ 94,924
Additional paid in capital – permanent equity	$1,063,028	$ (94,528)	$ 968,500

The early adoption of ASU 2020-06 did not have an impact on the Company's Consolidated Statement of Operations and Compressive Loss for the year ended December 31, 2020.

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As of December 31, 2021 and through the date the consolidated financial statements were available for issuance (see *Note 20 — Subsequent Events*), no other ASUs have been issued that are applicable to the Company and that would have a material effect on the Company's consolidated financial statements and related disclosures.

Note 3 — Natural Gas Properties & Other Property and Equipment

Accumulated depreciation, depletion and amortization for developed gas properties as of December 31, 2021 and 2020 was $267.3 million and $190.3 million, respectively. Depreciation, depletion and amortization expense for developed gas properties for the years ended December 31, 2021 and 2020 was $78.1 million and $79.8 million, respectively. There were no exploratory well costs pending determination of proved reserves at December 31, 2021 and 2020 and no exploratory dry hole costs during the years ended December 31, 2021 and 2020.

Midstream assets consisted of the following:

(in thousands)	As of December 31, 2021	As of December 31, 2020
Compressor station	$ 6,831	$ 6,831
Meter station	654	654
Pipelines	47,878	47,828
Total	55,363	55,313
Accumulated depreciation	(7,417)	(6,069)
Midstream assets, net	$47,946	$49,244

Depreciation expense on midstream assets of $1.3 million was recognized during each of the years ended December 31, 2021 and 2020.

Other property and equipment consisted of the following:

(in thousands)	As of December 31, 2021	As of December 31, 2020
Buildings	$12,675	$12,675
Furniture, fixtures, equipment and vehicles	6,555	4,046
Computer software	4,715	4,901
Leasehold improvements	1,571	1,119
Land	3,090	3,090
Total	28,606	25,831
Accumulated depreciation	(6,482)	(2,663)
Other property and equipment, net	$22,124	$23,168

Depreciation expense for other property and equipment for the years ended December 31, 2021 and 2020 was $2.8 million and $1.8 million, respectively.

Barnett Asset Acquisition

On December 17, 2019, Barnett entered into a Purchase and Sale Agreement ("PSA"), which was subsequently amended, to acquire certain operated and non-operated interests in proved reserves and related upstream assets in the Barnett formation from Devon Energy Corporation ("Seller") for $570.0 million, subject to certain closing adjustments. The PSA included contingent payments totaling $260.0 million if certain commodity price thresholds are met during a four year period commencing January 1, 2021. The transaction closed on October 1, 2020. The acquisition was made to support the strategic growth of the Company.

Barnett paid $70.0 million into escrow in December 2019 and an additional $100.0 million in April 2020 for a total deposit of $170.0 million. At closing the Company paid an additional $319.8 million. As of the acquisition date, the fair value of the additional contingent payments was $19.7 million. See *Note 4 — Fair Value Measurements* and *Note 15 — Commitments and Contingencies* for discussion of the fair market value valuation methodology applied to the contingent consideration at the acquisition date and as of December 31, 2021, and 2020. Subsequent changes in the fair value of the contingent consideration are recognized in the Consolidated Statement of Operations and Comprehensive Loss.

The acquisition qualified as an asset acquisition as the fair value of substantially all the assets acquired were concentrated in a group of similar assets. Transaction costs incurred to acquire the assets, which amounted to $11.9 million, were capitalized and included in the cost basis of the acquired assets. Asset retirement liabilities were estimated to be $120.6 million as of the acquisition date.

The consideration was allocated to the assets acquired and liabilities assumed as follows:

(in thousands)	
Assets acquired	
Developed properties	$ 624,914
Other property and equipment	14,264
Inventory	2,784
Liabilities assumed	
Contingencies and contingent payments	(19,700)
Asset Retirement Obligations	(120,550)
Total	$ 501,712

There were no other significant acquisitions or divestitures of natural gas properties during the years ended December 31, 2021 and 2020, and there were no transfers of exploration and evaluation assets to natural gas properties.

Note 4 — Fair Value Measurements

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. The Company primarily applies the income approach for recurring fair value measurements and endeavor to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Company can classify fair value balances based on the observability of those inputs.

The fair value of derivatives is based on third-party pricing models which utilize inputs that are either readily available in the public market, such as natural gas and NGL forward curves and discount rates, or can be corroborated from active markets or broker quotes. These values are compared to the values given by counterparties for reasonableness. Since natural gas and NGL swaps do not include optionality and therefore generally have no unobservable inputs, they are classified as Level 2. Derivatives are also subject to

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the risk that either party to a contract will be unable to meet its obligations. The Company factors non-performance risk into the valuation of derivatives using current published credit default swap rates. As of December 31, 2021, the impact of the non-performance risk adjustment to the Company's on the fair value of commodity derivative liabilities was $4.2 million; the impact to the fair value as of December 31, 2020, was not material.

Derivative assets and liabilities measured at fair value as of December 31, 2021 and 2020 use Level 2 valuation techniques; contingent consideration is measured at fair value and as of these reporting dates uses Level 3 valuation techniques. There have been no transfers between fair value levels during the reporting periods. The fair value hierarchy for grouping these assets and liabilities is based on the significance level of inputs.

The following tables set forth by level within the fair value hierarchy of financial assets and liabilities that were accounted for at fair value on a recurring basis:

	As of December 31, 2021			
	Fair Value Measurements Using:			
(in thousands)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Derivative instruments	—	9,986	—	9,986
Financial liabilities				
Derivative instruments	—	114,818	—	114,818
Contingent Consideration	—	—	142,533	142,533
Mezzanine equity				
Minority ownership puttable shares	—	—	49,841	49,841
Equity-based compensation	—	—	34,006	34,006

	As of December 31, 2020			
	Fair Value Measurements Using:			
(in thousands)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Derivative instruments	—	15,499	—	15,499
Financial liabilities				
Derivative instruments	—	5,170	—	5,170
Contingent Consideration	—	—	12,565	12,565
Mezzanine equity				
Minority ownership puttable shares	—	—	42,288	42,288

The contingent consideration first reported in the year ended December 31, 2020 was generated from the asset acquisition described in *Note 3 — Natural Gas Properties & Other Property and Equipment.* The fair value of the contingent consideration as of December 31, 2021 and 2020 represents management's best estimate if a third party were paid to assume the contingency. The fair value was determined using forecasted

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monthly Henry Hub Prices and West Texas Intermediate prices,and applicable credit spread and risk free rates in the application of Monte Carlo simulations. This contingency, including the settlement, is described further in *Note 15 — Commitments and Contingencies* to the consolidated financial statements.

The minority ownership puttable shares were recorded at fair value upon initial recognition in mezzanine equity on the Consolidated Balance Sheets. The fair market value of the Company's common stock was used to determine the carrying value of the minority ownership puttable shares in mezzanine equity on the Consolidated Balance Sheets as of December 31, 2021 and 2020. The Company's common stock was valued using both observable (Level 2) and unobservable (Level 3) inputs. The minority ownership puttable shares are further described in *Note 12 — Stockholders' Equity and Mezzanine Equity* and *Note 18 — Corporatization Event* to the consolidated financial statements.

Equity-based compensation was recorded at fair value on the date of the modification of the terms of the awards. The underlying market condition was valued using the application of Monte Carlo simulations using both observable (Level 2) and unobservable (Level 3) inputs. The remaining components of the awards were valued based on the fair market value of the common stock of the Company, which is valued consistent with valuation methodologies described for the minority ownership puttable shares. The fair market value of the Company's market condition and common stock as of December 31, 2021 were used to determine the fair market value of equity-based compensation in mezzanine equity on the Consolidated Balance Sheet as of December 31, 2021. Equity-based compensation is further described in *Note 11 — Equity-based Compensation* and *Note 12 — Stockholders' Equity and Mezzanine Equity* to the consolidated financial statements.

Quantitative data regarding the Company's Level 3 unobservable inputs are as follows:

(in thousands, except per share amounts)	Fair Value	Valuation Technique	Unobservable Input	Range or Actual
Common stock – per share – as of May 1, 2020[(1)]	$ 10.00	Enterprise value	Discount rate	8.9 – 10%
Common stock – per share – as of December 31, 2020[(1)]	$ 10.00	Enterprise value	Discount rate	8.9 – 10%
Contingent Consideration – as of December 31, 2020	$ 12,565	Monte Carlo Simulation	Risk free Rate	0.3%
			Credit Spread	6.7%
			Discount Rate	7.0%
Contingent consideration – as of December 31, 2021	$142,533	Monte Carlo Simulation	Risk Free Rate	1.0%
			Credit Spread	4.0%
			Discount Rate	5.0%
Market condition equity-based compensation per share – as of October 31, 2021	$ 10.72	Monte Carlo Simulation	Performance period dividends	3% equity capital, annually
Market condition equity-based compensation per share – as of December 31, 2021	$ 13.77	Monte Carlo Simulation	Performance period dividends	3% equity capital, annually
Common stock – per share value – as of October 31, 2021[(1)]	$ 11.06	Enterprise value	Discount rate	10.0%
Common stock – per share value – as of December 31, 2021[(1)]	$ 11.75	Enterprise value	Discount rate	7.7 – 9.5%

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(1) The Company uses the midpoint of valuation results when estimating the fair value of common stock.

The table below sets forth the changes in the Company's level 3 financial instruments carried at fair value on a recurring basis:

(in thousands)	Year ended December 31, 2021	Year ended December 31, 2020
Fair value, beginning of period	$ 54,853	$ —
Contingent consideration-additions through asset acquisition (*Note 3*)	—	19,700
Contingent consideration – settlement *(Note 15)*	(65,000)	—
Minority ownership puttable share activity (*Note 12)*	511	42,288
Grant date fair value of equity-based compensation *(Note 11)*	28,990	—
Change in fair market value *(all instruments)*	207,026	(7,135)
Fair value, end of period	$ 226,380	$ 54,853

Note 5 — Derivative Financial Instruments

From time to time, the Company may utilize derivative contracts in connection with its natural gas and NGL operations to provide an economic hedge of the Company's exposure to commodity price risk associated with anticipated future natural gas and NGL production. The Company does not hold or issue derivative financial instruments for trading purposes. The derivative contracts outstanding as of December 31, 2021 and 2020 consisted of swap, enhanced three-way collar, and collar agreements, subject to master netting agreements with each individual counterparty. The following table presents gross commodity derivative balances prior to applying netting adjustments and net balances recorded in the Consolidated Balance Sheets:

	As of December 31, 2021		
(in thousands)	Gross Amounts of Assets and Liabilities	Offset Adjustments	Net amounts of assets/liabilities
Current derivative assets	$ 9,986	—	$ 9,986
Noncurrent derivative assets	$ —	—	$ —
Current derivative liabilities	$ 91,156	—	$ 91,156
Noncurrent derivative liabilities	$ 23,662	—	$ 23,662

	As of December 31, 2020		
(in thousands)	Gross Amounts of Assets and Liabilities	Offset Adjustments	Net amounts of assets/liabilities
Current derivative assets	$ 27,680	(12,196)	$ 15,484
Noncurrent derivative assets	$ 15	—	$ 15
Current derivative liabilities	$ 12,196	(12,196)	$ —
Noncurrent derivative liabilities	$ 5,170	—	$ 5,170

Enhanced Three-way Collar, Collar and Swap Contracts

Generally, enhanced three-way collar arrangements provide for a price floor, a price ceiling and either a price sub-floor or price sub-ceiling. The floating price for the enhanced three-way collar contracts is traded for a fixed price when the floating price is not between the floor and ceiling, and for twice the contracted volumes within the contracted volumes, the sub-floor/ceiling. If the floating price is between these contracted prices, no trade occurs. A commodity swap agreement is an agreement whereby a floating price based on the underlying commodity is traded for a fixed price over a specified period. A commodity collar provides for a price floor and a price ceiling.The floating price for the collar contract is traded for a fixed price when the floating price is not between the floor and ceiling. If the floating price is between these contracted prices, no trade occurs.

The fair value of open enhanced three-way collars, collars and swap contracts reported in the Consolidated Balance Sheets may differ from that which would be realized in the event the Company terminated its position in the respective contract. Risks may arise as a result of the failure of the counterparty to the contract to comply with the terms of the contract. The loss incurred by the failure of the counterparties is generally limited to the aggregate fair value of the outstanding contracts in an unrealized gain position as well as any collateral posted with the counterparty. The Company considers the creditworthiness of each counterparty to a three-way collar, option, or swap contract in evaluating potential credit risk. Additional risks may arise from unanticipated movements in the fair value of the underlying investments.

Derivative Contracts

The Company records its derivative financial instruments related to natural gas and NGL production at fair value using a market approach and has not designated any derivatives as hedges. Derivative financial instruments are marked-to-market and presented on the Consolidated Balance Sheets as commodity derivative assets or commodity derivative liabilities with the amount of unsettled gain or loss reflected in derivative (losses) gains, net in the Consolidated Statements of Operations and Comprehensive Loss. Derivative financial instruments that settle throughout the year are recorded as derivative (losses) gains, net in the Consolidated Statements of Operations and Comprehensive Loss. The following table sets forth the effect of derivative instruments on the Consolidated Statement of Operations and Comprehensive Loss:

	Year Ended December 31,	
(in thousands)	**2021**	**2020**
Total gain (loss) on settled derivative instruments	$ (268,686)	$ 10,427
Total gain (loss) on unsettled derivative instruments	(115,161)	10,329
Total gain (loss) on derivative instruments	$ (383,847)	$ 20,756

Settled derivative instrument gain (loss) for the years ended December 31, 2021, and 2020 include losses of $30.9 million and gains of $2.7 million, respectively, related to monetization of certain natural gas derivative instruments prior to their contractual settlement dates. During the year ended December 31, 2021 monetization events occurred in October and November. Pursuant to the monetization agreements, the settlements were payable in four equal installments quarterly beginning on the respective monetization dates.

As of December 31, 2021, $66.8 million of settled derivative instruments was included in accounts payable and accrued liabilities on the Company’s Consolidated Balance Sheet; which included $23.2 million related to monetizations. As of December 31, 2020, $5.5 million of settled derivative instruments receivable was included in accounts receivable, net on the Company’s Consolidated Balance Sheet.

Volume of Derivative Activities

Outstanding derivative contracts are measured at fair value using Level 2 valuation techniques and are included in the accompanying Consolidated Balance Sheets as derivative assets and derivative liabilities.

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At December 31, 2021, the Company's derivative activities based on volume and contract prices, categorized by primary underlying risk and related commodity, by year, were as follows:

The following table represents natural gas commodity derivatives indexed to NYMEX Henry Hub pricing:

Instrument	MMBTU	Weighted Average Price (USD)	Weighted Average Price Sub Floor	Weighted Average Price Floor	Weighted Average Price Ceiling	Weighted Average Price Sub Ceiling	Fair Value as of December 31, 2021 (In thousands)
2022							
Swap	28,700,000	$ 3.74					$ 2,302
Enhanced three-way collars	52,185,000		$ 2.51	$ 2.57	$ 3.14	$ 3.17	$ (75,589)
Collars	6,320,000			$ 2.82	$ 3.63		$ (4,018)
2023							
Swap	3,340,000	$ 2.81					$ (1,512)
Three-way collars	8,350,000			$ 2.45	$ 3.15	$ 3.15	$ (7,587)
Collars	50,100,000			$ 2.85	$ 3.75		$ (3,097)

The following table represents natural gas liquids commodity derivatives for contracts expiring throughout the year ended December 31, 2022 and 2023 based on the applicable index listed below:

Instrument	Commodity Reference Price	GAL	Weighted Average Price (USD)	Fair Value at December 31, 2021 (In thousands)
2022				
Swap	OPIS Purity Ethane Mont Belvieu	38,325,000	$ 0.27	$ (1,244)
Swap	OPIS IsoButane Mont Belvieu Non-TET	3,832,500	$ 0.99	$ (736)
Swap	OPIS Normal Butane Mont Belvieu Non-TET	7,665,000	$ 0.98	$ (1,554)
Swap	OPIS Pentane Mont Belvieu Non-TET	7,665,000	$ 1.46	$ (1,698)
Swap	OPIS Propane Mont Belvieu Non-TET	22,995,000	$ 0.86	$ (3,830)
2023				
Swap	OPIS Purity Ethane Mont Belvieu	38,325,000	$ 0.23	$ (984)
Swap	OPIS IsoButane Mont Belvieu Non-TET	3,832,500	$ 0.80	$ (501)
Swap	OPIS Normal Butane Mont Belvieu Non-TET	3,832,500	$ 0.80	$ (504)
Swap	OPIS Pentane Mont Belvieu Non-TET	7,665,000	$ 1.28	$ (1,568)
Swap	OPIS Propane Mont Belvieu Non-TET	22,995,000	$ 0.72	$ (2,714)

Additional Disclosures about Derivative Instruments

The use of derivative instruments involves the risk that the counterparties will be unable to meet their obligations under the agreements. The Company's counterparties are primarily commercial banks and financial service institutions that management believes present minimal credit risk and its derivative contracts are with multiple counterparties to minimize its exposure to any individual counterparty. The Company performs both quantitative and qualitative assessments of these counterparties based on their credit ratings and credit default swap rates where applicable.

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Subsequent activity

From December 31, 2021 and through the date the consolidated financial statements were available for issuance, the Company entered into the following commodity derivative positions for natural gas:

Instrument	MMBTU	Weighted Average Price (USD)
2022 Swaps	14,919,000	$ 4.98
2023 Swaps	56,587,000	$ 3.99

From December 31, 2021 and through the date the consolidated financial statements were available for issuance, the Company entered into the following commodity derivative positions for natural gas liquids:

Instrument	Commodity Reference Price	GAL	Weighted Average Price (USD)	Weighted Average Price Floor	Weighted Average Price Ceiling
2022					
Swap	OPIS Purity Ethane Mont Belvieu Non-TET	56,019,600	$ 0.37		
Collar	OPIS IsoButane Mont Belvieu Non-TET	2,318,400		$ 1.25	$ 1.42
Collar	OPIS Normal Butane Mont Belvieu Non-TET	3,733,800		$ 1.25	$ 1.55
Collar	OPIS Pentane Mont Belvieu Non-TET	5,665,800		$ 1.80	$ 2.18
Collar	OPIS Propane Mont Belvieu Non-TET	15,582,000		$ 1.14	$ 1.30

Note 6 — Asset Retirement Obligations

The Company has recognized an estimated liability for its asset retirement obligations related to the future costs of plugging, abandonment, and remediation of natural gas producing properties. The present value of the estimated asset retirement obligations has been capitalized as part of the carrying amount of the related natural gas properties. The liability has been accreted to its present value during the years ended December 31, 2021, and 2020.

The following table summarizes the activities of the Company’s asset retirement obligations for the periods indicated:

(In thousands)	Year ended December 31, 2021	2020
Asset retirement obligations, beginning of period	$148,826	$ 24,293
Additions through asset acquisition (*Note 3*)	—	120,550
Liabilities incurred	923	772
Liabilities settled	(811)	—
Accretion of discount	10,030	3,211
Asset retirement obligations, end of period	158,968	148,826
Less current portion	—	—
Asset retirement obligation, long-term	$158,968	$148,826

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Note 7 — Related Parties

During 2020, the Company entered into the First Amendment to a note payable with its majority shareholder BNAC (the “Lender”) which allowed for a single drawdown in the amount of $10.0 million. On July 1, 2020, BKV Corp received $10.0 million through a drawdown pursuant to the terms of the First Amendment to the Loan Agreement with interest at 5.3%. During the years ended December 31, 2021 and 2020 the Company recorded interest expense on this loan of $0.1 million and $0.2 million, respectively, in the Consolidated Statements of Operations and Comprehensive Loss. The full balance of the loan outstanding as of December 31, 2020 was repaid during the year ended December 31, 2021.

On September 28, 2020, BKV Corp received $119.0 million in accordance with a separate loan agreement entered into with the Lender. On December 16, 2020, $100.0 million of the original principal balance was repaid to the Lender. Interest on the outstanding principal is 5.25% + six-month LIBOR. During the years ended December 31, 2021 and 2020, the Company recorded interest expense on this loan of $0.2 million and $1.5 million, respectively, in the Consolidated Statements of Operations and Comprehensive Loss. The remaining balance of the loan outstanding as of December 31, 2020 was repaid during the year ended December 31, 2021.

On October 14, 2021, the Company entered into a Loan Facility Agreement with the Lender which allowed for a single drawdown in the amount of $116.0 million on the date of the agreement. Interest on the outstanding principal is LIBOR+ 5.25% and is payable on a semi-annual basis. The outstanding balance of $116.0 million as of December 31, 2021, as amended on June 15, 2022, is due on December 31, 2027, including any unpaid interest. The applicable interest rate as of December 31, 2021 was 5.41%. Interest payable under this Loan Facility as of December 31, 2021 was $1.4 million.

On November 8, 2021, the Company entered into a Loan Facility Agreement with the Lender which allowed for a single drawdown in the amount of $50.0 million on the date of the agreement. Interest on the outstanding principal is LIBOR+ 5.25% and is payable on a semi-annual basis. The outstanding balance of $50.0 million as of December 31, 2021 is due on June 30, 2022, including any unpaid interest. In the event the Company draws on its credit facility, described further in *Note 8 — Credit Facilities*, $15.0 million of the Loan Facility is required to be paid at that time. The applicable interest rate as of December 31, 2021 was 5.46%. Interest payable under this Loan Facility as of December 31, 2021 was $0.4 million. On January, 11, 2022, and June 1, 2022 the Company repaid $15.0 million and $35.0 million, respectively, repaying the entire outstanding balance as of December 31, 2021.

LIBOR was discontinued as a global reference rate for new loans and contracts after December 31, 2021. The Loan Facility Agreements with outstanding balances as of December 31, 2021 specify that if LIBOR is no longer a widely used as a reference rate in the financial market, with mutual agreement with the Company a replacement rate will be specified. As of the date the financial statements are available to be issued, no such agreement has been reached and the Company continues to be charged interest using LIBOR rates as previously stated. Please refer to *Note 2 — Summary of Significant Accounting Policies* for discussion of FASB ASU 2020-04 and ASU 2021-01, which provides guidance related to reference rate reform.

The Company is subject to certain financial and non-financial covenants under the Loan Facility Agreements entered into on October 14, 2021 and November 8, 2021 (“2021 Lender Agreements”). The non-financial covenants prevent the Company from: incurring a lien on its, or any of its subsidiaries, assets or related revenues; incurring additional indebtedness without written consent of the Lender; incurring additional unsecured indebtedness whereby the Lender does not rank equal to holder of the new unsecured indebtedness; or conducting any business outside of the business currently conducted by the Company. The financial covenants require the Company to maintain a net worth, as defined within the 2021 Lender Agreements, of greater than $800.0 million. The Company is also required to maintain a trailing twelve-month net borrowings to EBITDAX ratio of greater than 3.0x following each draw down. The Company was in compliance with all associated covenants under the 2021 Lender Agreements as of December 31, 2021.

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On March 10, 2022, the Company entered into a Loan Facility Agreement with the Lender which allowed for a single drawdown in the amount of $75.0 million on the date of the agreement. Interest on the outstanding principal is SOFR + 5.25% and is payable on a semi-annual basis. The principal balance of $75.0 million, as amended on June 15, 2022, is due on December 31, 2027, including any unpaid interest. On June 15, 2022, the Company entered into a subordination agreement with the lender whereby the $75.0 million is subordinate to the term loans of the Company under the Credit Agreement further discussed in *Note 20 — Subsequent Events*.

As of December 31, 2021 and 2020, the Company had a $30.7 million and a $1.2 million payable, respectively, to BNAC for current tax expense reflected in the Income taxes payable to related party line item on the Consolidated Balance Sheets. The amounts due to BNAC as of December 31, 2021 and 2020, respectively, related to reimbursements for income tax related items. Separately, the Company had $0.5 million receivable from BNAC as of December 31, 2021, related to shared general and administrative expenses.

As of December 31, 2021, the Company had accounts receivable from BKV-BPP Power, LLC of $1.8 million related to reimbursement for certain expenses paid on behalf of BKV-BPP Power, LLC and amounts receivable under the Administration Services Agreement between the Company and BKV-BPP Power, LLC. See *Note 13 — Equity Method Investment* for further discussion.

The Company's ultimate parent Banpu Public Company Limited is also the ultimate parent of Banpu US Power Corporation ("BPP US"), the Company's partner in a joint venture which is discussed further in *Note 13 — Equity Method Investment*. As of December 31, 2021, the Company had accounts receivable from BPP US of $1.3 million related to reimbursement for expenses incurred during the formation of the joint venture.

Note 8 — Credit Facilities

On December 22, 2021 the Company entered into an agreement with a bank (the "Bank") which provides for a revolving credit facility (the "Facility") with a limit of $55.0 million. The Facility is not secured. Advances on the Facility are required to be repaid upon the earlier of sixty days after the date of the advance, or upon the receipt of a written demand notice from the Bank. Advances from the Facility must be greater than $1.0 million. Interest on any outstanding advances is payable monthly at a rate of LIBOR +2.0%. As of December 31, 2021, the Company had no outstanding advances under this facility. LIBOR was discontinued as a global reference rate for new loans and contracts after December 31, 2021. The Facility agreement includes a provision for transition to a SOFR based interest rate upon the Company receiving notification from the Bank.

Subsequent Activities

On January 20, 2022 the Company received an advance from the Facility in the amount of $30.0 million, which was paid in February of 2022.

On March 16, 2022, the Company entered into an agreement with another bank which provides for revolving term loans and letters of credit ("Facility II") with a limit of $25.0 million. Of the $25.0 million, $15.0 million is available for cash draw downs, and in the absence of outstanding cash draw downs, the full $25.0 million is available for letters of credit. Facility II is not secured. Interest is agreed upon at the time of each cash drawn down. Facility II had one outstanding letter of credit for $14.4 million as of the date the consolidated financial statements were available for issuance.

On May 23, 2022, the Bank enacted the change to SOFR. Please refer to *Note 2 — Summary of Significant Accounting Policies* for discussion of FASB ASU 2020-04 and ASU 2021-01, which provides guidance related to reference rate reform.

On June 16, 2022, the Company received an advance from the Facility in the amount of $30.0 million. This amount was outstanding as of the date these financial statements were available for issuance.

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Note 9 — Revenue from Contracts with Customers

The Company records sales revenue based on an estimate of the volumes delivered at estimated prices as determined by the applicable sales agreement, which is variable based on commodity pricing. The Company estimates its sales volumes based on company-measured volume readings. Natural gas, NGL and oil sales are adjusted in subsequent periods based on data received from the Company's purchasers that reflects actual volumes and prices received which is typically within two months of transfer of control to the purchaser. Historically, the difference between estimated and actual sales revenues have not been material. For the years ended December 31, 2021 and 2020, the impact of any natural gas imbalances was not significant.

In conjunction with its sales of natural gas, the Company records marketing revenues based on estimated underlying variable consideration pricing and delivered volumes. Marketing revenues are adjusted in subsequent periods based on data received from the Company's purchaser or trading partner. Historically, the difference between estimated and actual marketing revenues has not been material. The Company considers the amount of marketing revenues recognized during the year ended December 31, 2021 to be unusual.

The Company also generates revenues from its non-operated midstream interests. Midstream revenues are recognized when services are rendered based on quantities transported and measured according to the underlying contract. The Company records midstream revenue based on volumes at stated contractual rates. The Company estimates its volumes based on third-party data. Midstream revenues are adjusted in subsequent periods based on data received from the operator that reflects actual volumes which is typically within three months.

All of the Company's revenues are generated in the states of Pennsylvania and Texas. Revenues consist of the following:

	Year ended December 31, 2021		
(in thousands)	**Pennsylvania**	**Texas**	**Total**
Natural gas	$ 131,207	$465,843	$597,050
Natural gas liquids	—	225,135	225,135
Oil	—	7,560	7,560
Total production revenues	$ 131,207	$698,538	$829,745
Marketing revenues	—	52,616	52,616
Non-operated midstream revenues	6,917	—	6,917
Total	$ 138,124	$751,154	$889,278

	Year ended December 31, 2020		
(in thousands)	**Pennsylvania**	**Texas**	**Total**
Natural gas	$ 45,102	$56,656	$101,758
Natural gas liquids	—	11,952	11,952
Oil	—	1,333	1,333
Total production revenues	$ 45,102	$69,941	$115,043
Non-operated midstream revenues	7,458	—	7,458
Total	$ 52,560	$69,941	$122,501

Contract Balances

Receivables from contracts with customers are recorded when the right to consideration becomes unconditional, generally when control of the product has been transferred to the customer. Under the

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Company's sales contracts, the Company invoices customers after its performance obligations have been satisfied, at which point payment is unconditional. As of December 31, 2020, and 2021, the Company's receivables from contracts with customers were $100.4 million and $73.8 million, respectively.

Note 10 — Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities included in current liabilities consists of the following:

	As of December 31,	
(in thousands)	2021	2020
Accounts payable	$ 32,237	$ 8,706
Commodity derivative settlements payable	43,252	—
Commodity derivative monetizations payable	23,175	
Revenues payable	29,871	4,333
Other accrued liabilities	38,301	3,891
Total	$166,836	$16,930

Note 11 — Equity-based Compensation

On January 1, 2021 the BKV Corporation 2021 Long Term Incentive Plan (the "Plan") was established by the adoption of the Plan by the Board of Directors, which allows for the grant of incentive awards to employees and non-employee directors of the Company in the form of restricted stock units ("RSU"). Each RSU represents the contingent right to receive one share of common stock of the Company. As of December 31, 2021, the maximum number of RSU's authorized to be awarded under the Plan was 14,941,176. However, of the total authorized RSU's under the plan, only 60% may be awarded on or before December 31, 2022 without written approval of the Board of Directors of the Company. Thereafter, no more than 80% of the total RSU's may be awarded without the written approval of the Board of Directors of the Company. For accounting purposes, management evaluated grants of incentive awards from the Plan under ASC 718 — *Compensation — Stock Compensation* and determined a grant date, for all annual incentive awards, including those anticipated to be legally granted in the three years subsequent to the initial incentive award date, was established because all grant date criteria had been satisfied and compensation expense and forfeitures were accounted for accordingly. Under ASC 718 — *Compensation — Stock Compensation,* as of December 31, 2021, 14,882,898 RSU's were considered to have been granted under the plan when taking into consideration performance RSU's at the maximum performance level and time-based restricted stock units anticipated to be legally granted in the three years following the initial incentive award date. Of the awards considered granted under ASC 718 — *Compensation — Stock Compensation* during the year ended December 31, 2021, 1,969,801 RSU's are not considered legally granted.

RSU's are granted in the form of Performance-Based Restricted Stock Units ("PRSU") and Time-Based Restricted Stock Units ("TRSU"). The shares of common stock issued in settlement of the RSU's include a put right (the "Plan Put Right") available to the incentive award grant recipients (the "Participants"). If a Participant's employment is terminated due to voluntary resignation, and certain other conditions are met, a Participant is able to elect the Company to purchase the shares issued in settlement of his or her RSU's at fair market value of the Company's common stock at the time the election is made by the Participant. The Plan Put Right is only available to Participants upon the occurrence of certain events as defined in the Plan. As discussed below in "Modification of Terms," this Plan Put Right was modified on November 5, 2021 to add a one hundred eighty-one-day holding period following vesting of the RSU's. In addition, the Company has a purchase right (the "Call Right") which allows for the purchase of shares of common stock issued in the settlement of the RSU's from terminated participants at fair market value on the date of the purchase, at the Company's discretion. As discussed below in "Modification of Terms," this Call Right was modified on November 5, 2021 to add a one hundred eighty-one-day holding period following vesting of the RSU's.

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These features, specifically the Plan Put Right, required the Company to treat the incentive awards as cash-settled or liability classified in the Consolidated Balance Sheets of the Company until the Plan was modified as described below. Under liability treatment, the Company incurred $26.7 million of equity-based compensation expense which is included within the Consolidated Statement of Operations as general and administrative expense. Valuation methodologies used were consistent with those described below.

Modification of terms

On November 5, 2021, the Board of Directors of the Company approved the First Amendment to the BKV Corporation 2021 Long Term Incentive Plan (the “Plan Amendment”). The Plan Amendment included a provision to require all Participants of the Plan to hold vested shares of common stock issued in settlement of RSU’s for a minimum of one-hundred eighty-one days (the “Holding Period”) prior to having the ability to exercise the Plan Put Right. The Amendment also applied the Holding Period to the Call Right. Upon modification, the RSU’s under the plan are considered to be settled in equity, as the Holding Period is a reasonable period of time to experience the risk and rewards of an equity instrument. However, due to the existence of the Plan Put Right, the Company recognized the incentive awards within mezzanine equity on the Consolidated Balance Sheet as of the date of Plan Amendment. The fair market value of the RSU’s prior to the modification was $25.3 million. This amount was transferred from liabilities into mezzanine equity on the Consolidated Balance Sheets of the Company. All Participants of the plan agreed to the terms of the Plan Amendment. See *Note 12 — Stockholders’ Equity and Mezzanine Equity* for additional discussion of the Company’s treatment of equity-based compensation within mezzanine equity.

The Amendment also established the Sell Fund Repurchase Program (the “Sell Fund”). Under the Sell Fund, Participants are able to tender for repurchase their vested shares of common stock to the Company after the required Holding Period, to the extent expressly permitted under their respective award agreements. On December 21, 2021, the Board of Directors of the Company approved the opening of the Company’s first Sell Fund window, which closed on December 29, 2021. The opening of the Sell Fund window set forth requirements which limited participants in the number of shares that can be tendered, and a limitation whereby in aggregate, the total value of shares tendered by all Participants cannot exceed $2.0 million per year. Sell Fund windows can be opened twice per year, and the Sell Fund will remain in effect until the earlier of December 31, 2023 or the initial public offering of the Company. During the year ended December 31, 2021, the Company repurchased 9,949 shares at $11.06 per share for a total of $0.1 million.

Performance-Based Restricted Stock Units

During the year ended December 31, 2021, the Company granted 12.3 million PRSU’s under the Plan taking into consideration performance shares at the maximum performance level. The PRSU’s are subject to a three year vesting or performance period beginning January 1, 2021 and ending on the earlier of December 31, 2023 (the “Performance Period”) or the Initial Public Offering of the Company. All PRSU’s cliff vest based on and subject to the achievement of the performance criteria upon the earlier of an initial public offering of the Company, change in control, or December 31, 2023.

The table below summarizes the PRSU activity for the year ended December 31, 2021:

(in thousands, except per share amounts)	Shares	Weighted-Average Grant Date Fair Value
Unvested PRSU’s at January 1, 2021	—	$ —
Granted[(1)]	12,257	$ 10.90
Forfeited[(1)]	(668)	$ (10.90)
Unvested PRSU’s as of December 31, 2021	11,589	$ 10.90

(1) Granted and forfeited award amounts take into consideration performance shares at the maximum performance level

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The PSRU's are eligible to be earned based on three performance conditions: (1) Annualized Total Shareholder Return ("TSR") of fully diluted common stock during the performance period, (2) Return on Capital Employed ("ROCE") based on the average annual performance over the Performance Period, and (3) IPO readiness which is based on the Company's capability to be listed on a public stock exchange at certain points during the performance period. Between 0% and 100% of the PRSU's at maximum performance level are eligible to be earned based on the Company achieving the following pre-established goals:

		Performance Conditions		
	Weight	Minimum Threshold (0%)	Target Threshold (50%)	Maximum Threshold (100%)
TSR	60%	5%	12.5%	20%
ROCE	20%	—%	7%	14%
IPO readiness (capability dates)	20%	12/31/2024	12/31/2023	12/31/2022

The TSR component of the awards is a market-based condition valued utilizing the Monte Carlo Simulation pricing model, which calculates multiple potential outcomes and establishes grant date fair value based on the most likely outcome. For the purposes of grant date fair value, the TSR component assumes a risk-free rate of 0.52% and volatility of 40.0%, see *Note 2 — Summary of Significant Accounting Policies (p) Fair value of Financial Instruments*, for the level 3 unobservable input used in the determination of the grant date fair value of the TSR. The weighted average grant date fair value, considering the modification date, of the TSR component was $10.72.

ROCE and IPO readiness are considered to be non-market performance conditions. Thus, the likelihood of achievement must be reassessed at every reporting period, and compensation expense is adjusted accordingly. As of December 31, 2021, management estimates IPO readiness will be achieved at the maximum performance level or 100%, and ROCE performance to be greater than the target performance level at approximately 66%. Accordingly, adjustments were made to compensation expense during the year ended December 31, 2021 to reflect the estimated levels of achievement. In addition to the level of achievement, the adjustment takes into account the per share grant date fair value of the Company's common stock of $11.06 as of the modification date. The grant date fair value of the PSRU's presented in the activity for the year ended December 31, 2021 takes into account the grant date fair value for ROCE, IPO readiness, and TSR due to the non-market performance conditions being probable of achievement as of the modification date which establishes a grant date fair value.

As of December 31, 2021, there was $52.2 million of unrecognized compensation expense related to the PRSU awards which will be amortized over a weighted average period of 2 years.

After the modification of terms, equity-based compensation expense related to the PRSU's was $3.1 million during the year ended December 31, 2021.

Time-Based Restricted Stock Units

During the year ended December 31, 2021, the Company granted 2.6 million TRSU's under the Plan. Of the 2.6 million TRSU's granted during the year ended December 31, 2021, 2.0 million TRSU's are not considered legally granted, but meet the grant date criteria under ASC 718 *Compensation — Stock Compensation*. Under the applicable provisions of the Plan, the TRSU incentive award was anticipated to be granted in the form of four annual awards. One quarter of the annual award requires no service for vesting and vests immediately upon the grant date. The remaining three quarters of the annual award vest in equal portions upon the subsequent three anniversary dates following the grant date. The remaining annual awards are anticipated to be granted on the first, second and third anniversaries of the initial TRSU award date, subject to continued employment with the Company and board approval. Vesting for these anticipated three annual awards is expected to follow the same vesting schedule as the first annual awards based on the

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legal grant date. Upon an initial public offering of the Company, all unvested and legally granted and outstanding awards under the Plan will vest immediately. Awards accounted for as granted under ASC 718 *Compensation — Stock Compensation*, but not legally granted at such time, will not vest and will be treated accordingly.

The following table summarizes the TRSU activity for the year ended December 31, 2021:

(in thousands, except per share amounts)	Shares	Weighted-Average Grant Date Fair Value
Unvested TRSU's at January 1, 2021	—	$ —
Granted(1)	2,626	$ 11.06
Vested	(164)	$ —
Forfeited	(134)	$ (11.06)
Unvested TRSU's as of December 31, 2021	2,328	$ 11.06

(1) Represents number of awards considered granted under ASC 718 C *ompensation — Stock Compensation*. Of these, 1,969,801 are not considered legally granted.

As of December 31, 2021, there was $22.4 million of unrecognized compensation expense related to the TRSU awards which will be amortized over a weighted average period of five years. The grant date fair value for each TRSU was $11.06 per unit, which represents the fair market value of the Company's common stock upon modification.

After the modification of terms, stock-based compensation expense related to the TRSU's was $0.5 million during the year ended December 31, 2021.

Tax Impact

During the year ended December 31, 2021, the Company recognized $6.6 million of tax benefit related to equity-based compensation.

Subsequent Activity

From December 31, 2021 and through the date the consolidated financial statements were available for issuance, the Company granted an additional 484,500 RSU's, comprised of 399,000 PRSU's (assuming maximum performance) and 85,500 TRSU's. Of the 85,500 TRSU's granted, 64,125 are not considered legally granted. In addition, of the 1,969,801 TRSU's considered granted under ASC 718 *Compensation — Stock Compensation,* but not legally granted during the year ending December 31, 2021, 620,789 of those awards have been legally granted since December 31, 2021, 134,289 of those awards were forfeited and the remaining 1,483,301 of those awards remain as considered to be granted under ASC 718 *Compensation — Stock Compensation,* but not yet legally granted.

Note 12 — Stockholders' Equity and Mezzanine Equity

On May 1, 2020, as part of the Corporatization Event described in *Note 18 — Corporatization Event*, the Company authorized 150,000,000 shares of common stock at $0.01 par and issued 94,700,000 of those shares in a private exchange with the partners in BKV O&G and the members of KV.

On December 15, 2020, the Company authorized an additional 150,000,000 shares of common stock and 80,000,000 shares of preferred stock, increasing the authorized shares of capital stock to 380,000,000.

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Common Shares issued and outstanding

On October 1, 2020, the Company issued 22,284,000 shares of common stock to an existing investor for $222.8 million.

On December 15, 2020, the Company issued 100,000 shares of common stock to a new investor for $1.0 million, net of associated costs. These shares were issued in conjunction with the issuance of 9,900,000 shares of Series A Redeemable Preferred stock to the same investor.

In April of 2021, the Board of Directors of the Company declared a cash dividend of $0.75 per share of common stock at the time of the declaration for a total of $88.1 million which was paid to common stock shareholders in May of 2021.

As of December 31, 2021 and 2020, the Company had 117,102,214 and 117,084,000 common shares issued and outstanding, respectively. See discussion below in the *Treasury Stock* section of this note for discussion of redemptions and purchases of the Company's own common stock during the year ended December 31, 2021.

Minority Ownership Puttable Shares — Mezzanine Equity

Of the 94,700,000 shares issued on May 1, 2020, 2,228,771 shares were issued to certain non-controlling management shareholders of BKV as a part of the Corporatization of BKV and 2,000,000 shares were issued as part of the merger with KV. The shares issued to the non-controlling management shareholders include a put and call feature which requires BKV to repurchase shares from these shareholders upon the occurrence of certain events stipulated in the Stockholders' Agreement at either $10.00 per share or the fair value per share, depending on the type and timing of the triggering event. In addition, BKV may call and repurchase the shares issued to the non-controlling management shareholders upon the occurrence of certain events stipulated in the Shareholders' Agreement at either $10.00 per share or the fair value per share, depending on the type and timing of the triggering event. The Stockholders' Agreement, and these put and call features, will terminate upon completion of an initial public offering by the Company. Since the shares are not mandatorily redeemable, but can become redeemable at the option of the holder, the fair value of non-controlling management common stock shares upon issuance of $42.3 million was recognized within mezzanine equity. As of December 31, 2021 Management has determined it is probable that the shares will become redeemable at the end of the three-year period and has elected to carry the shares at redemption value, or fair value, in mezzanine equity on the Consolidated Balance Sheets. During the years ended December 31, 2021 and 2020, the Company recognized adjustments of $6.9 million and $0.0 million, respectively, to the carrying value of the shares to adjust to redemption value.

During the year ended December 31, 2021, certain shares were redeemed (see *Treasury Stock* for share counts and redemption prices) causing the specific redeemed shares to no longer retain the previously mentioned right. Accordingly, upon redemption the redeemed shares and associated carrying values were reclassified to permanent equity.

Employee Stock Purchase Plan — Mezzanine Equity

On July 16, 2020, the Company adopted the BKV Corporation Employee Stock Purchase Plan (the "ESPP"). The ESPP reserved 7,470,588 shares of common stock for purchase by eligible employees of the Company. The number of shares available is subject to adjustment based on anti-dilution provisions in the Shareholder's Agreement. The ESPP was activated on November 1, 2021 through the completion of the First Amendment to the ESPP. As amended, the ESPP allows for certain eligible non-employees and members of the Board of Directors of the Company to purchase shares under the ESPP in addition to eligible employees of the Company. As of December 31, 2021, the Company had issued 287,209 shares of common stock under the ESPP. The shares sold under the ESPP include a put right which allows for holders of the ESPP shares to require the Company to the purchase the shares upon the occurrence of certain events stipulated by the ESPP. The shares can also be purchased by the Company, at its discretion upon the occurrence of certain events as stipulated in the ESPP. Because the shares are not mandatorily redeemable, but can become redeemable at the option of the eligible employee, non-employee or Director, the fair value of the shares of common stock sold under the ESPP of $3.3 million was recognized within mezzanine equity as of December 31, 2021. Management has determined it is probable that the shares will become redeemable and has elected to carry the shares at redemption value, or fair value, in mezzanine equity on the Consolidated Balance Sheets. During the year ended December 31, 2021, the Company recognized an adjustment of $0.1 million to the carrying value of the shares.

Equity-based Compensation — Mezzanine Equity

As discussed in *Note 11 — Equity-based Compensation,* the Plan includes the Plan Put Right which provides that, if a Participant's employment is terminated due to voluntary resignation, and certain other conditions are met, such Participant is able to elect to require the Company to purchase the shares issued in settlement of his or her RSU's at fair market value of the Company's common stock at the time the election is made by the Participant. Participants may not exercise this right for at least one-hundred eighty-one days after the vesting of the shares of common stock issued in settlement of the RSU's. Management has determined it is probable the shares issued in settlement of the RSU's upon vesting will become redeemable and has elected to carry the shares at redemption value which equals fair market value. During the year ended December 31, 2021, the Company recognized an adjustment to the pro-rata portion of the RSU's which have vested in the amount of $5.0 million.The maturities related to the redemption feature are in accordance with the vesting terms discussed in *Note 11 — Equity-based Compensation*, taking into account the three year and one hundred eighty one day holding periods. During the year ended December 31, 2021, the Company issued 116,347 shares of common stock in settlement of vested incentive awards. Those shares of common stock are included in equity-based compensation within mezzanine equity on the Consolidated Balance Sheet of the Company at redemption value or $1.4 million.

Preferred Shares — Mezzanine Equity

On December 15, 2020, the Company authorized 80,000,000 shares of preferred stock at $10.00 par value per share. Of the shares of preferred stock authorized, 9,900,000 shares were designated as par Series A Redeemable Preferred Stock ("Series A") and these designated shares were issued in a private placement for $99.0 million. Cost associated with the issuance was $4.1 million. These shares were issued in conjunction with 100,000 shares of common stock also issued on December 15, 2020.

Series A shares carry quarterly cumulative dividends at a rate of 10% per annum for the first five years, 18% per annum for years 6 through 10, and 20% per annum, thereafter. The holder may only redeem the Series A shares upon the occurrence of liquidation, winding-up, dissolution or change in control of the Company. The Company may also redeem the Series A shares, in whole or in part, at any time. Upon redemption by either party, the redemption value is at price equal to $12.25 per share plus unpaid accumulated dividends at the time of redemption. Holders of the preferred shares do not have voting rights with respect to their preferred shares, however they are allowed certain consensual rights. The Series A shares include conversion features allowing for conversion into 7,425,000 shares of a new series of preferred stock and 34,873,941 shares of common stock. However, the shares do not become convertible until 10 years from the date of issuance. The number of conversion shares are adjusted pro-rata for any redemptions prior to conversion. Since the Series A shares can become redeemable at the option of the holder, but are not mandatorily redeemable, the Series A shares are classified as mezzanine equity. As discussed in *Note 2 — Summary of Significant Accounting Policies* , the Company adopted ASU 2020-06, therefore the Company has reflected the carrying value of the Series A shares as $94.9 million within mezzanine equity on the Consolidated Balance Sheet of the Company as of December 31, 2020. In addition, management has determined it is probable the Company will exercise it redemption rights prior to the increase in cumulative dividends after year five, therefore the carrying value of the shares is being accreted to redemption value over the expected five year period. During the year ended December 31, 2021, the Company recognized $3.7 million in related accretion.

During April of 2021, the Board of Directors of the Company declared a dividend payable to Common Stockholders which in turn required payment of the cumulative dividends on the Series A shares. During May of 2021, the Company paid $10.3 million in dividends to preferred stock shareholders. The dividend payment represented cumulative dividends for the period of December 15 through December 31, 2020, and the year ended December 31, 2021. In conjunction with the dividend, as required by the Series A shareholders agreement, the Company redeemed 501,000 shares of outstanding preferred stock for $6.1 million, of which $1.3 million represented a deemed dividend to Series A shareholders for required premiums paid upon redemption. The deemed dividend represents the difference between the redemption amount paid by the Company and the carrying value of the preferred stock prior to redemption and is reflected as such within the Consolidated Statement of Stockholders' Equity for the year ended December 31, 2021.

On October 8, 2021, the Company notified the holders of the remaining outstanding shares of preferred stock their shares would be redeemed on October 18, 2021. The Company paid $115.1 million in order to redeem the remaining outstanding shares for preferred stock, of which $25.0 million represented a deemed dividend to preferred shareholders for required premiums paid upon redemption. The deemed dividend represents the difference between the redemption amount paid by the Company and the carrying value of the preferred stock prior to redemption and is reflected as such within the Consolidated Statement of Stockholders' Equity for the year ended December 31, 2021.

As of December 31, 2021 and 2020, the Company had 0 and 9,900,000 shares of Series A shares issued and outstanding, respectively.

Treasury Stock

On October 18, 2021 the Company purchased 100,000 shares of its common stock in conjunction with the redemption of the remaining outstanding shares of Series A shares on the same date. The shares were repurchased for $1.1 million at a price of $11.06 per share.

As discussed in *Note 11 — Equity-based Compensation*, during the year ended December 31, 2021 the Company purchased 9,949 shares of its common stock for $0.1 million at a price of $11.06 per share.

During February, April and December of 2021, the Company purchased 275,393 shares of common stock from non-controlling management shareholders for $2.8 million at a price of $10.00 per share.

Note 13 — Equity Method Investment

On July 30, 2021, the Company completed the formation of a 50/50 joint venture named BKV-BPP Power, LLC (the "Joint Venture") with BPP US. The Joint Venture was formed for the sole purpose of purchasing and operating a power plant and other related activity. During August 2021, the Company contributed $43.0 million to the Joint Venture in the form of a deposit for the purchase of the Temple I power plant (the "Power Plant"). On November 1, 2021 the Joint Venture completed the purchase of the Power Plant for $440.9 million. To complete the purchase on November 1, 2021, the Company contributed an additional $44.0 million, and BPP US contributed an equal $87.0 million. In addition to the contributions from the members of the Joint Venture, $141.0 million was provided from BPP US in the form of a term loan, and $141.0 million was provided by the Company's majority shareholder BNAC also in the form of a term loan. Both term loans mature on November 1, 2023. Of the total $282.0 million term loans provided by affiliates, $15.0 million was for the purposes of working capital.

In December 2021, the Company entered into an Administrative Service Agreement (the "ASA") with the Joint Venture. Under the ASA the Company provides certain services as required by the ASA and in

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return receives an annual fee of $2.6 million until December 1, 2022, with options to extend. During the year ended December 31, 2021, the Company recognized $0.2 million of revenues related to the services provided under the ASA which is included in other revenues on the Consolidated Statements of Operations and Comprehensive Loss.

The Joint Venture is independently operated and jointly controlled by BKV Corp and BPP US through a Board of Directors consisting of eight members, four of which are appointed by BKV Corp. The remaining four members of the Board of Directors of the Joint Venture are appointed by BPP US. The Joint Venture was determined to be a variable interest entity due to its need for additional funding from its members. BKV Corp has not been determined to be the primary beneficiary of the Joint Venture; while the majority of the ability to influence the significant activities of the Joint Venture is controlled by the Board of Directors, certain rights to influence the significant activities of the Joint Venture have been retained solely by BPP US as defined by the Joint Venture's LLC agreement. Accordingly, the equity method of accounting is used by BKV Corp to account for its interest in the Joint Venture. BKV Corp's initial investment, including direct transaction costs, was $88.4 million, which represents the Company's maximum exposure to loss from the investment.

During the year ended December 31, 2021, the Company recognized, based on its 50% ownership interest in the Joint Venture, earnings of $0.9 million for the period beginning November 1, 2021 through December 31, 2021.

The tables below sets forth the summarized financial information of the Joint Venture:

Balance Sheet (in thousands)	**December 31, 2021**
Current assets	$ 35,957
Noncurrent assets	454,333
Total assets	$ 490,290
Current liabilities	$ 24,067
Noncurrent liabilities	290,440
Total liabilities	314,507
Members' equity	175,783
Total liabilities and members' equity	$ 490,290

Income Statement (in thousands)	**Period beginning November 1, 2021 through December 31, 2021**
Revenues	$ 20,186
Variable operating expenses	13,388
Gross Profit	6,798
Operating expenses	9,659
Loss from operations	(2,861)
Net income	$ 1,819

Note 14 — Credit and Other Risk

Credit risk is defined as the risk of a counterparty to a contract failing to perform or pay the amounts due.

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BKV is exposed to credit risks in its operating and financing activities. BKV's maximum exposure to credit risk is partially related to financial assets recorded on the Consolidated Balance Sheets, including commodity derivative instruments that have a positive market value. Additionally, BKV maintains its primary bank accounts with a single large, global bank.

The Company is not currently aware of any exceptional event, dispute, risks or contingent liabilities that could have a material impact on the assets and liabilities, results, financial position or operations of the Company.

The Company is subject to U.S. federal income tax as well as income in various state jurisdictions, and the Company's operating cash flow is sensitive to the amount of income taxes the Company must pay. In the jurisdictions in which the Company operates or previously operated, income taxes are assessed on earnings after consideration of all allowable deductions and credits. Changes in the types of earnings that are subject to income tax, the types of costs that are considered allowable deductions (such as intangible drilling costs) and the timing of such deductions, or the rates assessed on our taxable earnings would all impact our income taxes and resulting operating cash flow. In addition, new taxes are from time to time proposed and, if enacted, could adversely impact the Company.

Substantially all of the Company's accounts receivable result from the sale of natural gas and joint interest billings. The Company sells natural gas, NGLs and oil to fewer than five customers and bills working interest owners for costs related to development of the Company's natural gas properties. The Company does not believe that the loss of any of these customers would have a material adverse effect on the consolidated financial statements because alternative customers are readily available. As of December 31, 2021, one purchaser accounted for more than 10% of natural gas, NGL, and oil revenues and 10% of accounts receivables, respectively. As of December 31, 2020, one purchaser accounted for more than 10% of natural gas, NGL, and oil revenues and 10% of accounts receivables.

Note 15 — Commitments and Contingencies

From time to time, the Company may be subject to various claims, title matters and legal proceedings arising in the ordinary course of business, including environmental contamination claims, personal injury and property damage claims, claims related to joint interest billings and other matters under natural gas operating agreements and other contractual disputes. The Company maintains general liability and other insurance to cover some of these potential liabilities. All known liabilities are fully accrued based on the Company's best estimate of the potential loss. While the outcome and impact on the Company cannot be predicted with certainty, the Company believes that its ultimate liability with respect to any such matters will not have a significant impact or material adverse effect on its financial positions, results of operations or cash flows. Results of operations and cash flows, however, could be significantly impacted in the reporting periods in which such matters are resolved.

The Company was involved in an arbitration against an operator related to the breach of various provisions of a certain agreement related to the construction and operation of a midstream gathering system. On February 18, 2022 the Company agreed to a settlement with the operator, and as a result, received payment of $35.0 million to settle all past disputes and agreed to a midstream gathering rate going forward. As of December 31, 2021, no accrual has been recorded in respect to the damages, interest and reimbursable fees or agreed upon rates. Of the $35.0 million, $18.1 million will be considered as collection of accounts receivable which is included in the Company's Consolidated Balance Sheet as of December 31, 2021.

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The Company has volume commitments in the form of gathering, processing and transportation agreements with various third-parties that require delivery of 1,060,029,489 Dth of natural gas. The majority of the agreements terminate by 2026, with one agreement extending through 2036. As of December 31, 2021, the aggregate undiscounted future payments required under these contracts total $256.2 million. The Company expects to fulfill the commitments from existing productive wells.

The Company has committed to spend $3.5 million on a field compression related capital project during the year ended December 31, 2022.

The Company may potentially be responsible for remitting lease related payments to certain leaseholders and has recorded a liability of approximately $5.7 million. Of the $5.7 million, $0.4 million was incurred during the year ended December 31, 2021. The Company will continue to evaluate these estimates and revise any recorded obligations and contingencies as necessary. During the year ended December 31, 2021, there was no change to the estimated value of $5.3 million of liabilities previously reported in the December 31, 2020 Consolidated Balance Sheet.

As a part of the consideration paid for the asset acquisition described in *Note 3 — Natural Gas Properties & Other Property and Equipment*, additional cash consideration will be required to be paid if certain hurdle rates are reached related to future average closing Henry Hub natural gas and West Texas Intermediate crude oil prices during the period beginning January 2021 through December 31, 2024. As of December 31, 2021, the 2021 portion of the arrangement is considered to be settled resulting in a settlement of $65.0 million which is reflected as contingent consideration payable within current liabilities on the Consolidated Balance Sheet as of December 31, 2021 and was paid on January 18, 2022. For the remaining years ending December 31, 2022 through 2024, average Henry Hub natural gas hurdle rates are $3.00/MMBTU, $3.25/MMBTU and $3.50/MMBTU, respectively; average West Texas Intermediate crude oil hurdle rates for the years ending December 31, 2022 through 2024 are $55.00/BBL, $60.00/BBL, and $65.00/BBL, respectively. The maximum amount payable under the arrangement is $195.0 million, or $65.0 million per year, for the years ending December 31, 2022-2024. Payments are due in the month following the end of the respective measurement period for which the hurdle rates are set. As described in *Note 4 — Fair Value Measurements*, management uses NYMEX forward pricing estimates for both Henry Hub and West Texas Intermediate hurdle rates and Monte Carlo simulations to determine the fair value of the contingent consideration. As of December 31, 2021 and 2020, the Company's estimate of the fair value of the unsettled contingent consideration was $142.5 million and $12.6 million, respectively. The change in the fair value of the contingent consideration from the acquisition date of October 1, 2020 through December 31, 2020, and for the year ended December 31, 2021 resulted in a reduction and an increase, respectively, to the associated liability on the Consolidated Balance Sheets and recognition of income and loss respectively, in the change in contingent purchase liabilities on the Consolidated Statement of Operations and Comprehensive Loss of $194.9 million and $7.1 million, respectively.

A summary of the Company's commitments, excluding leases and contingent consideration, as of December 31, 2021, is provided in the following table:

(in thousands)	**2022**	**2023**	**2024**	**2025**	**2026**	**Thereafter**	**Total**
Notes payable to related party	$166,000	$ —	$ —	$ —	$ —	$ —	$166,000
Interest on notes	1,787	—	—	—	—	—	1,787
Capital commitment	3,500	—	—	—	—	—	3,500
Volume commitments	56,786	52,663	36,339	19,382	14,782	76,211	256,163
Total	$228,073	$52,663	$36,339	$19,382	$14,782	$ 76,211	$427,450

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Note 16 — Leases

The Company's operating leases consist of leases for office space and compressors. The Company does not have finance type leases. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Instead, the short-term leases are recognized in expense on a straight-line basis over the lease term. Most leases include one or more options to renew, with renewal terms generally being one year, which are not recognized as part of the lease right-of-use (ROU) assets or liabilities as they are not reasonably certain to be exercised. The exercise of lease renewal options is at the discretion of the Company.

The Consolidated Statements of Operations and Comprehensive Loss include the following amounts for right-of-use-asset depreciation expense for the Company's operating leases within the indicated line items:

(in thousands)	Year ended December 31, 2021	Year ended December 31, 2020
Depreciation, depletion and amortization	$ 389	$ 360
Lease operating and workover expense	6,876	3,145
Total	$ 7,265	$ 3,505

As of December 31, 2021, the Company's undiscounted minimum cash payment obligations for its operating lease liabilities are as follows (in thousands):

2022	$11,241
2023	947
2024	959
2025	972
2026	848
Thereafter	1,664
Total undiscounted future lease payments	$16,631
Present value adjustment	(1,226)
Net operating lease liabilities	$15,405

As of December 31, 2021 and 2020, the Company's operating leases had a weighted-average remaining lease term of 3.10 and 3.10 years, respectively, and a weighted-average discount rate of 5.06% and 5.14%, respectively. The discount rate used for operating leases is based on the Company's incremental borrowing rate at lease commencement.

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Note 17 — Income Taxes

The Company's income tax (benefit) expense consisted of the following:

Tax (benefit) expense

(in thousands)	Year ended December 31, 2021	2020
Current tax expense		
United States federal income tax	$ 29,051	$ 1,232
Various state income taxes	3,176	—
Total current income tax expense	32,227	1,232
Deferred tax (benefit) expense		
United States federal income tax	(66,362)	37,750
Various state taxes	(6,391)	—
Total deferred income tax expense	(72,753)	37,750
Provision for income taxes	$ (40,526)	$ 38,982

Income tax (benefit) expense differs from the amount that would be computed by applying the U.S. statutory federal income tax rate of 21.0% to loss before taxes as a result of the following:

Reconciliation of the Effective Tax Rate

(in thousands)	Year ended December 31, 2021	2020
Loss before income taxes	$ 174,989	$ 4,364
Statutory rate	21.0%	21.0%
Income tax recovery based on statutory rate	$ (36,748)	$ (916)
(Increase) decrease in income taxes resulting from:		
State tax benefit, net of federal benefit	(4,114)	(148)
Change in state tax rate, net of federal effect	227	(8,793)
Deferred tax activity	(520)	45,627
Other, including tax credits	629	3,212
Income tax (benefit) expense	$ (40,526)	$ 38,982

Deferred income taxes reflect the impact of temporary differences between assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effect of the temporary differences giving rise to net deferred tax assets and liabilities is as follows:

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Recognized Deferred Income Tax Assets and Liabilities

	As of December 31,	
(in thousands)	**2021**	**2020**
Deferred tax assets		
Fair value of derivative financial instruments	$ 31,318	$ —
Asset retirement obligations	36,680	1,346
Stock compensation	6,592	—
Contingent consideration	49,193	—
Other	3,482	862
Total deferred tax asset	$127,265	$ 2,208
Deferred tax liabilities		
Property and equipment	$ (87,554)	$(37,040)
Investment in joint venture	(668)	—
Fair value of derivative financial instruments	—	(2,371)
Other	(3,539)	(46)
Total deferred tax liability	$ (91,761)	$(39,457)
Net deferred tax asset (liability)	$ 35,504	$(37,249)

In assessing the realizability of deferred tax assets, management considers whether some portion or all of the deferred tax assets will be realized based on a more-likely-than-not standard of judgment. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the Company's temporary differences become deductible. Management considers the scheduled reversal of deferred tax assets, projected future taxable income and tax planning strategies in making this assessment. Accordingly, as of December 31, 2021 and 2020, the Company has not recognized a valuation allowance against its deferred tax assets.

The calculation of the Company's tax liabilities involves uncertainties in the application of complex tax laws and regulations. The Company gives financial statement recognition to those tax positions that it believes are more-likely-than-not to be sustained upon examination by the Internal Revenue Service or state revenue authorities. The Company monitors potential uncertain tax positions but does not anticipate any changes during 2022. The Company has no unrecognized tax benefit balances as of December 31, 2021, and 2020. The Company is generally subject to potential federal and state examination for the tax years on and after December 31, 2020.

Note 18 — Corporatization Event

Prior to May 1, 2020 BKV O&G, a limited partnership registered with the state of Delaware, was the sole investor in Chaffee, Chelsea, Operating, and Barnett. Together, these consolidated entities were referred to as the "Limited Partnership." The Limited Partnership's general partner was Kalnin Capital Partners LP (the "General Partner"), and the Limited Partnership was managed by a related party of the General Partner, KV (the "Investment Manager").

On May 1, 2020, the Limited Partnership's limited partner, an international investor, and the General Partner agreed to restructure the Limited Partnership and incorporate the BKV Corp entity. As there was no change in control, the assets and liabilities continued to be recorded at their carrying amounts with no adjustment to fair value and the results of operations for these entities from the beginning of the year (January 1, 2020) are included in the Consolidated Statement of Operations and Comprehensive Loss for the year ended December 31, 2020. This transaction also resulted in the measurement and recognition of

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minority ownership puttable common stock shares valued at $22.3 million which is reflected in the Mezzanine equity section of the Consolidated Balance Sheets as of December 31, 2020 and is further described in *Note 4 — Fair Value Measurements* and *Note 12 — Stockholders' Equity and Mezzanine Equity*.

The Investment Manager was also merged into the new corporate structure through a business combination on May 1, 2020. Consideration of $20.0 million in the form of two million shares of common stock of the Company was paid for the acquisition of KV, in exchange for full ownership of KV resulting in the recognition of $18.4 million of goodwill which is reflected on the Consolidated Balance Sheets as of December 31, 2020. The business combination occurred to retain operational expertise of KV, the primary factor for the recognized goodwill. The shares issued for the acquisition of KV were recorded as minority ownership puttable shares with a value of $20.0 million, which is reflected in the Mezzanine equity section of the Consolidated Balance Sheets and is described further in *Note 4 — Fair Value Measurements* and *Note 12 — Stockholders' Equity and Mezzanine Equity.* The transaction costs associated with the acquisition were not material due to the nature of the business combination.

The fair value of assets acquired and liabilities assumed are as follows (in thousands):

Total consideration	$20,000
Assets acquired and liabilities assumed:	
Cash	$ 311
Accounts receivable	526
Other assets	753
Prepaid expenses	383
Other fixed assets	2,445
Right-of-use assets	3,980
Accounts payable and accrued expenses	(1,488)
Right-of-use liabilities	(5,327)
Total identifiable net assets	$ 1,583
Goodwill	$18,417

The accompanying Consolidated Statement of Operations and Comprehensive Loss includes activity of KV for the period beginning May 1, 2020 through December 31, 2020. KV does not independently generate revenues therefore there are no revenues or earnings(losses) included in the Company's Consolidated Statement of Operations and Comprehensive Loss from the acquisition date of May 1, 2020 to December 31, 2020 directly attributable to KV.

Note 19 — Earnings Per Share

On May 1, 2020, as part of the corporatization event described in *Note 18 — Corporatization Event*, the Company issued 92,700,000 shares to the partners of BKV O&G in exchange for all the assigned units of BKV O&G. The ownership levels resulting from the issuance of shares of BKV Corp upon Corporatization were consistent with those of BKV O&G prior to Corporatization. Accordingly, weighted average shares outstanding for the year ended December 31, 2020 is calculated assuming the shares issued upon Corporatization were issued and outstanding as of January 1, 2020.

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The following securities could potentially dilute earnings per share in the future, but were excluded from the computation of diluted net income (loss) per share, as their effect would have been antidilutive:

	As of December 31,	
(in thousands)	**2021**	**2020**
Equity-based compensation – TRSU	2,328	—
Equity-based compensation – PRSU non-market condition[1]	4,635	—
Equity-based compensation – PRSU market condition[1]	6,953	—
Preferred shares	—	34,849

(1) Potentially dilutive share count for non-market and market conditions assumes maximum performance (see *Note 11 — Equity-based compensation*).

Note 20 — Subsequent Events

The Company has evaluated its subsequent events occurring after December 31, 2021 through August 12, 2022, which represents the date the consolidated financial statements are available to be issued. Except as outlined below, all such subsequent events are discussed with their relevant section within these notes to the consolidated financial statements. No further subsequent events have been identified.

On May 18, 2022, the Company entered into a Purchase and Sale Agreement ("PSA II") to acquire certain operated and non-operated interests in proved reserves and certain midstream support assets in the Barnett formation from XTO Energy Inc. for $750.0 million and additional contingent payments totaling $50.0 million if certain pricing thresholds are met in future periods. The Company paid a deposit of $75.0 million to XTO Energy Inc. in conjunction with entering into PSA II. The Company closed the transaction on June 30, 2022; the adjusted purchase price, excluding contingent consideration was $627.5 million which included the $75.0 million deposit.

On June 16, 2022 the Company entered into a Credit Agreement with a syndicate of lenders (the "Lenders") whereby the Company can borrow up to $600.0 million in the aggregate, in the form of multiple term loans during the period commencing with the effective date and ending six (6) months thereafter. The term loans under the Credit Agreement must be equal to or greater than $5.0 million; amounts repaid by the Company in respect to the term loans may not be re-borrowed under the Credit Agreement. Once drawn, the terms loans are required to be repaid annually in five equal installments. The term loans are not secured. On June 30, 2022, the Company drew a term loan of $570.0 million to fund the purchase of operated and non-operated interests in proved reserves and certain midstream support assets from XTO Energy, Inc. Interest is adjusted term SOFR + 4.75%. The proceeds of the term loans must be used to finance the aforementioned acquisition of assets from XTO Energy Inc.

Pursuant to an ISDA Master Agreement for derivative contracts (the "Master Agreement") between the Company and the counterparty thereto (the "Counterparty"), the Company is subject to a covenant that restricts the Company from creating, issuing, incurring, or assuming additional indebtedness in excess of $75.0 million. In June 2022, the Company entered into a term loan credit agreement and borrowed $570.0 million of term loans thereunder. In connection with the Company's exceeding this $75.0 million indebtedness threshold, on August 4, 2022, the Company executed the 3rd Amendment to the Master Agreement (the "3rd Amendment") with the Counterparty. Pursuant to the 3rd Amendment, the Company is required to novate or terminate, at the election of the Company, $100.0 million in derivative contracts by October 4, 2022. The terminations or novations are required to apply first to derivative contracts that relate to the period beginning January 2023 and ending March 2023 prior to electing to terminate or novate other derivative contracts outside of that period. As of December 31, 2021, the fair market value of the derivative contracts with the Counterparty for the period beginning January 2023 and ending March 2023 was $7.8 million. To the extent the Company elects to terminate any such derivative contracts, the Company will be required to make cash payments in the applicable amount to the Counterparty, which payments would be due in the aggregate by November 30, 2022. The 3rd Amendment also includes a cross default provision pursuant to which a default by the Company related to the covenants under the Company's term loan credit agreement would cause a default under the Master Agreement. In addition, from and after such time that the Company satisfies the previously described obligations with respect to the novation or termination of such derivative contracts, the debt incurrence covenant in the Master Agreement would cease to apply.

Supplemental Oil and Gas Disclosures (unaudited)

The Company's operating natural gas properties are located solely in the United States.

Net capitalized costs relating to oil and gas producing activities

The following table shows the capitalized costs of natural gas properties and the related accumulated depreciation, depletion and amortization:

(In thousands)	As of December 31, 2021	As of December 31, 2020
Developed properties	$1,378,629	1,297,144
Undeveloped properties	16,835	13,265
Total capitalized costs	1,395,464	1,310,409
Less: Accumulated depreciation, depletion, and amortization	(267,293)	(190,356)
Net capitalized costs	$1,128,171	$1,120,053

Costs incurred in natural gas and oil exploration and development

The table below sets forth capitalized costs incurred in natural gas property acquisition, exploration and development activities:

(In thousands)	As of December 31, 2021	As of December 31, 2020
Undeveloped property acquisition costs	$ 3,569	2,064
Acquisitions	2,928	624,914
Development costs	77,634	10,711
Total cost incurred	84,131	637,689
Asset retirement obligations	923	772
Total costs incurred including asset retirement obligations	$85,054	$638,461

Natural gas, NGL and oil reserve quantities

Estimates of total proved reserves at December 31, 2021 and December 31, 2020 was based on studies performed by the Company's internal engineering function, and Ryder Scott, the Company's third-party reserve engineer. The estimates were computed using the 12-month average index price, calculated as the unweighted arithmetic average for the first day of the month price for each month during the respective year. The estimates were audited by the Company's independent third party engineers, Ryder Scott. The process of estimating quantities of "proved" and "proved developed" natural gas, NGL and oil reserves is very complex, requiring significant subjective decisions in the evaluation of all available geological, engineering and economic data. The data may change substantially over time as a result of numerous factors including,

BKV CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

but not limited to, additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. As a result, revisions to existing reserve estimates may occur from time to time. Although every reasonable effort is made to ensure that reserve estimates reported represent the most accurate assessments possible, the subjective decisions and variances in available data make these estimates generally less precise than other estimates included within the consolidated financial statements.

The following table illustrates the Company's net proved reserves, including changes, as well as proved and proved undeveloped reserves for the periods presented, as estimated by the Company's engineering function. All reserves are located within the continental United States:

	Natural Gas (MMcf)	NGL (MBbls)	Oil (MBbls)	Total (MMcfe)
January 1, 2020	948,801	—	—	948,801
Revision of previous estimates	(382,366)	(21)	(3)	(382,510)
Extensions and discoveries	—	—	—	—
Purchase of minerals in place	1,515,255	109,820	755	2,178,705
Production	(96,158)	(2,565)	(29)	(111,722)
December 31, 2020	1,985,532	107,234	723	2,633,274
Revision of previous estimates	828,360	45,234	258	1,101,312
Extensions and discoveries	152,597	8,794	9	205,415
Purchase of minerals in place	19,511	—	—	19,511
Improved recoveries	645,338	13,722	58	728,018
Production	(186,055)	(9,829)	(123)	(245,767)
December 31, 2021	3,445,283	165,155	925	4,441,763

	Natural Gas (MMcf)	NGL (MBbls)	Oil (MBbls)	Total (MMcfe)
Proved developed reserves as of:				
January 1, 2020	523,240	—	—	523,240
December 31, 2020	1,893,158	107,234	723	2,540,900
December 31, 2021	2,494,925	151,433	867	3,408,725
Proved undeveloped reserves as of:				
January 1, 2020	425,561	—	—	425,561
December 31, 2020	92,374			92,374
December 31, 2021	950,358	58	13,722	1,033,038

Standardized Measure of Discounted Future Net Cash Flows

The following information has been developed based on natural gas, NGL and oil reserve and production volumes estimated by the Company's engineering function. It can be used for some comparisons but should not be the only method used to evaluate the Company or its performance. Further, the information in the following table may not represent realistic assessments of future cash flows, nor should the Standardized Measure of Discounted Future Net Cash Flows Relating to Proved Natural Gas Reserves ("Standardized Measure") be viewed as representative of the current value of the Company.

The following table details the Standardized Measure related to proved reserve as of the periods presented:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2021 and 2020

Future cash flows

(in thousands)	As of December 31, 2021	2020
Future cash inflows	$15,029,839	$ 4,414,787
Future production costs	(6,840,969)	(2,954,242)
Future development costs	(1,051,911)	(333,804)
Income tax expense	(1,501,984)	(98,882)
Future net cash flows	5,634,975	1,027,859
10% annual discount for estimated timing of cash flows	(3,222,086)	(517,449)
Standardized measure of discounted future net cash flows related to proved reserves	$ 2,412,889	$ 510,410

The following table summarizes the changes in the Standardized Measure for the years ended December 31, 2021 and 2020:

(in thousands)	For the Years Ended December 31, 2021	2020
Balance, beginning of period	$ 510,410	$ 406,824
Net change in sales and transfer prices and in production (lifting) costs related to future production	1,768,893	(284,282)
Changes in estimated future development costs	(393,235)	114,330
Sales and transfers of natural gas, NGLs and oil produced during the period	(522,403)	(83,783)
Net change due to extensions, discoveries and improved recovery	183,332	—
Purchase of minerals in place	19,050	513,183
Net change due to revisions in quantity estimates	1,266,086	(161,762)
Previously estimated development costs incurred during the period	60,406	13,540
Net change in future income taxes	(611,031)	(50,548)
Accretion of discount	56,096	40,682
Changes in timing and other	75,285	2,226
Total discounted cash flow as end of period	$ 2,412,889	$ 510,410

BKV CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(Unaudited)

	June 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 169,161	$ 134,667
Restricted cash	17,473	—
Accounts receivable, net	136,135	104,143
Accounts receivable, related parties	3,394	3,498
Commodity derivative assets	—	9,986
Other current assets	9,061	9,084
Total current assets	335,224	261,378
Natural gas properties and equipment		
Developed properties	2,140,675	1,378,629
Undeveloped properties	16,827	16,835
Midstream assets	310,259	55,363
Accumulated depreciation, depletion, and amortization	(309,872)	(274,710)
Total natural gas properties, net	2,157,889	1,176,117
Other property and equipment, net	30,449	22,124
Right of use assets	9,862	14,233
Goodwill	18,417	18,417
Investment in joint venture	65,434	89,320
Deferred tax asset	18,023	35,504
Other noncurrent assets	7,097	3,735
Total assets	$ 2,642,395	$ 1,620,828
Liabilities, mezzanine equity and stockholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 243,523	$ 166,836
Right of use liabilities	6,518	10,713
Commodity derivative liabilities	242,253	91,156
Notes payable to related party	—	166,000
Current portion of long-term debt, net	141,903	—
Other current liabilities	100,082	95,660
Total current liabilities	734,279	530,365
Asset retirement obligations	209,279	158,968
Commodity derivative liabilities	62,715	23,662
Notes payable to related party	191,000	—
Long-term debt, net	451,491	—
Other noncurrent liabilities	139,233	152,894
Total liabilities	1,787,997	865,889

BKV CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)
(Unaudited)

	June 30, 2022	December 31, 2021
Commitments and contingencies (Note 14)		
Mezzanine equity		
Common stock – Minority ownership puttable shares; 4,580 authorized shares; 4,580 and 4,357 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	71,286	49,841
Equity-based compensation	81,577	34,006
Total mezzanine equity	152,863	83,847
Stockholders' equity		
Common stock, $.01 par value; 300,000 authorized shares; 112,745 and 112,745 shares issued and outstanding at June 30, 2022 and December 31, 2021, respectively	1,132	1,132
Treasury stock, shares at cost; 385 shares and 385 shares at June 30, 2022 and December 31, 2021, respectively	(3,970)	(3,970)
Additional paid-in capital	883,766	933,622
Accumulated deficit	(179,393)	(259,692)
Total stockholders' equity	701,535	671,092
Total liabilities, mezzanine equity and stockholders' equity	$ 2,642,395	$ 1,620,828

BKV CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenues and other operating income				
Natural gas, NGL and oil sales	$383,513	$ 153,117	$ 656,431	$ 289,342
Non-operated midstream revenues	1,459	1,896	3,344	3,972
Derivative losses, net	(85,953)	(141,563)	(450,784)	(178,275)
Marketing revenues	1,661	1,575	5,328	50,296
Other	664	—	1,327	—
Total revenues and other operating income	301,344	15,025	215,646	165,335
Operating expenses				
Lease operating and workover	22,642	18,711	45,333	40,515
Taxes other than income	23,072	9,631	41,001	16,697
Gathering and transportation	51,140	48,778	98,756	76,756
Accretion of asset retirement obligations	2,695	2,486	5,320	4,904
Depreciation, depletion and amortization	18,103	20,357	36,800	40,842
Exploration and impairment	—	34	—	34
General and administrative	27,231	16,219	51,497	37,988
Accretion of right of use liabilities	56	63	135	106
Total operating expenses	144,939	116,279	278,842	217,842
Income (loss) from operations	156,405	(101,254)	(63,196)	(52,507)
Other income and expense				
Loss on contingent consideration liabilities	(1,399)	(82,295)	(31,915)	(115,345)
Interest expense	(4,308)	(44)	(6,698)	(314)
Other income	153	50	516	62
Bargain purchase gain	163,653	—	163,653	—
Gain on settlement of litigation	—	—	16,866	—
Loss from equity affiliates	(10,333)	—	(23,958)	—
Interest income	116	—	128	2
Income (loss) before income taxes	304,287	(183,543)	55,396	(168,102)
Income tax benefit (expense)	(31,639)	42,203	24,903	38,648
Net income (loss) and comprehensive income (loss) attributable to BKV Corp	272,648	(141,340)	80,299	(129,454)
Less accretion of preferred stock to redemption value	—	(1,181)	—	(2,336)
Less preferred stock dividends	—	(7,425)	—	(9,900)
Less deemed dividend on redemption of preferred stock	—	(1,353)	—	(1,353)
Net income (loss) and comprehensive income (loss) attributable to common stockholders	$272,648	$(151,299)	$ 80,299	$(143,043)

BKV CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net income (loss) and comprehensive income (loss) per common share:				
Basic	$ 2.32	$ (1.29)	$ 0.68	$ (1.22)
Diluted	$ 2.19	$ (1.29)	$ 0.65	$ (1.22)
Weighted average number of common shares outstanding:				
Basic	117,318	116,996	117,310	117,052
Diluted	124,445	116,996	123,221	117,052

BKV CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Cash flows from operating activities:		
Net income (loss)	$ 80,299	$(129,454)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, depletion and amortization	42,174	43,856
Equity-based compensation expense	20,254	10,854
Accretion of asset retirement obligations	5,320	4,904
Accretion of right of use liabilities	353	172
Amortization of debt issuance costs	24	—
Deferred income tax benefit	(32,308)	(69,385)
Unrealized loss on derivatives	200,136	156,218
Loss on contingent purchase liabilities	31,915	115,345
Settlement of contingent consideration	(45,300)	—
Gain on bargain purchase	(163,653)	—
Loss from equity affiliates	23,958	—
Changes in operating assets and liabilities:		
Accounts receivable	(31,992)	13,930
Accounts receivable, related parties	104	—
Accounts payable and accrued liabilities	(16,098)	27,239
Commodity derivative settlements payable/receivable	44,543	18,034
Other changes in assets and liabilities	1,029	25,973
Net cash provided by operating activities	160,758	217,686
Cash flows from investing activities:		
Business combination	(627,527)	—
Development of natural gas properties	(77,278)	(9,787)
Other investing activities	(986)	(4,377)
Net cash used in investing activities	(705,791)	(14,164)
Cash flows from financing activities:		
Proceeds from notes payable from related party	75,000	—
Payments on notes payable to related party	(50,000)	(24,000)
Proceeds under term loan agreement	570,000	—
Payment of debt issuance costs	(6,630)	—
Draws on credit facility	60,000	—
Payments on credit facility	(30,000)	—
Settlement of contingent consideration	(19,700)	—
Payments of deferred offering costs	(576)	—
Redemption of minority ownership puttable shares	—	(2,226)

BKV CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Issuance of minority ownership puttable shares	78	—
Dividends paid to preferred stock shareholders	—	(10,330)
Redemption of preferred stock	—	(6,138)
Dividends paid to common stock shareholders	—	(88,126)
Net share settlements, equity-based compensation	(1,172)	—
Net cash provided by (used in) financing activities	597,000	(130,820)
Net increase in cash, cash equivalents and restricted cash	51,967	72,702
Cash, cash equivalents and restricted cash, beginning of period	134,667	17,445
Cash, cash equivalents and restricted cash, end of period	$186,634	$ 90,147
Supplemental cash flow information:		
Cash payments for:		
Interest	$ 4,711	$ 360
Income tax	$ 400	$ —
Non-cash investing and financing activities:		
Decrease in accrued capital expenditures	$ (19,844)	$ (5,020)
Additions to asset retirement obligations	$ 261	$ —
Additions to right of use assets and liabilities	$ 1,218	$ 1,692
Deferred offering costs included in accounts payable and accrued liabilities	$ 2,746	$ —
Fair value of contingent consideration from business combination	$ 17,150	$ —
Adjustment of minority ownership puttable shares to redemption value	$ 21,367	$ —
Adjustment of equity-based compensation to redemption value	$ 28,489	$ —
Accretion of preferred stock to redemption value	$ —	$ 2,335

BKV CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY
(In thousands, except per share amounts)
(Unaudited)

	Stockholders' Equity						Mezzanine Equity			
	Common Stock						Common Stock			
	Shares	Amount	Treasury	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity	Shares	Amount	Equity-based Compensation	Total Mezzanine Equity
Balances, December 31, 2021	112,745	$1,132	$(3,970)	$933,622	$ (259,692)	$ 671,092	4,357	$49,841	$34,006	$ 83,847
Net loss	—	—	—	—	(192,349)	(192,349)	—	—	—	—
Issuance of common stock upon vesting of equity-based compensation awards, net of shares withheld for income taxes	—	—	—	—	—	—	200	—	(1,054)	(1,054)
Adjustment of minority ownership puttable shares to redemption value	—	—	—	(14,956)	—	(14,956)	—	14,956	—	14,956
Adjustment of equity-based compensation to redemption value	—	—	—	(25,218)	—	(25,218)	—	—	25,218	25,218
Equity-based compensation	—	—	—	—	—	—	—	—	11,425	11,425
Balances, March 31, 2022	112,745	$1,132	$(3,970)	$893,448	$ (452,041)	$ 438,569	4,557	$64,797	$69,595	$134,392
Net income	—	—	—	—	272,648	272,648	—	—	—	—
Issuance of common stock from employee stock purchase plan	—	—	—	—	—	—	5	78	—	78
Issuance of common stock upon vesting of equity-based compensation awards, net of shares withheld for income taxes	—	—	—	—	—	—	18	—	(118)	(118)
Adjustment of minority ownership puttable shares to redemption value	—	—	—	(6,411)	—	(6,411)	—	6,411	—	6,411
Adjustment of equity-based compensation to redemption value	—	—	—	(3,271)	—	(3,271)	—	—	3,271	3,271
Equity-based compensation	—	—	—	—	—	—	—	—	8,829	8,829
Balances, June 30, 2022	112,745	$1,132	$(3,970)	$883,766	$ (179,393)	$ 701,535	4,580	$71,286	$81,577	$152,863

BKV CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND MEZZANINE EQUITY

(In thousands, except per share amounts)
(Unaudited)

	Stockholders' Equity						Mezzanine Equity			
	Common Stock							Common Stock		
	Shares	Amount	Treasury	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity	Preferred Stock	Shares	Amount	Total Mezzanine Equity
Balances, December 31, 2020	112,855	$1,129	—	$968,500	$ (26,773)	$ 942,856	$94,924	4,229	$42,288	$137,212
Net Income	—	—	—	—	11,886	11,886	—	—	—	—
Redemption of minority ownership puttable shares	—	2	(1,560)	1,558	—	—	—	(156)	(1,560)	(1,560)
Accretion of preferred stock to redemption value	—	—	—	(1,154)	—	(1,154)	1,154	—	—	1,154
Balances, March 31, 2021	112,855	1,131	(1,560)	968,904	(14,887)	953,588	96,078	4,073	40,728	136,806
Net loss	—	—	—	—	(141,340)	(141,340)	—	—	—	—
Dividend declared, preferred stock shareholders ($0.25 per share)	—	—	—	—	(10,330)	(10,330)	—	—	—	—
Dividend declared ($0.75 per share)	—	—	—	—	(88,126)	(88,126)	—	—	—	—
Redemption of minority ownership puttable shares	—	6	(666)	660	—	—	—	(67)	(666)	(666)
Redemption of preferred stock	—	—	—	—	—	—	(4,785)	—	—	(4,785)
Deemed dividend, preferred stock shareholders	—	—	—	(1,353)	—	(1,353)	—	—	—	—
Accretion of preferred stock to redemption value	—	—	—	(1,181)	—	(1,181)	1,181	—	—	1,181
Balances, June 30, 2021	112,855	$1,137	$(2,226)	$967,030	$ (254,683)	$ 711,258	$92,474	4,006	$40,062	$132,536

BKV CORPORATION

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — General Information

General

BKV Corporation (“BKV Corp”) was formed on May 1, 2020 and is a corporation registered with the State of Delaware. BKV Corp is a growth driven, vertically integrated, energy company focused on creating value for its shareholders through organic development of its properties, as well as accretive acquisitions. BKV Corp’s core business is to produce natural gas from its owned and operated upstream businesses.

The majority shareholder of BKV Corp is Banpu North America Corporation (“BNAC”), which owns 96.1% of BKV Corp’s shares of common stock. BKV Corp’s ultimate parent company is Banpu Public Company Limited, a public company listed in the Stock Exchange of Thailand. The remaining 3.9% of shares of common stock of BKV Corp are owned by non-controlling management, director, employee and non-employee shareholders who hold shares with contingent put rights that may be exercised according to conditions stipulated in the Shareholders’ Agreement.

Basis of Presentation of the Unaudited Condensed Consolidated Financial Statements

These unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The condensed consolidated financial statements are unaudited and should be read in conjunction with the Company’s 2021 and 2020 Consolidated Financial Statements (“Annual Financial Statements”) as certain disclosures and information required by GAAP for complete consolidated financial statements has been condensed or omitted. The unaudited interim financial statements, in the opinion of management, reflect all adjustments, which include normal and recurring adjustments, necessary to fairly state the Company’s financial position as of June 30, 2022, and the results of operations and comprehensive income (loss) for the three and six months ended June 30, 2022 and 2021, and cash flows for the six months ended June 30, 2022 and 2021. The results for the six months ended June 30, 2022, are not necessarily indicative of results to be expected for the year ending December 31, 2022 or for any other future annual or interim period. The December 31, 2021 condensed consolidated balance sheet was derived from audited consolidated financial statements, but does not include all disclosures required by GAAP.

These condensed consolidated financial statements include BKV Corp and its wholly owned subsidiaries which include:

- Kalnin Ventures LLC, a limited liability company formed September 19, 2013 and registered with the State of Colorado;
- BKV Oil and Gas Capital Partners, L.P. (“BKV O&G”), a limited partnership formed June 1, 2015 with the State of Delaware;
    - BKV Chaffee Corners, LLC (“Chaffee”), a limited liability company formed March 28, 2016, wholly owned subsidiary of BKV O&G, and registered with the State of Delaware;
    - BKV Chelsea, LLC (“Chelsea”), a limited liability company formed November 10, 2016, wholly owned subsidiary of BKV O&G, and registered with the State of Delaware;
    - BKV Operating, LLC (“Operating”), a limited liability company formed October 12, 2017, wholly owned subsidiary of BKV O&G, and registered with the State of Delaware; and
    - BKV Barnett, LLC (“Barnett”), a limited liability company formed December 5, 2019, wholly owned subsidiary of BKV O&G, and registered with the State of Delaware.
- BKV Midstream, LLC (“Midstream”), a limited liability company formed March 31, 2022 and registered with the State of Delaware.

- BKV North Texas, LLC ("North Texas"), a limited liability company formed March 31, 2022 and registered with the State of Delaware.
- BKV dCarbon Ventures, LLC ("BKV dCarbon Ventures"), a limited liability company formed May 31, 2022 and registered with the State of Delaware;
  - BKVerde, LLC ("BKVerde"), a limited liability company formed August 1, 2022, wholly owned subsidiary of BKV dCarbon Ventures, and registered with the State of Delaware.

Together, BKV Corp and its wholly owned subsidiaries are referred to collectively as "BKV" or the "Company." All intercompany balances and transactions between these entities have been eliminated within the condensed consolidated financial statements.

Significant Judgments and Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. There have been no significant changes to the Company's accounting estimates from those disclosed in the Company's Annual Financial Statements.

Deferred Offering Costs

The Company has capitalized legal and other third-party fees directly related to the Company's planned initial public offering ("IPO"). The deferred offering costs will be recorded as a reduction of the proceeds received from the planned offering. If the IPO is abandoned or significantly delayed, the deferred offering costs will be expensed. As of December 31, 2021, the Company had no deferred offering costs that were capitalized. As of June 30, 2022, the Company capitalized $3.3 million of deferred offering costs, which are included within other noncurrent assets on the condensed consolidated balance sheets.

Restricted Cash

Restricted cash as of June 30, 2022 consisted of cash borrowed under the Company's credit agreement contractually obligated to be used for the Exxon Barnett Acquisition (as defined in *Note 2 — Acquisition)*. The Company anticipates the restricted cash will be used for remaining transaction and integration costs. See *Note 2 — Acquisition* and *Note 8 — Debt* for further discussion.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash to amounts shown in the statement of cash flows:

	As of June 30,	
(in thousands)	**2022**	**2021**
Cash and cash equivalents	169,161	90,147
Restricted cash	17,473	—
Total cash, cash equivalents and restricted cash	$186,634	$90,147

Common Shares issued and outstanding

As of June 30, 2022 and December 31, 2021, the Company had 117,325,417 and 117,102,214 common shares issued and outstanding, respectively.

Liquidity

As of June 30, 2022, the Company held $169.2 million of unrestricted cash in operating accounts. The Company's working capital deficit as of June 30, 2022 is $399.1 million, which is primarily driven by current commodity derivative liabilities of $242.3 million, the current portion of long-term debt of $141.9 million, and contingent consideration payable of $62.5 million. For the six months ended June 30, 2022, the Company's cash flows from operations was $160.8 million. The payments relating to the contingent consideration and term loans are due in January and June of 2023, respectively. The Company intends to make these payments with cash flows from existing and newly acquired operations and availability under existing and newly entered into debt facilities. The current derivative liabilities will settle monthly during the twelve month period ending June 30, 2023 in conjunction with the corresponding commodity sales other than the $100.2 million discussed below. The Company intends to use the proceeds from the corresponding commodity sales to pay the settlements of the derivative liabilities.

On August 4, 2022, the Company entered an amendment to its ISDA Master Agreement with a counterparty to its derivative contracts pursuant to which the Company has terminated, $100.2 million of its derivative contracts with the counterparty. The Company is required to make cash payments in an amount of $100.2 million, which are due in the aggregate by November 30, 2022. The Company intends to make such payments with cash flows from operations.

On September 14, 2022, the Company received an advance of $45.0 million from its Facility (defined in *Note 8 — Debt*) and drew $75.0 million on Facility III (defined in *Note 8 — Debt*), which are payable within six months of the date the condensed consolidated financial statements are available for issuance. See *Note 8 — Debt*. The Company intends to pay both the advance and the draw with cash flows from operations.

Significant Accounting Policies

The Company's significant accounting policies are described in the notes to the consolidated financial statements for the year ended December 31, 2021 included in the Company's Annual Financial Statements. There have been no significant changes in accounting policies during the six months ended June 30, 2022.

Recently Issued Accounting Standards

As of June 30, 2022 and through the date the condensed consolidated financial statements were available for issuance (see *Note 17 — Subsequent Events*), no other Accounting Standards Updated have been issued and not yet adopted that are applicable to the Company and that would have a material effect on the Company's condensed consolidated financial statements and related disclosures.

Note 2 — Acquisition

On May 18, 2022, the Company entered into a Purchase and Sale Agreement to acquire certain operated and non-operated interests in proved reserves and certain midstream support assets in the Barnett formation (the "2022 Barnett Assets") from XTO Energy, Inc and Barnett Gathering LLC, subsidiaries of Exxon Mobil Corporation (collectively"Seller"), for $750.0 million (subject to working capital and other adjustments) and additional contingent payments totaling $50.0 million if certain pricing thresholds are met in future periods (the "Exxon Barnett Acquisition"). The Company paid a deposit of $75.0 million to the Seller in conjunction with entering into the Purchase and Sale Agreement. The Company closed the transaction on June 30, 2022; the adjusted purchase price, excluding contingent consideration was $627.5 million which included the $75.0 million deposit. As of the acquisition date, the fair value of the additional contingent payments was $17.2 million. See *Note 4 — Fair Value Measurements* and *Note 14 — Commitments and Contingencies* for discussion of the fair market value valuation methodology applied to the contingent consideration at the acquisition date and details of the contingent consideration, respectively. The Company funded the cash portion of the consideration with the proceeds from its term loan, refer to *Note 8 — Debt.*

The Exxon Barnett Acquisition was accounted for as a business combination; therefore the assets acquired and liabilities assumed were recorded based on the respective estimated acquisition date fair values with information available at the time, and the residual difference between the net assets and the purchase price was recorded as a bargain purchase gain. A combination of discounted cash flow models and market data was used by a third-party specialist, under the direct supervision of management, in determining the fair value of the natural gas properties, and midstream assets. Significant inputs into the calculation included future commodity prices, estimated volumes of natural gas, NGL and oil reserves, expectations for the timing and amount of future development and operating costs, future plugging and abandonment costs and a risk adjusted discount rate. The Company's assessment of the fair market value of the assets acquired and liabilities assumed is preliminary and subject to change as additional information is obtained by management. The Company expects to complete the purchase accounting, including the fair market value assessment during the twelve month period following the date of the acquisition. The Exxon Barnett Acquisition resulted in a bargain purchase gain, which was primarily caused by the increase in commodity pricing from the date the acquisition was originally negotiated through the closing date. The Exxon Barnett Acquisition was made to support the strategic growth of the Company and to achieve operational synergies with pre-existing assets in the Barnett formation. During the three and six months ended June 30, 2022, the Company incurred $0.5 million and $3.4 million, respectively, of acquisition costs which are included in general and administrative expense on the condensed consolidated statement of operations and comprehensive income (loss). The Exxon Barnett Acquisition closed at the end of business on June 30, 2022, therefore the results of operations of the Company for three and six months ended June 30, 2022 reflected in the condensed consolidated statements of operations and comprehensive income (loss) do not include the operating results of the Exxon Barnett Acquisition.

The estimated purchase price consideration and fair value of assets acquired and liabilities assumed are as follows (in thousands):

Cash	$ 627,527
Contingent consideration	17,150
Total consideration	$ 644,677
Assets acquired and liabilities assumed:	
Inventory	$ 150
Natural gas properties – developed	664,665
Midstream assets	254,813
Other property and equipment	8,907
Property taxes	(9,039)
Deferred tax liability	(49,789)
Revenues payable	(16,612)
Asset retirement obligations	(44,765)
Total identifiable net assets	$ 808,330
Bargain purchase gain	$(163,653)

Unaudited Pro Forma Information. The following unaudited pro forma financial information represents a summary of the historical condensed consolidated results of operations for the six months ended June 30, 2022 and 2021, giving effect to the Exxon Barnett Acquisition as if it had been completed on January 1, 2021. The pro forma financial information is provided for illustrative purposes only and are not intended to represent what the Company's financial position or results of operations would have been had the Exxon Barnett Acquisition occurred on the assumed date nor do they purport to project the future operating results or the financial position of the Company following the Exxon Barnett Acquisition.

The information below reflects certain nonrecurring and recurring pro forma adjustments that were directly related to the business combination based on available information and certain assumptions that the Company believes are reasonable, including (i) the increase in depletion and amortization reflecting the relative fair values and production volumes attributable to the Seller's natural gas properties and the revision to the depletion rate reflecting the reserve volumes acquired, (ii) the increase in depreciation expense reflecting the relative fair values attributable to the Seller's midstream assets and revision of useful lives reflecting the Company's estimate thereof, (iii) adjustments to interest expense as a result of the Company's indebtedness incurred to fund the purchase of the 2022 Barnett Assets further described in Note 8 — Debt and Note 7 — Related Parties for the $570.0 million term loan and $75.0 million related party note, respectively, (iv) increase in accretion expense reflective of the fair market value of asset retirement obligations, and (v) the estimated tax impacts of the pro forma adjustments.

	For the six months ended	
(in thousands)	**June 30, 2022**	**June 30, 2021**
Revenues and other operating income	$ 438,747	$ 285,531
Net income (loss) and comprehensive income (loss) attributable to BKV Corp.	$ 142,363	$ (142,342)

Note 3 — Natural Gas Properties & Other Property and Equipment

Accumulated depreciation, depletion and amortization for developed natural gas properties as of June 30, 2022 and December 31, 2021 was $301.8 million and $267.3 million, respectively. Depreciation, depletion and amortization expense for developed gas properties for the three months ended June 30, 2022 and 2021 was $17.0 million and $19.2 million, respectively, and $34.5 million and $38.6 million for the six months ended June 30, 2022 and 2021 respectively. There were no exploratory well costs pending determination of proved reserves at June 30, 2022 and December 31, 2021 and no exploratory dry hole costs during the six months ended June 30, 2022 and 2021.

Midstream assets consisted of the following as of the periods indicated:

(in thousands)	June 30, 2022	December 31, 2021
Compressor station	$ 70,792	$ 6,831
Meter station	654	654
Pipelines	238,813	47,878
Total	310,259	55,363
Accumulated depreciation	(8,090)	(7,417)
Midstream assets, net	$ 302,169	$ 47,946

Depreciation expense on midstream assets of $0.3 million and $0.4 million was recognized for the three months ended June 30, 2022 and 2021, respectively, and $0.7 million and $0.7 million for the six months ended June 30, 2022 and 2021, respectively.

Other property and equipment consisted of the following as of the periods indicated:

(in thousands)	June 30, 2022	December 31, 2021
Buildings	$ 12,675	$ 12,675
Furniture, fixtures, equipment and vehicles	12,118	6,555
Computer software	4,713	4,715
Leasehold improvements	1,627	1,571
Land	7,203	3,090
Total	38,336	28,606
Accumulated depreciation	(7,887)	(6,482)
Other property and equipment, net	$ 30,449	$ 22,124

Depreciation expense for other property and equipment for the three months ended June 30, 2022 and 2021 was $0.7 million and $0.7 million, respectively, and $1.4 million and $1.4 million for the six months ended June 30, 2022 and 2021, respectively.

Note 4 — Fair Value Measurements

Derivative assets and liabilities measured at fair value as of June 30, 2022 and December 31, 2021 use Level 2 valuation techniques; contingent consideration, minority ownership puttable shares, and equity based compensation are measured at fair value and as of these reporting dates using Level 3 valuation techniques. There have been no transfers between fair value levels during the reporting periods. In addition, derivatives are also subject to the risk that either party to a contract will be unable to meet its obligations. The Company factors non-performance risk into the valuation of derivatives using current published credit default swap rates. As of June 30, 2022, the impact of the non-performance risk adjustment to the Company's fair value of commodity derivative liabilities was $7.6 million.

The following tables set forth by level within the fair value hierarchy of financial assets and liabilities that were accounted for at fair value on a recurring basis:

	As of June 30, 2022			
	Fair Value Measurements Using:			
(in thousands)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Derivative instruments	—	—	—	—
Financial liabilities				
Derivative instruments	—	304,968	—	304,968
Contingent Consideration	—	—	191,598	191,598
Mezzanine equity				
Minority ownership puttable shares	—	—	71,286	71,286
Equity-based compensation	—	—	81,577	81,577

	As of December 31, 2021			
	Fair Value Measurements Using:			
(in thousands)	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets				
Derivative instruments	—	9,986	—	9,986
Financial liabilities				
Derivative instruments	—	114,818	—	114,818
Contingent Consideration	—	—	142,533	142,533
Mezzanine equity				
Minority ownership puttable shares	—	—	49,841	49,841
Equity-based compensation	—	—	34,006	34,006

The contingent consideration was generated from the Devon Barnett Acquisition (referred to as the Barnett Asset Acquisition in the Company's Annual Financial Statements and the "Devon Barnett Acquisition" herein) and Exxon Barnett Acquisition further described in the Annual Financial Statements and *Note 2 — Acquisition,* respectively.The fair value of the contingent consideration as of June 30, 2022 and December 31, 2021 represents management's best estimate if a third party were paid to assume the contingency. The fair value was determined using forecasted monthly Henry Hub Prices, West Texas Intermediate prices and the application of Monte Carlo simulations. The Exxon Barnett Acquisition contingency is described further in *Note 14 — Commitments and Contingencies* to the condensed consolidated financial statements.

The minority ownership puttable shares were recorded at fair value upon initial recognition in mezzanine equity on the condensed consolidated balance sheets. The fair market value of the Company's common stock was used to determine the carrying value of the minority ownership puttable shares in mezzanine equity on the condensed consolidated balance sheets as of June 30, 2022 and December 31, 2021. The Company's common stock was valued using both observable (Level 2) and unobservable (Level 3) inputs. The minority ownership puttable shares are further described in the Company's Annual Financial Statements.

Equity-based compensation was recorded at fair value on the grant date, considering modification of the awards when classified in mezzanine equity, when liability classified it is recorded based on fair value at the end of the period. The underlying market condition was valued using the application of Monte Carlo simulations using both observable (Level 2) and unobservable (Level 3) inputs. The remaining components of the awards were valued based on the fair market value of the common stock of the Company, which is valued consistent with valuation methodologies described for the minority ownership puttable shares. The fair market value of the Company's market condition and common stock as of June 30, 2022 were used to determine the fair market value of equity-based compensation in mezzanine equity on the condensed consolidated balance sheet as of June 30, 2022. Equity-based compensation is further described in *Note 11 — Equity-based Compensation* to the condensed consolidated financial statements.

Quantitative data regarding the Company's Level 3 unobservable inputs are as follows:

(in thousands, except per share amounts)	Fair Value	Valuation Technique	Unobservable Input	Range or Actual
Common stock – per share – as of June 30, 2021 (1)	$ 10.00	Enterprise value	Discount rate	8.9-10%
Market condition equity-based compensation per share – as of June 30, 2021	$ 6.64	Monte Carlo Simulation	Performance period dividends	50% of projected annual net income
Contingent consideration – as of December 31, 2021	$142,533	Monte Carlo Simulation	Risk Free Rate	1.0%
			Credit Spread	4.0%
			Discount Rate	5.0%
Market condition equity-based compensation per share – as of December 31, 2021	$ 13.77	Monte Carlo Simulation	Performance period dividends	3% equity capital, annually
Common stock – per share value – as of December 31, 2021(1)	$ 11.75	Enterprise value	Performance period dividends	7.7-9.5%
Market condition equity-based compensation per share – as of March 31, 2022	$ 24.25	Monte Carlo Simulation	Performance period dividends	3% equity capital, annually
Common stock – per share value – as of March 31, 2022(1)	$ 15.28	Enterprise value	Discount rate	7.7-9.5%
Market condition equity-based compensation per share – as of June 30, 2022	$ 20.04	Monte Carlo Simulation	Performance period dividends	3% equity capital, annually
Common stock – per share value – as of June 30, 2022 (1)	$ 16.79	Enterprise value	Discount rate	8-12%
Contingent consideration – as of June 30, 2022	$191,599	Monte Carlo Simulation	Risk Free Rate	2.6% – 2.9%
			Credit Spread	4.8%
			Discount Rate	7.5% – 7.7%

(1) The Company uses the midpoint of valuation results when estimating the fair value of common stock.

The table below sets forth the changes in the Company's level 3 fair value measurements:

(in thousands)	June 30, 2022	December 31, 2021
Balance beginning of period	$ 226,380	$ 54,853
Contingent consideration-additions from business combination	17,150	—
Contingent consideration – settlement	—	(65,000)
Minority ownership puttable share activity	78	511
Grant date fair value of equity-based compensation	19,082	28,990
Change in fair market value *(all instruments)*	81,771	207,026
Balance end of period	$ 344,461	$ 226,380

Note 5 — Derivative Instruments

From time to time, the Company may utilize derivative contracts in connection with its natural gas and NGL operations to provide an economic hedge of the Company's exposure to commodity price risk associated with anticipated future natural gas and NGL production. The Company does not hold or issue derivative financial instruments for trading purposes. The derivative contracts outstanding as of June 30, 2022 and December 31, 2021 consisted of swap, enhanced three-way collar, and option agreements, subject to master netting agreements with each individual counterparty. The following table presents gross commodity derivative balances prior to applying netting adjustments and net balances recorded in the condensed consolidated balance sheets:

	As of June 30, 2022		
(in thousands)	Gross Amounts of Assets and Liabilities	Offset Adjustments	Net amounts of assets/liabilities
Current derivative assets	$ 630	(630)	$ —
Noncurrent derivative assets	$ —	—	$ —
Current derivative liabilities	$ 242,883	(630)	$ 242,253
Noncurrent derivative liabilities	$ 62,715	—	$ 62,715

	As of December 31, 2021		
(in thousands)	Gross Amounts of Assets and Liabilities	Offset Adjustments	Net amounts of assets/liabilities
Current derivative assets	$ 9,986	—	$ 9,986
Noncurrent derivative assets	$ —	—	$ —
Current derivative liabilities	$ 91,156	—	$ 91,156
Noncurrent derivative liabilities	$ 23,662	—	$ 23,662

Enhanced Three-way Collar, Collar and Swap Contracts

Generally, enhanced three-way collar arrangements provide for a price floor, a price ceiling and either a price sub-floor or price sub-ceiling. The floating price for the enhanced three-way collar contracts is traded for a fixed price when the floating price is not between the floor and ceiling, and for twice the contracted volumes within the contracted volumes, the sub-floor/ceiling. If the floating price is between these contracted prices, no trade occurs. A commodity swap agreement is an agreement whereby a floating price based on the underlying commodity is traded for a fixed price over a specified period. A commodity collar provides for a price floor and a price ceiling. The floating price for the collar contract is traded for a fixed price when the floating price is not between the floor and ceiling. If the floating price is between these contracted prices, no trade occurs.

The fair value of open enhanced three-way collars, collars and swap contracts reported in the condensed consolidated balance sheets may differ from that which would be realized in the event the Company terminated its position in the respective contract. Risks may arise as a result of the failure of the counterparty to the contract to comply with the terms of the contract. The loss incurred by the failure of the counterparties is generally limited to the aggregate fair value of the outstanding contracts in an unrealized gain position as well as any collateral posted with the counterparty. The Company considers the creditworthiness of each counterparty to an enhanced three-way collar, option, or swap contract in evaluating potential credit risk. Additional risks may arise from unanticipated movements in the fair value of the underlying investments.

Derivative Contracts

The Company records its derivative financial instruments related to natural gas and NGL production at fair value using a market approach and has not designated any derivatives as hedges. Derivative financial instruments are marked-to-market and presented on the condensed consolidated balance sheets as commodity derivative assets or commodity derivative liabilities with the amount of unsettled gain or loss reflected in derivative losses, net in the condensed consolidated statements of operations and comprehensive loss. Derivative financial instruments that settle throughout the year are recorded as derivative losses, net in the condensed consolidated statements of operations and Comprehensive Loss. The following tables set forth the effect of derivative instruments on the condensed consolidated statements of operations and comprehensive loss:

	Three Months Ended June 30,	
(in thousands)	**2022**	**2021**
Total loss on settled derivative instruments	$(179,177)	$ (18,478)
Total gain (loss) on unsettled derivative instruments	93,224	(123,085)
Total loss on derivative instruments	$ (85,953)	$(141,563)

	Six Months Ended June 30,	
(in thousands)	**2022**	**2021**
Total loss on settled derivative instruments	$(250,648)	$ (22,058)
Total loss on unsettled derivative instruments	(200,136)	(156,217)
Total loss on derivative instruments	$(450,784)	$(178,275)

As of June 30, 2022 and December 31, 2021, $95.5 million and $66.8 million of settled derivative instruments were included in accounts payable and accrued liabilities, respectively, on the Company's condensed consolidated balance sheets. Of these amounts, $7.7 million and $23.2 million related to monetizations, respectively.

Volume of Derivative Activities

Outstanding derivative contracts are measured at fair value using Level 2 valuation techniques and are included in the accompanying condensed consolidated balance sheets as derivative assets and derivative liabilities.

As of June 30, 2022, the Company's derivative activities based on volume and contract prices, categorized by primary underlying risk and related commodity, by year, were as follows:

The following table represents natural gas commodity derivatives indexed to NYMEX Henry Hub pricing:

Instrument	MMBTU	Weighted Average Price (USD)	Weighted Average Price Sub Floor	Weighted Average Price Floor	Weighted Average Price Ceiling	Weighted Average Price Sub Ceiling	Fair Value as of June 30, 2022 (In thousands)
2022							
Swap	33,349,000	$ 4.33					$ (39,053)
Enhanced three-way collars	21,430,000		$ 2.51	$ 2.54	$ 3.08	$ 3.17	$ (108,025)
Collars	5,415,000			$ 2.84	$ 3.69		$ (11,189)
2023							
Swap	54,812,000	$ 3.91					$ (35,182)
Enhanced three-way collars	8,350,000			$ 2.45	$ 3.15	$ 3.15	$ (24,571)
Collars	50,100,000			$ 2.85	$ 3.75		$ (51,368)

The following table represents natural gas liquids commodity derivatives for contracts expiring throughout the years ended December 31, 2022 and 2023 based on the applicable index listed below:

Instrument	Commodity Reference Price	Volumes	Weighted Average Price (USD)	Fair Value at June 30, 2022 (In thousands)
2022				
Swaps	OPIS Purity Ethane Mont Belvieu	75,339,600	$ 0.35	$ (8,764)
Swaps	OPIS IsoButane Mont Belvieu Non-TET	1,932,000	$ 0.99	$ (964)
Collars	OPIS IsoButane Mont Belvieu Non-TET	4,636,800	$ 1.34	$ (138)
Swaps	OPIS Normal Butane Mont Belvieu Non-TET	3,864,000	$ 0.98	$ (1,642)
Collars	OPIS Normal Butane Mont Belvieu Non-TET	7,467,600	$ 1.40	$ (68)
Swaps	OPIS Pentane Mont Belvieu Non-TET	3,864,000	$ 1.46	$ (1,936)
Collars	OPIS Pentane Mont Belvieu Non-TET	11,331,600	$ 1.99	$ 76
Swaps	OPIS Propane Mont Belvieu Non-TET	11,592,000	$ 0.86	$ (3,973)
Collars	OPIS Propane Mont Belvieu Non-TET	31,164,000	$ 1.22	$ 108
2023				
Swap	OPIS Purity Ethane Mont Belvieu	38,325,000	$ 0.23	$ (4,307)
Swap	OPIS IsoButane Mont Belvieu Non-TET	3,832,500	$ 0.80	$ (1,610)
Swap	OPIS Normal Butane Mont Belvieu Non-TET	3,832,500	$ 0.80	$ (1,475)
Swap	OPIS Pentane Mont Belvieu Non-TET	7,665,000	$ 1.28	$ (4,109)
Swap	OPIS Propane Mont Belvieu Non-TET	22,995,000	$ 0.72	$ (6,778)

Note 6 — Asset Retirement Obligations

The Company has recognized an estimated liability for its asset retirement obligations related to the future costs of plugging, abandonment, and remediation of natural gas producing properties. The present value of the estimated asset retirement obligations has been capitalized as part of the carrying amount of the related natural gas properties. The liability has been accreted to its present value during the years ended June 30, 2022 and December 31, 2021.

The following table summarizes the activities of the Company's asset retirement obligations for the periods indicated:

(In thousands)	June 30, 2022	December 31, 2021
Asset retirement obligations, beginning of period	$ 158,968	$ 148,826
Additions through business combination	44,765	—
Liabilities incurred	261	923
Liabilities settled	(35)	(811)
Accretion of discount	5,320	10,030
Asset retirement obligations, end of period	209,279	158,968
Less current portion	—	—
Asset retirement obligations, long-term	$ 209,279	$ 158,968

Note 7 — Related Parties

On October 14, 2021, the Company entered into a Loan Agreement with its majority shareholder BNAC (the "Lender") and borrowed $116.0 million thereunder. Interest on the outstanding principal is SOFR + 5.25% and is payable on a semi-annual basis. The outstanding balance of $116.0 million as of June 30, 2022 is due on December 31, 2027, including any unpaid interest. On June 15, 2022, the Company entered into an Amended and Restated Loan Agreement (as amended, the "$116 Million Loan Agreement") to, among other things, subordinate the $116.0 million term loan owed to the Lender to the term loans borrowed by the Company under the Term Loan Credit Agreement (the "Credit Agreement") further discussed in *Note 8 — Debt*. The applicable interest rate as of June 30, 2022 was 6.81%. Interest payable under the $116 Million Loan Agreement as of June 30, 2022 was $1.7 million. During the three and six months ended June 30, 2022, the Company recognized interest expense of $1.9 million and $3.5 million, respectively.

On November 8, 2021, the Company entered into a Loan Agreement with the Lender and borrowed $50.0 million thereunder. On January, 11, 2022 and June 1, 2022, the Company repaid $15.0 million and $35.0 million, respectively. There was no outstanding balance on this facility as of June 30, 2022. During the three and six months ended June 30, 2022, the Company recorded Interest expense of $0.4 million and $0.9 million, respectively.

The Company is subject to certain financial and non-financial covenants under the $116 Million Loan Agreement. The non-financial covenants prevent the Company from: incurring a lien on its, or any of its subsidiaries', assets or related revenues; incurring additional indebtedness without written consent of the Lender; incurring additional unsecured indebtedness whereby the Lender does not rank equal to holder of the new unsecured indebtedness; or conducting any business outside of the business currently conducted by the Company. The financial covenants require the Company to maintain a net worth, as defined within the $116 Million Loan Agreement, of greater than $800.0 million. The Company is also required to maintain a trailing twelve-month net borrowings to EBITDAX ratio of greater than 3.0x following each draw down. The Company was in compliance with all associated covenants under the Loan Facility Agreement as of June 30, 2022.

On March 10, 2022, the Company entered into a Loan Agreement (the "$75 Million Loan Agreement") with the Lender and borrowed $75.0 million thereunder. Interest on the outstanding principal is SOFR + 5.25% and is payable on a semi-annual basis. The principal balance of $75.0 million is due on December 31, 2027, including any unpaid interest. On June 15, 2022, the Company entered into a subordination agreement with the Lender whereby the $75.0 million is subordinate to the term loans of the Company under the Term Loan Credit Agreement further discussed in *Note 8 — Debt*. Financial covenants are consistent with those of the Term Loan Credit Agreement as discussed in *Note 8 — Debt.* Interest payable under the $75 Million Loan Agreement as of June 30, 2022 was $1.2 million. During the three and six months ended June 30, 2022, we recorded interest expense of $1.0 million and $1.2 million, respectively.

As of June 30, 2022 and December 31, 2021, the Company had payables of $37.6 million and $30.7 million, respectively, to BNAC for current tax expense included in the other current liabilities line item on the condensed consolidated balance sheets. The amounts due to BNAC as of June 30, 2022 and December 31, 2021, respectively, related to reimbursements for income tax related items. Separately, the Company had a $0.5 million and a $0.5 million receivable from BNAC as of June 30, 2022 and December 31, 2021, respectively, related to shared general and administrative expenses.

As of June 30, 2022 and December 31, 2021, the Company had accounts receivable from BKV-BPP Power, LLC of $1.7 million and $1.8 million, respectively, related to reimbursement for certain expenses paid on behalf of BKV-BPP Power, LLC and amounts receivable under the Administration Services Agreement between the Company and BKV-BPP Power, LLC. See the Company's Annual Financial Statements for further discussion of the Company's equity method investments. During the three and six months ended June 30, 2022, the Company recognized $0.7 million and $1.3 million of revenues related to the services provided under the Administration Services Agreement which is included in other revenues on the condensed consolidated statements of operations and comprehensive loss.

The Company's ultimate parent Banpu Public Company Limited is also the ultimate parent of Banpu Power Corporation ("BPP US"), the Company's partner in a joint venture which is discussed further in the Company's Annual Financial Statements. As of June 30, 2022 and December 31, 2021, the Company had accounts receivable from BPP US of $1.3 million and $1.3 million, respectively, related to reimbursement for expenses incurred during the formation of the joint venture.

Note 8 — Debt

On December 22, 2021 the Company entered into an agreement with a bank (the "Bank") which provides for a revolving credit facility (the "Facility") with a limit of $55.0 million. The Facility is not secured. Advances on the Facility are required to be repaid upon the earlier of 60 days after the date of the advance, or upon the receipt of a written demand notice from the Bank. Advances from the Facility must be greater than $1.0 million. Interest on any outstanding advances is payable monthly at a rate of SOFR +2.0%. On June 30, 2022, the outstanding balance of the Facility was $30.0 million, which was repaid on August 18, 2022. On September 14, 2022, the Company received an advance of $45.0 million and received an extension of payment terms whereby the advance is required to be repaid by February 15, 2023. Such advance was outstanding as of the date the condensed consolidated financial statements were available for issuance.

On March 16, 2022, the Company entered into an agreement with another bank which provides for revolving term loans and letters of credit ("Facility II") with a limit of $25.0 million. Of the $25.0 million, $15.0 million is available for cash draw downs, and in the absence of outstanding cash draw downs, the full $25.0 million is available for letters of credit. Facility II is not secured. Interest is agreed upon at the time of each cash drawn down. Facility II had one outstanding letter of credit for $14.4 million as of the date the condensed consolidated financial statements were available for issuance. There was no outstanding balance on Facility II as of June 30, 2022. On August 19, 2022, the Company received a cash advance from Facility II in the amount of $10.0 million.

On June 16, 2022 the Company entered into a Credit Agreement with a syndicate of lenders (the "Lenders") whereby the Company can borrow up to $600.0 million in the aggregate, in the form of multiple term loans during the period commencing with the effective date and ending six months thereafter. The term loans under the Credit Agreement must be equal to or greater than $5.0 million; amounts repaid by the Company in respect to the term loans may not be re-borrowed under the Credit Agreement. Once drawn, the term loans are required to be repaid annually in five equal installments; installment payments are due on each anniversary of the original draw for the respective term loan . The term loans are not secured. On June 30, 2022, the Company drew a term loan of $570.0 million to fund the Exxon Barnett Acquisition. Interest is adjusted term SOFR + 4.75%. The proceeds of the term loans must be used to finance the Exxon Barnett Acquisition. See *Note 2 — Acquisition.*

The Term Loan Credit Agreement requires the Company to maintain certain financial covenants, including requiring the asset coverage ratio to be no less than 2.00 to 1.00, the total net leverage ratio to be no greater than 2.50 to 1.00, and the consolidated fixed charge coverage ratio to be no less than 1.30 to 1.00. As of June 30, 2022, we were in compliance with all covenants of the Term Loan Credit Agreement.

The following table summarizes the long-term debt balances:

(In thousands)	June 30, 2022
Revolving credit facility	$ 30,000
Term loan credit agreement	114,000
Current portion of unamortized debt issuance costs	(2,097)
Total current portion of long-term debt, net	141,903
Term loan credit agreement	456,000
Long-term portion of unamortized debt issuance costs	(4,509)
Total long-term debt, net	451,491
Total debt, net	$ 593,394

Subsequent Activities

On August 24, 2022 the Company entered into an agreement with another bank which provides for a revolving credit facility (“Facility III”) with a limit of $100.0 million. Facility III is an unsecured facility committed through September 30, 2027. Cash draw downs and all applicable interest is payable at one, three, or six months from the date of the advance (“one month draw,” “three month draw” and “six month draw,” respectively). The interest period is determined by the Company at the time of the advance. The interest rate on any outstanding advances is adjusted term SOFR + 4.75%. On September 14, 2022, the Company took a six month draw of $45.0 million and a one month draw of $30.0 million. As of the date the condensed consolidated financial statements were available for issuance, the Company had $75.0 million outstanding under Facility III.

Note 9 — Revenue from Contracts with Customers

The Company records sales revenue based on an estimate of the volumes delivered at estimated prices as determined by the applicable sales agreement, which is variable based on commodity pricing. The Company estimates its sales volumes based on company-measured volume readings. Natural gas, NGL and oil sales are adjusted in subsequent periods based on data received from the Company’s purchasers that reflects actual volumes and prices received which is typically within two months of transfer of control to the purchaser. Historically, the difference between estimated and actual sales revenues have not been material. For the three and six months ended June 30, 2022 and 2021, the impact of any natural gas imbalances was not significant.

In conjunction with its sales of natural gas, the Company records marketing revenues based on estimated underlying variable consideration pricing and delivered volumes. Marketing revenues are adjusted in subsequent periods based on data received from the Company’s purchaser or trading partner. Historically, the difference between estimated and actual marketing revenues has not been material.

The Company also generates revenues from its non-operated midstream interests. Midstream revenues are recognized when services are rendered based on quantities transported and measured according to the underlying contract. The Company records midstream revenue based on volumes at stated contractual rates. The Company estimates its volumes based on third-party data. Midstream revenues are adjusted in subsequent periods based on data received from the operator that reflects actual volumes which is typically within three months.

All of the Company’s revenues are generated in the states of Pennsylvania and Texas. Revenues consist of the following:

	Three Months Ended June 30, 2022		
(in thousands)	Pennsylvania	Texas	Total
Natural gas	$ 66,789	$226,593	$293,382
Natural gas liquids	—	87,470	87,470
Oil	—	2,661	2,661
Total production revenues	$ 66,789	$316,724	$383,513
Marketing revenues	—	1,661	1,661
Non-operated midstream revenues	1,459	—	1,459
Total	$ 68,248	$318,385	$386,633

	Three Months Ended June 30, 2021		
(in thousands)	Pennsylvania	Texas	Total
Natural gas	$ 17,248	$ 79,885	$ 97,133
Natural gas liquids	—	53,359	53,359
Oil	—	2,625	2,625
Total production revenues	$ 17,248	$135,869	$153,117
Marketing revenues	—	1,575	1,575
Non-operated midstream revenues	1,896	—	1,896
Total	$ 19,144	$137,444	$156,588

	Six Months Ended June 30, 2022		
(in thousands)	Pennsylvania	Texas	Total
Natural gas	$ 111,630	$376,183	$487,813
Natural gas liquids	—	163,498	163,498
Oil	—	5,120	5,120
Total production revenues	$ 111,630	$544,801	$656,431
Marketing revenues	—	5,328	5,328
Non-operated midstream revenues	3,344	—	3,344
Total	$ 114,974	$550,129	$665,103

	Six Months Ended June 30, 2021		
(in thousands)	Pennsylvania	Texas	Total
Natural gas	$ 41,327	$132,793	$174,120
Natural gas liquids	—	111,166	111,166
Oil	—	4,056	4,056
Total production revenues	$ 41,327	$248,015	$289,342
Marketing revenues	—	50,296	50,296
Non-operated midstream revenues	3,972	—	3,972
Total	$ 45,299	$298,311	$343,610

Contract Balances

Receivables from contracts with customers are recorded when the right to consideration becomes unconditional, generally when control of the product has been transferred to the customer. Under the Company’s sales contracts, the Company invoices customers after its performance obligations have been satisfied, at which point payment is unconditional. As of June 30, 2022 and December 31, 2021, the Company's receivables from contracts with customers were $134.2 million and $100.4 million, respectively.

Note 10 — Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities included in current liabilities consists of the following:

(in thousands)	June 30, 2022	December 31, 2021
Accounts payable	$ 54,014	$ 32,237
Commodity derivative settlements payable	87,794	43,252
Commodity derivative monetizations payable	7,725	23,175
Revenues payable	51,206	29,871
Other accrued liabilities	42,784	38,301
Total	$ 243,523	$ 166,836

Note 11 — Equity-based Compensation

On January 1, 2021 the BKV Corporation 2021 Long Term Incentive Plan (the "Plan") was established by the adoption of the Plan by the Board of Directors, which allows for the grant of incentive awards to employees and non-employee directors of the Company in the form of restricted stock units ("RSU"). Each RSU represents the contingent right to receive one share of common stock of the Company. As of June 30, 2022, the maximum number of RSUs authorized to be awarded under the Plan was 14,941,176. However, of the total authorized RSUs under the plan, only 60% may be awarded on or before December 31, 2022 without the written approval of the Board of Directors of the Company. Thereafter, no more than 80% of the total RSUs may be awarded without the written approval of the Board of Directors of the Company. For accounting purposes, management evaluated grants of incentive awards from the Plan under ASC 718 — *Compensation-Stock Compensation* and determined a grant date, for all annual incentive awards, including those anticipated to be legally granted in the three years subsequent to the initial incentive award date, was established because all grant date criteria had been satisfied and compensation expense and forfeitures were accounted for accordingly. Under ASC 718 — *Compensation-Stock Compensation, a*s of June 30, 2022, 15,367,398, were considered to have been granted under the plan since the plan inception when taking into consideration performance RSUs at the maximum performance level and time-based restricted stock units anticipated to be legally granted in the three years following the initial incentive award date. Of the awards considered granted under ASC 718 — *Compensation-Stock Compensation* as of June 30, 2022, 1,413,141 RSUs are not considered legally granted.

RSUs are granted in the form of Performance-Based Restricted Stock Units ("PRSU") and Time-Based Restricted Stock Units ("TRSU"). The shares of common stock issued in settlement of the RSUs include a put right (the "Plan Put Right") available to the incentive award grant recipients (the "Participants"). If a Participant's employment is terminated due to voluntary resignation, and certain other conditions are met, a Participant is able to elect the Company to purchase the shares issued in settlement of his or her RSUs at fair market value of the Company's common stock at the time the election is made by the Participant. The Plan Put Right is only available to Participants upon the occurrence of certain events as defined in the Plan. As discussed below in "Modification of Terms," this Plan Put Right was modified on November 5, 2021 to add a one hundred eighty-one-day holding period following vesting of the RSUs. In addition, the Company has a purchase right (the "Call Right") which allows for the purchase of shares of common stock issued in the settlement of the RSUs from terminated participants at fair market value on the date of the purchase, at the Company's discretion. As discussed below in "Modification of Terms," this Call Right was modified on November 5, 2021 to add a one hundred eighty-one-day holding period following vesting of the RSUs. These features, specifically the Plan Put Right, required the Company to treat the incentive awards as cash-settled or liability classified in the condensed consolidated balance sheets of the Company until the Plan was modified as described below. Under liability treatment, for the for the three and six months ended June 30, 2021, the Company incurred $10.9 million and $6.9 million of equity-based compensation expense, respectively, which is included within the condensed consolidated statement of operations and comprehensive income (loss) as general and administrative expense. Under liability treatment, expense and the corresponding liability is determined based on the fair market value of the underlying common stock shares for TRSUs. For PRSUs, the non-market performance condition use the fair market value of the underlying common stock shares coupled with the estimated level of achievement for each performance criteria. The market condition fair value is determined using a Monte Carlo Simulation which uses observable and unobservable inputs, see *Note 4 — Fair Value Measurements* for the level 3 unobservable inputs used in both the fair value of the underlying common stock and the market condition. Observable inputs used in the market condition valuation as of June 30, 2021 are a risk-free rate of 0.35% and volatility of 35%.

Modification of terms

On November 5, 2021, the Board of Directors of the Company approved the First Amendment to the BKV Corporation 2021 Long Term Incentive Plan (the “Plan Amendment”). The Plan Amendment included a provision to require all Participants of the Plan to hold vested shares of common stock issued in settlement of RSUs for a minimum of one-hundred eighty-one days (the “Holding Period”) prior to having the ability to exercise the Plan Put Right. The Amendment also applied the Holding Period to the Call Right. Upon modification, the RSUs under the plan are considered to be settled in equity, as the Holding Period is a reasonable period of time to experience the risk and rewards of an equity instrument. However, due to the existence of the Plan Put Right, the Company recognized the incentive awards within mezzanine equity on the condensed consolidated balance sheet as of the date of Plan Amendment. All Participants of the plan agreed to the terms of the Plan Amendment.

Performance-Based Restricted Stock Units

The PRSUs are subject to a three year vesting or performance period beginning January 1, 2021 and ending on the earlier of December 31, 2023 (the “Performance Period”) or IPO of the Company. All PRSUs cliff vest based on and subject to the achievement of the performance criteria upon the earlier of an initial public offering of the Company, change in control, or December 31, 2023. The table below summarizes the PRSU activity for the six months ended June 30, 2022:

(in thousands, except per share amounts)	Shares	Weighted Average Grant Date Fair Value
Unvested PRSUs at January 1, 2022	11,589	$ 10.90
Granted[(1)]	399	$ 13.68
Forfeited[(1)]	(134)	$ 10.90
Unvested PRSUs as of June 30, 2022	11,854	$ 11.03

(1) Granted and forfeited award amounts take into consideration performance shares at the maximum performance level

The PSRU’s are eligible to be earned based on three performance conditions: (1) Annualized Total Shareholder Return (“TSR”) of fully diluted common stock during the performance period, (2) Return on Capital Employed (“ROCE”) based on the average annual performance over the Performance Period, and (3) IPO readiness which is based on the Company’s capability to be listed on a public stock exchange at certain points during the performance period. Between 0% and 100% of the PRSUs at maximum performance level are eligible to be earned based on the Company achieving the following pre-established goals:

	Performance Conditions			
	Weight	Minimum Threshold (0%)	Target Threshold (50%)	Maximum Threshold (100%)
TSR	60%	5%	12.5%	20%
ROCE	20%	—%	7%	14%
IPO readiness (capability dates)	20%	12/31/2024	12/31/2023	12/31/2022

The TSR component of the awards is a market-based condition valued utilizing the Monte Carlo Simulation pricing model, which calculates multiple potential outcomes and establishes grant date fair value based on the most likely outcome. For the purposes of grant date fair value, the TSR component assumes a risk-free rate of 0.73% – 2.11% and volatility of 40%, see *Note 4 — Fair Value Measurements*, for the level 3 unobservable input used in the determination of the grant date fair value of the TSR. The weighted average grant date fair value of the TSR component of PRSU awards granted during the six months ended June 30, 2022 was $15.57.

ROCE and IPO readiness are considered to be non-market performance conditions. Thus, the likelihood of achievement must be reassessed at every reporting period, and compensation expense is adjusted accordingly. As of June 30, 2022, management estimates IPO readiness will be achieved at the maximum performance level or 100%, and ROCE performance to be greater than the target performance level at approximately 100%. Accordingly, adjustments were made to compensation expense during the six months ended June 30, 2022 to reflect the estimated levels of achievement. In addition to the level of achievement, the adjustment takes into account the per share grant date fair value of the Company's common stock of as of the modification date, or grant date. The grant date fair value of the PSRUs presented in the activity for six months ended June 30, 2022 takes into account the grant date fair value for ROCE and IPO readiness, due to the non-market performance conditions being probable of achievement as of the modification date which establishes a grant date fair value. The weighted average grant date fair value of the ROCE and IPO readiness components of PRSU awards granted during the six months ended June 30, 2022 was $11.91.

As of June 30, 2022, there was $46.3 million of unrecognized compensation expense related to the PRSU awards which will be amortized over a weighted average period of 1.5 years.

For the three months ended June 30, 2022 and six months ended June 30, 2022, stock-based compensation related to the PRSUs was $7.7 million, and $18.0 million, respectively, which are included in general and administrative expenses in the condensed consolidated statement of operations and compressive income (loss).

Time-Based Restricted Stock Units

Under the applicable provisions of the Plan, the TRSU incentive award was anticipated to be granted in the form of four annual awards. One quarter of the annual award requires no service for vesting and vests immediately upon the grant date. The remaining three quarters of the annual award vest in equal portions upon the subsequent three anniversary dates following the grant date. The remaining annual awards are anticipated to be granted on the first, second and third anniversaries of the initial TRSU award date, subject to continued employment with the Company and board approval. Vesting for these anticipated three annual awards is expected to follow the same vesting schedule as the first annual awards based on the legal grant date. Upon an initial public offering of the Company, all unvested and legally granted and outstanding awards under the Plan will vest immediately. Awards accounted for as granted under ASC 718 *Compensation-Stock Compensation*, but not legally granted at such time, will not vest and will be treated accordingly. The following table summarizes the TRSU activity for the six months ended June 30, 2022:

(in thousands, except per share amounts)	Shares	Weighted-Average Grant Date Fair Value
Unvested TRSUs at January 1, 2022	2,328	$ 11.06
Granted(1)	86	$ 12.20
Vested	(316)	$ 11.08
Forfeited	(23)	$ 11.06
Unvested TRSUs as of June 30, 2022	2,075	$ 11.11

(1) Represents number of awards considered granted under ASC 718 C *ompensation-Stock Compensation*. Of these, 64,125 are not considered legally granted.

As of June 30, 2022 there was $21.2 million of unrecognized compensation expense related to the TRSU awards which will be amortized over a weighted average period of 4.64 years.

For the three and six months ended June 30, 2022, stock-based compensation expense related to the TRSUs was $1.2 million and $2.3 million, respectively, which are included in general and administrative expenses in the condensed consolidated statement of operations and compressive income (loss).

Subsequent Activities

From June 30, 2022 through the date the condensed consolidated financial statements were available for issuance, the Company granted an additional 81,600 RSUs, comprised of 67,200 PRSUs (assuming maximum performance) and 14,400TRSUs. Of the 14,400 TRSUs considered granted under ASC 718 *Compensation-Stock Compensation,* 10,800 are not considered legally granted.

Note 12 — Equity Method Investment

The Company is a 50% owner of BKV-BPP Power, LLC (the “Joint Venture”) which is accounted for as an equity method investment.

During the six months ended June 30, 2022, the Company recognized, based on its 50% ownership interest in the Joint Venture, losses of $24.0 million.

The table below sets forth the summarized financial information of the Joint Venture:

Income Statement (in thousands)	Six Months Ended June 30, 2022
	(unaudited)
Revenues	$ 129,003
Variable operating expenses	82,280
Gross profit	46,723
Operating expenses	25,689
Income from operations	21,034
Net loss	$ (47,916)

Note 13 — Credit and Other Risk

Credit risk is defined as the risk of a counterparty to a contract failing to perform or pay the amounts due.

The Company is exposed to credit risks in its operating and financing activities. The Company’s maximum exposure to credit risk is partially related to financial assets recorded on the condensed consolidated balance sheets, including commodity derivative instruments that have a positive market value. Additionally, the Company maintains its primary bank accounts with a single large, global bank.

The Company is not currently aware of any exceptional event, dispute, risks or contingent liabilities that could have a material impact on the assets and liabilities, results, financial position or operations of the Company.

The Company is subject to U.S. federal income tax as well as income in various state jurisdictions, and the Company’s operating cash flow is sensitive to the amount of income taxes the Company must pay. In the jurisdictions in which the Company operates or previously operated, income taxes are assessed on earnings after consideration of all allowable deductions and credits. Changes in the types of earnings that are subject to income tax, the types of costs that are considered allowable deductions (such as intangible drilling costs) and the timing of such deductions, or the rates assessed on the Company’s taxable earnings would all impact the Company’s income taxes and resulting operating cash flow. In addition, new taxes are from time to time proposed and, if enacted, could adversely impact the Company.

Substantially all of the Company’s accounts receivable result from the sale of natural gas and joint interest billings. The Company sells natural gas, NGLs and oil to fewer than five customers and bills working interest owners for costs related to development of the Company’s natural gas properties. The

Company does not believe that the loss of any of these customers would have a material adverse effect on the condensed consolidated financial statements because alternative customers are readily available.

Note 14 — Commitments and Contingencies

From time to time, the Company may be subject to various claims, title matters and legal proceedings arising in the ordinary course of business, including environmental contamination claims, personal injury and property damage claims, claims related to joint interest billings and other matters under natural gas operating agreements and other contractual disputes. The Company maintains general liability and other insurance to cover some of these potential liabilities. All known liabilities are fully accrued based on the Company's best estimate of the potential loss. While the outcome and impact on the Company cannot be predicted with certainty, the Company believes that its ultimate liability with respect to any such matters will not have a significant impact or material adverse effect on its financial positions, results of operations or cash flows. Results of operations and cash flows, however, could be significantly impacted in the reporting periods in which such matters are resolved.

The Company was involved in an arbitration against an operator related to to the breach of various provisions of a certain agreement related to the construction and operation of a midstream gathering system. On February 18, 2022, the Company agreed to settle with the operator, and as a result, received payment of $35.0 million to settle all past disputes and agreed to a midstream gathering rate going forward. Of the $35.0 million, $18.1 million was considered collection of accounts receivable, the remaining $16.9 million is considered a contingent gain, and is included in the condensed consolidated statement of operations and comprehensive income (loss) for the six months ended June 30, 2022, as gain on the settlement of litigation.

The Company has volume commitments in the form of gathering, processing and transportation agreements with various third parties that require delivery of 913,291,106 Dth of natural gas. The majority of the agreements terminate by 2026, with one agreement extending through 2036. As of June 30, 2022, the aggregate undiscounted future payments required under these contracts total $252.1 million. The Company expects to fulfill the commitments from existing productive wells.

The Company has committed to spend $3.5 million on a field compression related capital project by December 31, 2022.

As a part of the consideration paid for the Devon Barnett Acquisition, additional cash consideration will be required to be paid if certain hurdle rates are reached related to future average closing Henry Hub natural gas and West Texas Intermediate crude oil prices during the period beginning January 2021 through December 31, 2024. During the six months ended June 30, 2022, the Company settled the 2021 portion of the arrangement resulting in a payment of $65.0 million and was paid on January 18, 2022. For the remaining years ending December 31, 2022 through 2024, average Henry Hub natural gas hurdle rates are $3.00/MMBTU, $3.25/MMBTU and $3.50/MMBTU, respectively; average West Texas Intermediate crude oil hurdle rates for the years ending December 31, 2022 through 2024 are $55.00/BBL, $60.00/BBL, and $65.00/BBL, respectively. The maximum amount payable under the arrangement is $195.0 million, or $65.0 million per year, for the years ending December 31, 2022-2024. Payments are due in the month following the end of the respective measurement period for which the hurdle rates are set. As described in *Note 4 — Fair Value Measurements*, management uses NYMEX forward pricing estimates for both Henry Hub and West Texas Intermediate hurdle rates and Monte Carlo simulations to determine the fair value of the contingent consideration. As of June 30, 2022 and December 31, 2021, the Company's estimate of the fair value of the unsettled contingent consideration was $174.4 million and $142.5 million, respectively. The change in the fair value of the contingent consideration for the three months ended June 30, 2022 and 2021 was $1.4 million and $31.9 million, respectively, and $31.9 million and $115.3 million for the six months ended June 30, 2022 and 2021, respectively, increasing the associated liability on the Condensed Consolidated Balance Sheets as of June 30, 2022, respectively, and recognition of loss, in the loss on contingent consideration liabilities on the condensed consolidated statements of operations and comprehensive income (loss), respectively.

In conjunction with the Exxon Barnett Acquisition (see *Note 2 — Acquisition)* additional cash consideration will be required to be paid by the Company if thresholds are met for future Henry Hub for the years ended December 31, 2023, and 2024. Henry Hub payouts and thresholds are as follows for the year ended December 31, 2023 : $4.00/MMBTU $10.0 million, $4.50/MMBTU $17.5 million, and $5.00/MMBTU $25.0 million. Henry Hub payouts and thresholds are as follows for the year ended December 31, 2024: $3.75/MMBTU $10.0 million, $4.25/MMBTU $17.5 million, and $4.75/MMBTU $25.0 million, Payments of the additional cash consideration are due as of January 31, of the calendar year following the applicable threshold measurement periods.The fair value of the contingent consideration as of the acquisition date of June 30, 2022, was $17.2 million. Refer to *Note 4 — Fair Value Measurements* for the valuation methodology and associated inputs.

A summary of the Company's commitments, excluding contingent consideration, as of June 30, 2022, is provided in the following table:

(in thousands)	2022	2023	2024	2025	2026	Thereafter	Total
Term loan payments	$ —	$114,000	$114,000	$114,000	$114,000	$114,000	$ 570,000
Credit facility	30,000	—	—	—	—	—	30,000
Notes payable to related party	—	—	—	—	—	191,000	191,000
Interest on related party notes	2,894	—	—	—	—	—	2,894
Lease payments	5,905	1,517	1,029	972	848	1,664	11,935
Capital commitment	3,500	—	—	—	—	—	3,500
Volume commitments	28,426	56,313	41,198	24,227	19,627	82,320	252,111
Total	$70,725	$171,830	$156,227	$139,199	$134,475	$388,984	$1,061,440

On August 22, 2022, the Company entered into a management services agreement with a third party to provide general administrative and management services for carbon capture projects to BKVerde. Pursuant to the management services agreement, the Company is required to make quarterly payments of $2.0 million, beginning in August 2022 through February 2024. The agreement can be terminated with mutual consent from the Company and the third party. During this time period the third party will facilitate the administration and development of carbon capture projects.Under the arrangement, the Company also paid a one-time fee of $4.8 million to allow the Company access to carbon capture projects previously identified by the third party.

Pursuant to an ISDA Master Agreement for derivative contracts (the "Master Agreement") between the Company and the counterparty thereto (the "Counterparty"), the Company was subject to a covenant that restricted the Company from creating, issuing, incurring, or assuming additional indebtedness in excess of $75.0 million. In June 2022, the Company entered into a term loan credit agreement and borrowed $570.0 million of term loans thereunder. In connection with the Company's exceeding this $75.0 million indebtedness threshold, on August 4, 2022, the Company executed the 3rd Amendment to the Master Agreement (the "3rd Amendment") with the Counterparty. Pursuant to the 3rd Amendment, the Company was required to novate or terminate, at the election of the Company, $100.0 million in derivative contracts by October 4, 2022. As of September 15, 2022, the Company terminated derivative contracts of $100.2 million with the Counterparty to meet this requirement. The Company is required to make cash payments for the $100.2 million of terminations of derivative contract which are due in the aggregate by November 30, 2022. The 3rd Amendment also includes a cross default provision pursuant to which a default by the Company related to the covenants under the Company's term loan credit agreement would cause a default under the Master Agreement. In addition, the Company's satisfaction of the previously described obligation with respect to termination of derivative contracts caused the debt incurrence covenant in the Master Agreement to no longer apply.

Note 15 — Income Taxes

The effective tax rates for the three and six months ended June 30, 2022 were 10.4% and (45.0%), respectively, and 23.0% and 23.0% for the three and six months ended June 30, 2021. The effective tax rates differ from the U.S. statutory federal income tax rate of 21.0% primarily due to state taxes. Additionally, for the three and six months ended June 30, 2022, the decrease in the tax rate was primarily due to the recording of a bargain purchase gain on the Exxon Barnett Acquisition, which was nontaxable.

Note 16 — Earnings Per Share

Basic net income or (loss) and comprehensive income or (loss) per common share is calculated by dividing net income or (loss) available to common stockholders of the Company by the basic weighted average number of common shares outstanding for the respective period. Diluted net income (loss) and comprehensive income (loss) per common share is calculated by dividing net income (loss) available to common stockholders of the Company by the diluted weighted average number of common shares outstanding for the respective period. Diluted weighted average number of common shares outstanding and the dilutive effect of potential common shares is calculated using the treasury method for RSUs or if converted method for preferred stock. The Company includes potential shares of common stock for PRSUs in the calculation of diluted weighted average shares outstanding based on the number of common shares that would be issuable if the end of the reporting period was also the end of the performance period. During periods in which the Company incurred a net loss, diluted weighted average common shares outstanding were equal to basic weighted average of common shares outstanding because the effects of all potential common shares was anti-dilutive.

The following is a reconciliation of the Company's basic weighted average number of common shares outstanding to the diluted weighted average number of common shares outstanding:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	**2022**	**2021**	**2022**	**2021**
Basic weighted average common shares outstanding	117,318	116,996	117,310	117,052
Add: dilutive effect of TRSUs	735	—	577	—
Add: dilutive effect of PRSUs	6,392	—	5,334	—
Diluted weighted average of common shares outstanding	124,445	116,996	123,221	117,052
Weighted average number of outstanding securities excluded from the calculation of diluted loss and comprehensive loss per share				
TRSUs	—	32	—	551
PRSUs	—	1,647	—	824
Preferred stock	—	33,815	—	34,344

Note 17 — Subsequent Events

The Company has evaluated its subsequent events occurring after June 30, 2022 through September 15, 2022, which represents the date the condensed consolidated financial statements were available to be issued. All such subsequent events are discussed with their relevant section within these notes to the condensed consolidated financial statements. No further subsequent events have been identified.

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Report of Independent Auditors

To the Management of XTO Energy Inc.

Opinion

We have audited the accompanying statements of revenues and direct operating expenses of the Barnett Assets of XTO Energy Inc. and Barnett Gathering, LLC (the “Company”), for the years ended December 31, 2021 and 2020, including the related notes (referred to as the “statements of revenues and direct operating expenses”).

In our opinion, the accompanying statements of revenues and direct operating expenses present fairly, in all material respects, the revenues in excess of direct operating expenses of the Company for the years ended December 31, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Statements of Revenues and Direct Operating Expenses section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The accompanying statements of revenues and direct operating expenses were prepared in connection with XTO Energy Inc. and Barnett Gathering LLC’s divesture of the Barnett Assets and, as described in Note 1, were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission. The statements of revenues and direct operating expenses are not intended to be a complete presentation of the financial position, results of operations or cash flows of the Barnett Assets of XTO Energy Inc. and Barnett Gathering LLC. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statements of Revenues and Direct Operating Expenses

Management is responsible for the preparation and fair presentation of the statements of revenues and direct operating expenses in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statements of revenue and direct operating expenses that are free from material misstatement, whether due to fraud or error.

In preparing the statements of revenues and direct operating expenses, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the statements of revenues and direct operating expenses are available to be issued.

Auditors’ Responsibilities for the Audit of the Statements of Revenues and Direct Operating Expenses

Our objectives are to obtain reasonable assurance about whether the statements of revenues and direct operating expenses as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the statements of revenues and direct operating expenses.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statements of revenues and direct operating expenses, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the statements of revenues and direct operating expenses.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the statements of revenue and direct operating expenses.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas
September 12, 2022

BARNETT ASSETS

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES

(in U.S. Dollars)	Year Ended December 31, 2021	Year Ended December 31, 2020	Six Months Ended June 30, 2022 (Unaudited)	Six Months Ended June 30, 2021 (Unaudited)
REVENUES				
Oil and condensate, gas and NGL sales	307,980,127	183,587,740	219,232,387	117,279,977
Midstream operating revenues	6,243,524	6,400,076	3,620,836	2,788,135
Other revenues	267,540	395,570	247,704	127,602
Total Revenues	314,491,191	190,383,386	223,100,927	120,195,714
DIRECT OPERATING EXPENSES				
Lease operating expense	76,921,954	83,055,070	47,456,160	36,713,078
Overhead costs	20,826,466	20,523,594	10,720,051	10,442,276
Cost of goods sold	49,794,678	50,306,855	25,320,736	22,616,152
Production and property taxes	21,667,036	17,056,948	10,696,307	4,262,571
Total Direct Operating Expenses	169,210,134	170,942,467	94,193,254	74,034,077
REVENUES IN EXCESS OF DIRECT OPERATING EXPENSES	145,281,057	19,440,919	128,907,673	46,161,637

BARNETT ASSETS

**NOTES TO THE STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES
Years Ended December 31, 2021 and 2020 and Six Months Ended June 30, 2022 and 2021
(unaudited)**

Note 1 — Basis of Presentation

XTO Energy Inc. and Barnett Gathering, LLC (together, the “Company”), wholly-owned subsidiaries of ExxonMobil Corporation owned oil and gas properties located in the Barnett Shale/Fort Worth Basin (the “Properties”), consisting of approximately 160,000 net acres, 2700 gross wells, and certain midstream gathering infrastructure. On May 18, 2022, the Company entered into a purchase and sale agreement with BKV North Texas, LLC and BKV Midstream, LLC (together, “BKV” or the “Buyer”), under which BKV agreed to acquire the Properties from the Company in a cash transaction for aggregate consideration of $750.0 million, subject to customary closing purchase price adjustments and certain additional contingent payments. The transaction closed on June 30, 2022.

The Statements of Revenues and Direct Operating Expenses (the “Statements”) have been derived from the historical financial records of the Company, which represent their interests in revenues and expenses associated with the Properties, and were not accounted for as a separate subsidiary or division during the periods presented. Accordingly, a complete set of financial statements required by Regulation S-X, including a balance sheet and cash flow statement, prepared under U.S. generally accepted accounting principles (“GAAP”) is not available or practicable to prepare for the Properties.

The Statements are not intended to be a complete presentation of the results of operations of the Properties as they do not include depreciation, depletion and amortization, accretion of asset retirement obligations, general and administrative expenses, interest expense, and income taxes. These costs are excluded because they are either not comparable to future operations, or they were not separately allocated to the Properties in the Company’s historical accounting records. In addition to these exclusions, the Statements may not be representative of future operations due to potential changes in the business of the Buyer.

The accompanying Statements for the six months ended June 30, 2022 and 2021 are unaudited. The unaudited interim Statements have been prepared on the same basis as the annual Statements. In the opinion of management, such unaudited interim statements reflect all adjustments necessary for fair statement of the revenues and direct operating expenses of the Properties.

Note 2 — Use of Estimates in Preparation of the Statements

The preparation of these Statements requires management to make estimates and assumptions that affect the reported amounts of revenues and direct operating expenses during the respective reporting periods. Actual results may differ from the estimates and assumptions used in the preparation of the Statements.

Note 3 — Revenue Recognition

The Company generally sells crude oil and natural gas under short-term agreements at prevailing market prices. In some cases (e.g., natural gas), products may be sold under long-term agreements, with periodic price adjustments to reflect market conditions. Revenue is recognized at the amount the Company expects to receive when the customer has taken control, which is typically when title transfers and the customer has assumed the risks and rewards of ownership. The prices of certain sales are based on price indices that are sometimes not available until the next period. In such cases, estimated realizations are accrued when the sale is recognized, and are finalized when the price is available. Such adjustments to revenue from performance obligations satisfied in previous periods are not significant. Payment for revenue transactions is typically due within 30 days. Future volume delivery obligations that are unsatisfied at the end of the period are expected to be fulfilled through ordinary production or purchases. These performance obligations are based on market prices at the time of the transaction and are fully constrained due to market price volatility.

Note 4 — Direct Operating Expenses

Direct operating expenses are recognized when incurred and consist of direct operating expenses of the Properties. The direct operating expenses include lease operating expenses and deductions. Lease operating

BARNETT ASSETS

NOTES TO THE STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES
Years Ended December 31, 2021 and 2020 and Six Months Ended June 30, 2022 and 2021
(unaudited) (continued)

expenses include lifting costs, well repair expenses, facility maintenance expenses, well workover costs, and other field-related expenses. Lease operating expenses also include overhead and expenses directly associated with support personnel, support services, equipment, and facilities directly related to oil and gas production activities. Other deductions include cost of goods sold such as gathering and transportation expenses, and purchases of third party gas. Deductions also include the associated production taxes and property taxes associated with the Properties.

Note 5 — Subsequent Events

The Company has evaluated subsequent events through September 12, 2022, the date the Statements of Revenues and Direct Operating Expenses were available to be issued, and has concluded that no events need to be reported.

BARNETT ASSETS

SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED)

Estimated Quantities of Proved Oil, Natural Gas, and NGL Reserve Quantities

Estimated quantities of proved natural gas, NGL and oil reserves at December 31, 2021, and December 31, 2020 and changes in the reserves during each period for the Properties, are shown below. For the years ended December 31, 2021 and 2020 all reserves are proved developed.

These estimates have been prepared in accordance with SEC regulations regarding oil and natural gas reserve reporting using the average price during the trailing 12-month period, determined as an unweighted average of the first-day-of-the-month price for each month.

Estimates of proved natural gas, NGL and oil reserves have been completed in accordance with professional engineering standards. The estimates of proved natural gas, NGL and oil reserves were prepared by the Buyer's petroleum engineers for the years ended December 31, 2021 and 2020. Those proved reserves estimates were calculated by adding back production (rolled back) and adjusting for pricing from a reserve report prepared by Ryder Scott Company L.P., an independent petroleum consulting firm engaged by the Buyer, as of June 30, 2022, as this method was deemed to provide the best estimates based on information available.

	Natural Gas (MMcf)	NGL (MBbls)	Oil (MBbls)	Total (MMcfe)
January 1, 2020	965,033	18,703	189	1,078,385
Revision of previous estimates (1)	(217,748)	(4,441)	(45)	(244,664)
Production	(85,388)	(1,435)	(19)	(94,112)
December 31, 2020	661,897	12,827	125	739,609
Revision of previous estimates (2)	359,153	6,807	77	400,457
Production	(74,076)	(1,283)	(18)	(81,882)
December 31, 2021	946,974	18,351	184	1,058,184

(1) The downward revisions of previous estimates of 244,664 MMcfe for the year ended December 31, 2020 were the result of lower product pricing.

(2) The upward revisions of previous estimates of 400,457 MMcfe for the year ended December 31, 2021 were the result of higher commodity prices and improved well performance.

BARNETT ASSETS

SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED) (continued)

Standardized Measure of Discounted Future Net Cash Flows

The Buyer prepared the following summary which sets forth the Buyer's future net cash flows relating to proved natural gas, NGL and oil reserves based on the standardized measure for the years ended December 31, 2021 and 2020. As discussed in Note 1 Basis of Preparation, the effects of federal income taxes are not included in the accompanying Statements, and similarly are not included in the standardized measure presented.

Future cash flows (in thousands)	As of December 31, 2021	As of December 31, 2020
Future estimated revenues[1]	$ 2,724,244	$ 686,798
Future estimated production costs[2]	(1,190,931)	(508,748)
Future estimated development costs[2]	(121,966)	(122,467)
Future income tax expense[3]	(14,302)	(3,606)
Future net cash flows	1,397,045	51,977
10% annual discount for estimated timing of cash flows	(688,067)	(25,602)
Standardized measure of discounted future net cash flows related to proved reserves	$ 708,978	$ 26,375

(1) In accordance with SEC regulations regarding oil and natural gas reserve reporting, reserves were estimated using the average price during the trailing 12-month period, determined as an unweighted average of the first-day-of-the-month price for each month.

(2) Future production, development, site restoration and abandonment costs are derived based on current costs assuming continuation of existing economic conditions.

(3) As stated above, no provisions for future federal income taxes were included; however, provisions for future obligations under the Texas gross margin tax are included.

BARNETT ASSETS

SUPPLEMENTAL OIL AND GAS INFORMATION (UNAUDITED) (continued)

The following table summarizes the changes in the Standardized Measure of discount future net cash flows:

(in thousands)	For the Years Ended December 31, 2021	2020
Balance, beginning of period	$ 26,375	$ 341,528
Net change in sales and transfer prices and in production (lifting) costs related to future production	574,114	(179,269)
Changes in estimated future development costs	148	(782)
Sales and transfers of natural gas, NGLs and oil produced during the period	(188,565)	(62,952)
Net change due to revisions in quantity estimates	278,939	(104,659)
Net change in future income taxes	(4,558)	2,402
Accretion of discount	2,815	34,571
Changes in timing and other	19,710	(4,464)
Total discounted cash flow as end of period	$ 708,978	$ 26,375

The data presented should not be viewed as representing the expected cash flow from, or current value of, existing proved reserves since the computations involve significant estimates and judgments. The required projection of production and related expenditures over time requires further estimates with respect to pipeline availability, rates of demand and governmental control. Actual future prices and costs are likely to be substantially different from the prices and costs utilized in the computation of reported amounts above. Any analysis or evaluation of the reported amounts should give specific recognition to the computational methods utilized and the limitations inherent therein.

PART II INFORMATION

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the various expenses, other than underwriting discounts and commissions, payable by us in connection with the offering of our common stock contemplated by this registration statement. All of the fees set forth below are estimates, except for the SEC registration fee, the Financial Industry Regulatory Authority, Inc. ("FINRA") filing fee and the NYSE listing fee.

SEC registration fee	$	*
FINRA filing fee		*
NYSE listing fees		*
Transfer agent and registrar fees and expenses		*
Printing fees and expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Miscellaneous		*
Total	$	*

* To be provided by amendment.

Item 14. Indemnification of Directors and Officers.

Our certificate of incorporation will provide that directors and officers will not be liable to the Company or its stockholders for monetary damages to the fullest extent permitted by the DGCL. In addition, if the DGCL is amended to authorize the further elimination or limitation of the liability of directors and officers, then the liability of a director or officer of the Company, in addition to the limitation on personal liability provided for in our certificate of incorporation, will be limited to the fullest extent permitted by the amended DGCL. Our bylaws will provide that the Company will indemnify, and advance expenses to, any officer or director to the fullest extent authorized by the DGCL.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement in connection with specified actions, suits and proceedings whether civil, criminal, administrative, or investigative, other than a derivative action by or in the right of the corporation, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation will also contain indemnification rights for our directors and our officers. Specifically, our certificate of incorporation will provide that we shall defend, indemnify and advance expenses to our officers and directors to the fullest extent authorized by the DGCL. Further, we may maintain insurance on behalf of our officers and directors against expense, liability or loss asserted incurred by them in their capacities as officers and directors.

In addition, we intend to enter into indemnification agreements, to be effective upon the completion of this offering, with our current directors and officers containing provisions that are in some respects broader than the specific indemnification provisions contained in the DGCL. The indemnification agreements will require us, among other things, to indemnify our directors and officers against certain liabilities that may arise by reason of their status or service as directors or officers and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. We also intend to enter into indemnification agreements with our future directors and officers.

We intend to maintain liability insurance policies that indemnify our directors and officers against various liabilities, including certain liabilities arising under the Securities Act or the Exchange Act that may be incurred by them in their capacity as such.

The proposed form of Underwriting Agreement to be filed as Exhibit 1.1 to this registration statement provides for indemnification of our directors and officers by the underwriters against certain liabilities arising under the Securities Act or otherwise in connection with this offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 15. Recent Sales of Unregistered Securities.

In the three years preceding the filing of this registration statement, we have issued the following unregistered securities.

Corporatization Event

The information set forth in "*Business — Our History — The Corporatization Event*" of the prospectus is incorporated herein by reference. On May 1, 2020, as part of the Corporatization Event, the Company issued 92,700,000 shares of its common stock in exchange for a contribution by the partners of BKV O&G of all of the partnership interests in BKV O&G and 2,000,000 shares of its common stock in exchange for a contribution by the members of Kalnin Ventures of all of the membership interests in Kalnin Ventures. The foregoing issuances were made under an exemption from registration provided by Section 4(a)(2) of the Securities Act, and no underwriters were involved in these transactions.

Other Equity Issuances

On October 1, 2020, the Company issued 22,284,000 shares of its common stock to an existing investor, BNAC, for $222.8 million. The foregoing issuance was made under an exemption from registration provided by Section 4(a)(2) of the Securities Act, and no underwriters were involved in this transaction.

On December 15, 2020, the Company issued 100,000 shares of its common stock to a new investor, OCM BKV Holdings, LLC, an affiliate of Oaktree Capital Management L.P., for $1.0 million, net of associated costs. These shares were issued in connection with the issuance of 9,900,000 shares of Series A Redeemable Preferred Stock, par value $10.00 per share, of the Company (the "Series A preferred stock"), to the same investor in a private placement for $99.0 million. The foregoing issuances were made under an exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder, and no underwriters were involved in these transactions. The Company redeemed a portion of such shares of Series A preferred stock in May 2021 and the remainder in October 2021.

2021 Plan Issuances

From January 1, 2021 through December 31, 2021, performance restricted stock units (PRSUs) were legally granted under the 2021 Plan, which, assuming vesting at maximum payout, would result in the vesting of 12,256,502 shares of the Company's common stock, and 656,595 time restricted stock units (TRSUs) were legally granted, of which 164,112 TRSUs were vested at the time of grant and 155,161 TRSUs have since vested. From December 31, 2021 and through the date of this registration statement, additional PRSUs were legally granted, which, assuming vesting at maximum payout, would result in the vesting of 410,200 shares of the Company's common stock, and 642,760 TRSUs were legally granted, of which 160,651 TRSUs were vested as of the date of this registration statement. Such awards under the 2021 Plan were granted to employees and directors of the Company or its subsidiaries. The foregoing issuances were made under an exemption from registration provided by either (i) Rule 701 under the Securities Act as transactions pursuant to compensatory benefit plans and contracts relating to compensation; or (ii) Section 4(a)(2) of the Securities Act as transactions by an issuer not involving any public offering. Any outstanding and unvested PRSUs and TRSUs will vest in connection with this offering.

2020 ESPP Issuances

In December 2021, the Company issued 287,209 shares of its common stock through sales under the 2020 ESPP and received proceeds of approximately $3.2 million from such sales. In April 2022, the Company issued 5,125 shares of its common stock through sales under the 2020 ESPP and received proceeds of $78,310 from such sales. Such sales under the 2020 ESPP were made to certain employees and directors of the Company. The foregoing issuances were made under an exemption from registration provided by either (i) Rule 701 under the Securities Act as transactions pursuant to compensatory benefit plans and contracts relating to compensation; or (ii) Section 4(a)(2) of the Securities Act as transactions by an issuer not involving any public offering.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits: The list of exhibits set forth under " *Exhibit Index*" at the end of this registration statement is incorporated herein by reference.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit Number	Description
1.1*	Form of Underwriting Agreement
2.1+**	Purchase and Sale Agreement, dated December 17, 2019, between Devon Energy Production Company, L.P. and BKV Barnett, LLC
2.2+**	First Amendment to Purchase and Sale Agreement, dated April 13, 2020, among Devon Energy Production Company, L.P., BKV Barnett, LLC and, solely with respect to the sections listed therein, BKV Oil & Gas Capital Partners, L.P.
2.3+**	Purchase and Sale Agreement, dated May 18, 2022, between XTO Energy Inc., Barnett Gathering, LLC, BKV North Texas, LLC and BKV Midstream, LLC
3.1**	Amended and Restated Certificate of Incorporation of BKV Corporation, as currently in effect
3.2**	Bylaws of BKV Corporation, as currently in effect
3.3**	Form of Second Amended and Restated Certificate of Incorporation of BKV Corporation, to be in effect upon completion of this offering
3.4**	Form of Amended and Restated Bylaws of BKV Corporation, to be in effect upon completion of this offering
4.1*	Form of Common Stock Certificate
5.1*	Opinion of Baker Botts L.L.P. as to the legality of the securities being registered
10.1+**	Credit Agreement, dated June 16, 2022, among BKV Corporation, the lenders party thereto and Bangkok Bank Public Company Limited, New York Branch
10.2**	Amended and Restated Loan Agreement, dated June 15, 2022, between Banpu North America Corporation and BKV Corporation, in the amount of $116,000,000
10.3**	Amended and Restated Loan Agreement, dated June 15, 2022, between Banpu North America Corporation and BKV Corporation, in the amount of $75,000,000
10.4+	Revolving Credit Agreement, dated August 24, 2022, among BKV Corporation, the lenders party thereto and Bangkok Bank Public Company Limited, New York Branch
10.5**	Form of Stockholders' Agreement to be entered into between BKV Corporation and Banpu North America Corporation
10.6**	Form of Amended and Restated Tax Sharing Agreement to be entered into between BKV Corporation and Banpu North America Corporation
10.7†**	BKV Corporation 2021 Long Term Incentive Plan, adopted January 1, 2021 (the "2021 Plan")
10.8†**	First Amendment to the 2021 Plan, dated November 5, 2021
10.9†**	Form of Time Restricted Stock Unit Award and Performance-Based Restricted Stock Unit Award Notice and Award Agreement under the 2021 Plan
10.10†**	Form of Time Restricted Stock Unit Award Notice and Award Agreement under the 2021 Plan
10.11†**	BKV Corporation 2020 Employee Stock Purchase Plan, adopted July 16, 2020
10.12†**	First Amendment to the BKV Corporation 2020 Employee Stock Purchase Plan, dated November 5, 2021
10.13†**	Second Amendment to the BKV Corporation 2020 Employee Stock Purchase Plan, dated April 21, 2022
10.14†**	Form of BKV Corporation 2022 Equity and Incentive Compensation Plan (the "2022 Plan")
10.15*†	Form of Award Agreements under the 2022 Plan
10.16*†	Form of Director Indemnification Agreement
10.17†**	Employment Agreement, dated August 4, 2020, between BKV Corporation and Christopher P. Kalnin

Exhibit Number	Description
10.18†**	Employment Agreement, dated January 11, 2021, between BKV Corporation and John T. Jimenez
10.19†**	Employment Agreement, dated February 18, 2020, between Kalnin Ventures LLC and Eric Jacobsen
10.20†**	Employment Agreement, dated January 15, 2021, between BKV Corporation and Brid Kealey
10.21†**	Employment Agreement, dated October 15, 2018, between Kalnin Ventures LLC and Lindsay B. Larrick
10.22†**	Employment Agreement, dated April 1, 2018, between Kalnin Ventures LLC and An Sao (Ethan) Ngo
10.23+**	Limited Liability Company Agreement of BKV-BPP Power, LLC, dated October 29, 2021
10.24†	BKV Corporation Non-Employee Director Compensation Program
21.1*	List of Subsidiaries of BKV Corporation
23.1*	Consent of PricewaterhouseCoopers LLP (BKV Corporation)
23.2*	Consent of PricewaterhouseCoopers LLP (ExxonMobil Barnett Assets)
23.3*	Consent of Ryder Scott Company, L.P.
23.4*	Consent of Baker Botts L.L.P. (included as part of Exhibit 5.1 hereto)
24.1*	Power of Attorney (included on the signature page of the initial filing of the registration statement)
99.1**	Ryder Scott Company, L.P., Summary of Reserves at December 31, 2020 (SEC Pricing) (BKV Barnett, LLC)
99.2**	Ryder Scott Company, L.P., Summary of Reserves at December 31, 2020 (SEC Pricing) (BKV Chafee Corners, LLC)
99.3**	Ryder Scott Company, L.P., Summary of Reserves at December 31, 2020 (SEC Pricing) (BKV Chelsea, LLC)
99.4**	Ryder Scott Company, L.P., Summary of Reserves at December 31, 2020 (SEC Pricing) (BKV Operating, LLC)
99.5**	Ryder Scott Company, L.P., Summary of Reserves at December 31, 2021 (SEC Pricing) (BKV Barnett, LLC)
99.6**	Ryder Scott Company, L.P., Summary of Reserves at December 31, 2021 (SEC Pricing) (BKV Chafee Corners, LLC)
99.7**	Ryder Scott Company, L.P., Summary of Reserves at December 31, 2021 (SEC Pricing) (BKV Chelsea, LLC)
99.8**	Ryder Scott Company, L.P., Summary of Reserves at December 31, 2021 (SEC Pricing) (BKV Operating, LLC)
99.9**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (SEC Pricing) (BKV Barnett, LLC)
99.10**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (SEC Pricing) (BKV Chafee Corners, LLC)
99.11**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (SEC Pricing) (BKV Chelsea, LLC)
99.12**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (SEC Pricing) (BKV Operating, LLC)
99.13**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (SEC Pricing) (Exxon Barnett Acquisition)
99.14**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (Ryder Scott Pricing) (BKV Barnett, LLC)

Exhibit Number	Description
99.15**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (Ryder Scott Pricing) (BKV Chafee Corners, LLC)
99.16**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (Ryder Scott Pricing) (BKV Chelsea, LLC)
99.17**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (Ryder Scott Pricing) (BKV Operating, LLC)
99.18**	Ryder Scott Company, L.P., Summary of Reserves at June 30, 2022 (Ryder Scott Pricing) (Exxon Barnett Acquisition)
107*	Calculation of Filing Fee Table

* To be filed by amendment.

** Previously filed.

† Compensatory plan or arrangement.

\+ Certain schedules and similar attachments have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Denver, State of Colorado, on this day of , 2022.

BKV CORPORATION

By: ______________________________
Christopher P. Kalnin
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher P. Kalnin and Lindsay B. Larrick, and each of them, his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments, including post-effective amendments, to this registration statement, and any registration statement relating to the offering covered by this registration statement and filed pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each of said attorney-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933 this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Name	Title	Date
Christopher P. Kalnin	Chief Executive Officer and Director (Principal Executive Officer)	, 2022
John T. Jimenez	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	, 2022
Chanin Vongkusolkit	Chairman of the Board	, 2022
Somruedee Chaimongkol	Director	, 2022
Joseph R. Davis	Director	, 2022
Akaraphong Dayananda	Director	, 2022
Carla S. Mashinski	Director	, 2022

Name	Title	Date
______________________ Thiti Mekavichai	Director	, 2022
______________________ Charles C. Miller III	Director	, 2022
______________________ Sunit S. Patel	Director	, 2022
______________________ Anon Sirisaengtaksin	Director	, 2022
______________________ Sinon Vongkusolkit	Director	, 2022

Exhibit 10.4

Execution Version

REVOLVING CREDIT AGREEMENT

dated as of

August 24, 2022

among

BKV CORPORATION
as Borrower

The Lenders Party Hereto

and

BANGKOK BANK PUBLIC COMPANY LIMITED, NEW YORK BRANCH
as Administrative Agent

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(continued)

EXHIBITS:

REVOLVING CREDIT AGREEMENT (this "Agreement") dated as of August 24, 2022 among BKV CORPORATION, as Borrower, the LENDERS from time to time party hereto and BANGKOK BANK PUBLIC COMPANY LIMITED, NEW YORK BRANCH, as Administrative Agent.

The parties hereto agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Revolving Loan or Borrowing, refers to whether such Borrowing, or the Revolving Loans comprising such Borrowing, bears interest at a rate determined by reference to the Alternate Base Rate.

"ABR Revolving Loan" means a Revolving Loan that bears interest at a rate based on the ABR.

"Acreage Swap" means any concurrent purchase and sale or exchange of Oil and Gas Properties between any Loan Party and another Person.

"Adjusted Daily Simple RFR" means with respect to any RFR Borrowing, an interest rate per annum equal to (a) the Daily Simple RFR, plus (b) 0.10 %; *provided* that if the Adjusted Daily Simple RFR as so determined would be less than the Floor, such rate shall be deemed to be equal to the Floor for the purposes of this Agreement.

"Adjusted Stockholders' Equity" means stockholders' equity of the Borrower and its Consolidated Subsidiaries as determined pursuant to GAAP, adjusted to exclude in the calculation thereof any accumulated change in the fair market value of unrealized earnout obligations consisting of the Subject Payments and accumulated net unrealized gain or loss (after any offset) resulting from Swap Agreements and the application of Accounting Standards Codification Topic No. 815, Derivatives and Hedging.

"Adjusted Term SOFR Rate" means, for any Interest Period, an interest rate per annum equal to (a) the Term SOFR Rate for such Interest Period, plus (b) 0.10%; *provided* that if the Adjusted Term SOFR Rate as so determined would be less than the Floor, such rate shall be deemed to be the Floor for the purposes of this Agreement.

"Administrative Agent" means Bangkok Bank Public Company Limited, New York Branch, in its capacity as administrative agent for the Lenders hereunder, and any successor in such capacity pursuant to Article 8.05.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Affiliated" shall have a corresponding meaning.

"Agreement" has the meaning assigned to such term in the preamble hereto.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus 0.50% and (c) the Adjusted Term SOFR Rate for a one-month Interest Period as published two U.S. Government Securities Business Days prior to such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%; *provided* that, for the purpose of this definition, the Adjusted Term SOFR Rate for any day shall be based on the Term SOFR Reference Rate at approximately 6:00 a.m. New York time on such day (or any amended publication time for the Term SOFR Reference Rate, as specified by the CME Term SOFR Administrator in the Term SOFR Reference Rate methodology). Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR Rate, respectively. If the Alternate Base Rate is being used as an alternate rate of interest pursuant to Section 2.11 (for the avoidance of doubt, only until the Benchmark Replacement has been determined pursuant to Section 2.11(b)), then the Alternate Base Rate shall be the greater of clauses (a) and (b) above and shall be determined without reference to clause (c) above. For the avoidance of doubt, if the Alternate Base Rate as determined pursuant to the foregoing would be less than 1.00%, such rate shall be deemed to be 1.00% for purposes of this Agreement.

"Amended and Restated Shareholder Loan Agreements" means (a) that certain Amended and Restated Loan Agreement, dated as of June 15, 2022, by and between Banpu North America, as lender, and the Borrower, as borrower, pursuant to which Banpu North America made a term loan in the aggregate principal amount of $116,000,000 and (b) the XTO Acquisition Subordinated Shareholder Loan Agreement.

"Amended and Restated Shareholder Loans" means the loans incurred by the Borrower pursuant to the Amended and Restated Shareholder Loan Agreements (including the XTO Acquisition Subordinated Shareholder Loans).

"Ancillary Document" has the meaning assigned to such term in Section 9.06.

"Annual Payment Date" shall have the meaning assigned to such term in the Term Loan Credit Agreement.

"Anti-Corruption Laws" means all Requirements of Law of any jurisdiction applicable to the Borrower or any of its Subsidiaries from time to time concerning or relating to bribery or corruption, (including, without limitation, the FCPA).

"Anti-Terrorism Laws" means all Requirements of Law of any jurisdiction related to terrorism financing or money laundering, including the Patriot Act, The Currency and Foreign Transactions Reporting Act (also known as the "Bank Secrecy Act", 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959) and Executive Order 13224 (effective September 24, 2001).

"Applicable Percentage" means, with respect to any Lender at any time, a percentage (carried out to the ninth decimal place) equal to a fraction (a) the numerator of which is an amount equal to such Lender's Credit Exposure at such time and (b) the denominator of which is an amount equal to the Credit Exposures of all Lenders at such time; provided that, in each case, when a Defaulting Lender shall exist, "Applicable Percentage" shall disregard any Defaulting Lender's Credit Exposure.

"Applicable Rate" means 4.75% per annum.

"Approved Electronic Platform" has the meaning assigned to such term in Section 8.03(a).

"Approved Petroleum Engineers" means (a) Ryder Scott Company, L.P. and (b) any other independent petroleum engineers reasonably acceptable to the Administrative Agent.

"Approved Swap Counterparty" means (a) any Person whose (or whose credit support provider's) long term senior unsecured debt rating or issuer rating at the time the relevant Swap Agreement is entered into is A- or higher by S&P or A3 or higher by Moody's (or their equivalent) or (b) any counterparty to a Swap Agreement with the Borrower or any Subsidiary of the Borrower that is acceptable to the Administrative Agent at the time such Swap Agreement is entered into.

"Asset Coverage Ratio" means, as of any date, the ratio of (a) Total Proved PV-10 as of such date to (b) Specified Total Indebtedness as of such date.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, substantially in the form of Exhibit B, or any other form (including electronic records generated by the use of an electronic platform) approved by the Administrative Agent.

"Available Cash" means, as of any date of determination, all cash and Cash Equivalents of the Borrower or any of its Subsidiaries as of such date, other than any such cash or Cash Equivalents that would appear as "restricted" on a consolidated balance sheet of the Borrower or any of its Subsidiaries.

"Available Tenor" means, as of any date of determination and with respect to the then- current Benchmark, as applicable, any tenor for such Benchmark (or component thereof) or payment period for interest calculated with reference to such Benchmark (or component thereof), as applicable, that is or may be used for determining the length of an interest period for any term rate or otherwise, for determining any frequency of making payments of interest calculated pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (e) of Section 2.11.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permits such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Banpu" means Banpu Public Company Limited, a public company registered in Thailand.

"Banpu North America" means Banpu North America Corporation, a Delaware corporation.

"Benchmark" means, initially, (a) with respect to any Term Benchmark Loan, the Term SOFR Rate and (b) with respect to any RFR Revolving Loan, the Adjusted Daily Simple RFR; *provided* that if a Benchmark Transition Event and the related Benchmark Replacement Date have occurred with respect to the Term SOFR Rate, the Adjusted Daily Simple RFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.11(b).

"Benchmark Replacement" means, with respect to any Benchmark Transition Event, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Administrative Agent for the applicable Benchmark Replacement Date:

(1) the Adjusted Daily Simple RFR;

(2) the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time in the United States and (b) the related Benchmark Replacement Adjustment.

If the Benchmark Replacement as determined pursuant to clause (1) or (2) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable interest period and Available Tenor for any setting of such Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date and/or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in Dollars at such time.

"Benchmark Replacement Conforming Changes" means, with respect to Term SOFR Rate and/or any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day", the definition of "U.S. Government Securities Business Day", the definition of "Interest Period," the definition of "Interest Payment Date", timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, changes to Section 2.05 to reflect one interest rate applicable to all Revolving Loans, and other technical, administrative or operational matters) that the Administrative Agent (in consultation with the Borrower) decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent (in consultation with the Borrower) decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"Benchmark Replacement Date" means, with respect to any Benchmark, the earliest to occur of the following events with respect to such then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be no longer representative; *provided* that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (3) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the

Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means, with respect to any Benchmark, the occurrence of one or more of the following events with respect to such then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the NYFRB, the CME Term SOFR Administrator, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component), or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), in each case which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer, or as of a specified future date will no longer be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means, with respect to any Benchmark, the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.11 and (y) ending at the time that a Benchmark Replacement has replaced such then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.11.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 CFR § 1010.230.

"BKV-BPP" means BKV-BPP Power, LLC, a Delaware limited liability company.

"BKV-Temple Loan Agreement" means that certain Loan Agreement, dated as of December 23, 2021, by and among the Borrower and Temple Generation I LLC.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means BKV Corporation, a Delaware corporation.

"Borrower Reimbursement Conditions" shall mean, with respect to any Borrowing:

(a) the Borrower shall have delivered to the Administrative Agent a certificate (in form and substance satisfactory to the Administrative Agent) (i) certifying that the amounts (the "Reimbursed Invoiced Amounts") owing to the applicable Payees (other than Specified Royalty Payments) in connection with such Borrowing have been paid to the respective Payees prior to the date of such Borrowing, (ii) certifying, and providing calculations showing, that the amount of the requested Borrowing does not exceed 110% of such Reimbursed Invoiced Amounts (for the avoidance of doubt, including any Specified Royalty Payments) and (iii) certifying that the Borrower will pay to the applicable Payees of any Specified Royalty Payment such Specified Royalty Payment on or prior to the last day of the month in which such Borrowing occurs; and

(b) the Administrative Agent shall in its sole discretion approve the direct disbursement of Revolving Loan proceeds to the Borrower instead of the applicable Payee(s).

"Borrowing" means Revolving Loans made on the same date.

"Borrowing Request" means a written request by the Borrower for a Borrowing in accordance with Section 2.03, which shall be substantially in the form attached hereto as Exhibit D or any other form approved by the Administrative Agent.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City, are authorized or required by law to remain closed; *provided* that, when used in connection with a Term Benchmark Loan or RFR Revolving Loan, the term " Business Day" shall also exclude any day that is not a U.S. Government Securities Business Day.

"Capital Expenditures" means, with respect to any Person for any period, any expenditure in respect of the purchase or other acquisition or improvement of any fixed or capital asset (excluding normal replacements and maintenance which are properly charged to current operations) classified and accounted for as a capital expenditure on the statement of cash flow of such Person in accordance with GAAP, but excluding any payments made as consideration for any merger or consolidation with any other Person or any acquisition of the Equity Interests in any other Person.

"Capital Lease Obligations" of any Person means, subject to Section 1.03, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital lease obligations on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Equivalents" means, as at any date of determination, any of the following: (a) marketable securities (i) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or (ii) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one year after such date; (b) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (c) commercial paper having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (d) deposits maturing within one year from the date of creation thereof with, including certificates of deposit issued by, any Lender or any office located in the United States of any other bank or trust company which is organized under the laws of the United States or any state thereof, has capital, surplus and undivided profits aggregating at least $100,000,000 (as of the date of such bank or trust company's most recent financial reports) and has a short term deposit rating of no lower than A-2 or P-2, as such rating is set forth from time to time, by S&P or Moody's, respectively; and (e) deposits in money market funds investing exclusively in Investments described in clauses (b), (c) or (d) above.

"Cashflow Projection" means a projection of the cash flow of the Borrower and its Consolidated Subsidiaries, in form and detail acceptable to the Administrative Agent.

"Casualty Event" means any loss, casualty or other insured damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Borrower or any Subsidiary.

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, state and local analogs, and all rules and regulations and requirements thereunder in each case as now or hereafter in effect.

"Change in Control" means an event or series of events by which:

(a) at any time prior to the consummation of a Qualified IPO, the Permitted Holders collectively shall cease to directly or indirectly own, or cease to have the power to vote or direct the voting of, Equity Interests of the Borrower representing at least 75% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower on a fully- diluted basis;

(b) at any time after the consummation of a Qualified IPO, the Permitted Holders collectively shall cease to directly or indirectly own, or cease to have the power to vote or direct the voting of, Equity Interests of the Borrower representing at least 51% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of the Borrower on a fully- diluted basis; or

(c) any of the Equity Interests of the Borrower owned by any Permitted Holder becomes subject to any Lien (other than Liens securing the Obligations).

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

"Charges" has the meaning assigned to such term in Section 9.15.

"CME Term SOFR Administrator" means CME Group Benchmark Administration Limited as administrator of the forward-looking term SOFR (or a successor administrator).

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitment" means a Revolving Loan Commitment.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent or any Lender by means of electronic communications pursuant to Section 8.03(c), including through an Approved Electronic Platform.

"Compliance Certificate" means a certificate of a Financial Officer of the Borrower substantially in the form attached hereto as Exhibit E.

"Concord" means Concord Energy, LLC.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated EBITDA" means, with reference to any period, the sum of the following: (a) Consolidated Net Income for such period plus (b) without duplication and to the extent deducted from revenues in determining Consolidated Net Income for such period, (i) Consolidated Interest Expense, (ii) expense for income, margin, franchise and similar taxes paid or accrued, (iii) depreciation, (iv) depletion, (v) amortization and (vi) other non-cash charges (except to the extent that such non-cash charges are reserved for cash charges to be taken in the future), minus (c) to the extent included in Consolidated Net Income for such period, (i) interest income, (ii) income tax credits and refunds (to the extent not netted from income tax expense) and (iii) non-cash gains and other non-cash items increasing Consolidated Net Income (other than any such non-cash gains on items to the extent representing the reversal of an accrual or reserve for a potential cash charge in any prior period), all calculated for the Borrower and its Subsidiaries in accordance with GAAP on a consolidated basis. For purposes of calculating Consolidated EBITDA for any period, if at any time during such period the Borrower or any of its Subsidiaries shall have made any Material Disposition or Material Acquisition, Consolidated EBITDA for such period shall be calculated giving pro forma effect thereto as if such Material Disposition or Material Acquisition had occurred on the first day of such period (such pro forma effect to be determined without giving effect to any anticipated or proposed change in operations, revenues, expenses or other items included in the calculation of Consolidated EBITDA, except with the consent of the Administrative Agent), and such pro forma effect shall be determined in a manner otherwise acceptable to the Administrative Agent and with supporting documentation acceptable to the Administrative Agent.

"Consolidated Fixed Charge Coverage Ratio" means, as of the last day of any Test Period, the ratio, determined on a consolidated basis for the Borrower and its Subsidiaries for such Test Period, of (a) (i) Consolidated EBITDA for such Test Period *plus* (ii) cash held by the Borrower and its Subsidiaries as of the commencement of such Test Period *minus* (iii) the sum of (without duplication) (A) the current portion of any Indebtedness of the Borrower and its Subsidiaries as of such date (other than the current portion of any Term Loans and any current contingent Indebtedness), (B) the aggregate principal amount of any Indebtedness incurred pursuant to Section 6.01(j) and outstanding as of such date and (C) the aggregate amount of the Subject Payments and any other contingent Indebtedness and/or earnout obligations incurred by the Borrower or its Subsidiaries in connection with any Investment (other than any current contingent Indebtedness) to (b) Consolidated Fixed Charges for such Test Period.

"Consolidated Fixed Charges" means, with respect to any Test Period, the sum of (a) Consolidated Interest Expense for such Test Period, (b) scheduled principal payments of borrowed money (including the Term Loans) made during such Test Period, (c) Capital Expenditures made during such Test Period, (d) any federal and state income taxes paid in cash for such Test Period, and (e) cash payments in respect of Capital Lease Obligations made during such Test Period.

"Consolidated Interest Expense" means, with reference to any period, the interest expense (including interest expense under Capital Lease Obligations that is treated as interest in accordance with GAAP) of the Borrower and its Subsidiaries calculated on a consolidated basis for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries allocable to such period in accordance with GAAP (including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financing and net costs under interest rate Swap Agreements to the extent such net costs are allocable to such period in accordance with GAAP). In the event that the Borrower or any of its Subsidiaries shall have completed a Material Acquisition or a Material Disposition since the beginning of the relevant period, Consolidated Interest Expense shall be determined for such period on a pro forma basis as if such acquisition or Disposition, and any related incurrence or repayment of Indebtedness, had occurred at the beginning of such period.

"Consolidated Net Income" means, with reference to any period, the net income (or loss) of the Borrower and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded from such net income (to the extent otherwise included therein) the following: (a) the net income of any Person in which the Borrower or any of its Subsidiaries has an interest (which interest does not cause the net income of such other Person to be consolidated with the net income of the Borrower and its Subsidiaries in accordance with GAAP), except to the extent of the amount of dividends or distributions actually paid in cash during such period by such other Person to the Borrower or a Subsidiary; (b) the undistributed earnings during such period of any Subsidiary of the Borrower to the extent that the declaration or payment of dividends or similar distributions or transfers or loans by that Subsidiary is not at the time permitted by operation of the terms of its charter or any agreement, instrument or Governmental Requirement applicable to such Subsidiary or is otherwise restricted or prohibited; (c) the net income (or loss) of any Person acquired in a pooling of interests transaction for any period prior to the date of such transaction; (d) any extraordinary or non-recurring gains or losses during such period; (e) any gains or losses attributable to write-ups or writedowns of assets (including ceiling test writedowns); and (f) any net unrealized gain or loss (after any offset) resulting in such period from Swap Agreements and the application of Accounting Standards Codification Topic No. 815, Derivatives and Hedging.

"Consolidated Subsidiaries" means each Subsidiary of the Borrower (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Borrower in accordance with GAAP.

"Control" means the possession, directly or indirectly, of (i) the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise or (ii) the power to vote or direct the voting of Equity Interests representing ten percent (10%) or more of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of a Person on a fully-diluted basis. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Corresponding Tenor", with respect to any Available Tenor, means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Credit Exposure" means, as to any Lender at any time, an amount equal to the sum of (a) the unused Commitment of such Lender at such time plus (b) the aggregate principal amount of such Lender's Revolving Loans outstanding at such time.

"Credit Party" means the Administrative Agent or any other Lender.

"Cure Election Period" has the meaning assigned to such term in Section 7.02(a)(i).

"Cure Month" has the meaning assigned to such term in Section 7.02(b).

"Cure Period" has the meaning assigned to such term in Section 7.02(a).

"Cure Period Start Date" means, with respect to any Cure Quarter, the first day following the end of such Cure Quarter.

"Cure Quarter" has the meaning assigned to such term in Section 7.02(a).

"Cure Right" has the meaning assigned to such term in Section 7.02(a).

"Daily Simple RFR" means for any day, an interest rate per annum equal to, for any RFR Revolving Loan, Daily Simple SOFR.

"Daily Simple SOFR" means, for any day (a "SOFR Rate Day"), a rate per annum equal to SOFR for the day that is five (5) U.S. Government Securities Business Days (with observation shift) prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Revolving Loans or (ii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Revolving Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party or the Borrower, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Revolving Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it, (d) has become the subject of a Bankruptcy Event or (e) has become the subject of a Bail-in Action.

"Devon Earn-Out Obligations" means the earnout obligations described in Section 3.1 of that certain Purchase and Sale Agreement between Devon Energy Production Company, L.P. and BKV Barnett, LLC dated December 17, 2019, as amended by that certain First Amendment to Purchase and Sale Agreement dated April 13, 2020.

"Disposition" or "Dispose" means the sale, transfer, exchange, license, lease or other disposition (in one transaction or in a series of transactions and whether effected pursuant to a Division or otherwise) of any property by any Person (including any Sale and Leaseback Transaction and any issuance of Equity Interests by a subsidiary of such Person), including (a) any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith and (b) any sale of Equity Interests held by such Person.

"Disqualified Equity Interests" means any Equity Interests that, by their terms (or by the terms of any security or other Equity Interest into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature (excluding any maturity as a result of an optional redemption by the issuer thereof) or are mandatorily redeemable (other than solely for Qualified Equity Interests and immaterial amounts of cash in lieu of fractional shares), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to Payment in Full), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests and immaterial amounts of cash in lieu of fractional shares) (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to Payment in

Full), in whole or in part, or (c) are or become convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Maturity Date; provided, that, if such Equity Interests are issued pursuant to a plan for the benefit of employees of any Loan Party or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by such Loan Party in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's death, disability or termination.

"Division" means, with respect to any Person, a division of or by such Person into two or more Persons pursuant to the laws of the jurisdiction of any such Person's organization.

"Dollar-Denominated Production Payment" means a production payment obligation recorded as a liability in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Dollars" or "$" refers to lawful money of the United States of America.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02), which date is August 24, 2022.

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Electronic System" means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar®, Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent, any of its sub-agents, any of its Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the or to health and safety matters (to the extent relating to human exposure to Hazardous Materials), including requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of any Hazardous Material. Environmental Laws include the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Material Transportation Act (49 U.S.C. § 331 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300, et seq.), the Environmental Protection Agency's regulations relating to underground storage tanks (40 C.F.R. Parts 280 and 281) and the rules and regulations thereunder, each as amended or supplemented from time to time.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Borrower or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Permit" means any permit, registration, license, approval, consent, exemption, variance, or other authorization required under or issued pursuant to applicable Environmental Laws.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with any Loan Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (i) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a

Plan (other than an event for which the 30-day notice period is waived); (ii) the failure to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (iii) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (iv) the incurrence by the Borrower, any of its Subsidiaries or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (v) the receipt by the Borrower, any of its Subsidiaries or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan; (vi) the incurrence by the Borrower, any of its Subsidiaries or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (vii) the receipt by the Borrower, any of its Subsidiaries or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower, any of its Subsidiaries or any ERISA Affiliate of any notice, concerning the imposition upon the Borrower, any of its Subsidiaries or any ERISA Affiliate of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent, within the meaning of Title IV of ERISA.

"Estimated Marketer Receivables Amount" means, as of any date, (a) the last Marketer Receivables Amount certified to the Administrative Agent in the certificate delivered (or required to be delivered) pursuant to Section 5.01(m) *plus* (b) any additional amounts reasonably estimated to be payable to the Borrower or any other Loan Party from the Marketer that have accrued since the last day of the month covered by the certificate referenced in clause (a) *minus* (c) any amounts included in the Marketer Receivables Amount referred to in clause (a) that the Borrower reasonably estimates are no longer payable to the Borrower or any Loan Party from the Marketer.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"Event of Default" has the meaning assigned to such term in Section 7.01.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) Taxes attributable to such Recipient's failure to comply with Section 2.16(b) or, in the case of the Administrative Agent, Section 2.16(b) and (c) any withholding Taxes imposed under FATCA.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"FCPA" means the Foreign Corrupt Practices Act of 1977, as amended.

"Federal Funds Effective Rate" means, for any day, the rate calculated by the NYFRB based on such day's federal funds transactions by depository institutions, as determined in such manner as shall be set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as the effective federal funds rate; *provided* that if the Federal Funds Effective Rate as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Federal Reserve Bank of New York's Website" or "NYFRB's Website" means the website of the NYFRB at http://www.newyorkfed.org, or any successor source.

"Fee Letter" means that certain fee letter dated as of the Effective Date by and between the Borrower, the Administrative Agent and each Lender party thereto.

"Financial Officer" means, with respect to any Person, the chief financial officer, principal accounting officer, principal financial officer, treasurer or controller of such Person.

"Fiscal Quarter" means a fiscal quarter of any Fiscal Year.

"Fiscal Year" means a fiscal year of the Borrower ending on December 31st of any calendar year.

"Five-Year Strip Price" means, as of any date, (a) for the 60-month period commencing with the month in which such date occurs, as quoted on the New York Mercantile Exchange (the "NYMEX") and published in a nationally recognized publication for such pricing reasonably acceptable to the Administrative Agent (as such prices may be corrected or revised from time to time by the NYMEX in accordance with its rules and regulations), the corresponding monthly quoted futures contract price for months 0–60 and (b) for periods after such 60 month period, the average corresponding monthly quoted futures contract price for months 49–60; provided, however, in the event that the NYMEX no longer provides futures contract price quotes for 60 month periods, the longest period of quotes of less than 60 months shall be used to determine the strip period and held constant thereafter based on the average of contract prices for the last twelve months of such period, and, if the NYMEX no longer provides such futures contract quotes or has ceased to operate, the Administrative Agent shall designate another nationally recognized commodities exchange to replace the NYMEX for purposes of the references to the NYMEX in this definition.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Adjusted Term SOFR Rate or the Adjusted Daily Simple RFR, as applicable. For the avoidance of doubt, the initial Floor for each of the Adjusted Term SOFR Rate and the Adjusted Daily Simple RFR shall be *0.00%*.

"Foreign Lender" means a Lender that is not a U.S. Person.

"Funding Date" means any date of which Revolving Loans are funded to the Borrower pursuant to Section 2.02.

"GAAP" means generally accepted accounting principles in the United States of America, consistently applied.

"Governmental Authority" means the government of the United States of America, the government of the Kingdom of Thailand (and, in each case, any other nation or any political subdivision thereof, whether state or local) and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any self-regulatory authority, such as the National Association of Insurance Commissioners, and any supra-national bodies, such as the European Union or the European Central Bank).

"Governmental Requirement" means any law, statute, code, ordinance, order, determination, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, rules of common law, authorization or other directive or requirement, whether now or hereinafter in effect, of any Governmental Authority.

"Guarantee" of or by any Person (the " guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantor" means a Subsidiary Guarantor.

"Guaranty Agreement" means that certain Guaranty Agreement (including any and all supplements thereto), to be dated as of the Effective Date, among the Guarantors and the Administrative Agent.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law, including materials listed in 49 C.F.R. § 172.101, materials defined as hazardous pursuant to § 101(14) of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"Hydrocarbon Interests" means all rights, titles, interests and estates now or hereafter acquired in and to oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases, fee interests, mineral fee interests, overriding royalty and royalty interests, net profit interests and production payment interests, including any reserved or residual interests of whatever nature and all rents, profits, proceeds, products, revenues and other incomes from or attributable to any of the foregoing interests. Unless otherwise expressly provided herein, all references in this Agreement to "Hydrocarbon Interests" refer to Hydrocarbon Interests owned at the time in question by the Loan Parties.

"Hydrocarbons" means all oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and all products refined or separated therefrom and all other minerals which may be produced and saved from or attributable to the Oil and Gas Properties of any Person, including all oil in tanks.

"Immaterial Title Deficiencies " means minor defects or deficiencies in title which do not diminish by more than 5% the total value of the Proved Oil and Gas Properties evaluated in the Reserve Report most recently delivered pursuant to the terms of this Agreement.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person in respect of Disqualified Equity Interests, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding accounts payable incurred in the ordinary course of business that are either (x) not overdue by more than ninety (90) days or (y) are being contested in good faith by appropriate action and for which adequate reserves are maintained in accordance with GAAP (to the extent required by GAAP)), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed (but to the extent such Indebtedness is limited in recourse with respect to such Person, the amount of such Indebtedness shall be limited to the greater of (i) the fair market value of such Property subject to such Lien and (ii) the principal amount of the obligations or liability with respect to which recourse exists to such Person), (g) all Guarantees by such Person of Indebtedness of others to the extent of the lesser of the amount of such Indebtedness and the maximum stated amount of such Guarantee, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (k) obligations to deliver commodities, goods or services, including Hydrocarbons, in consideration of one or more advance payments, made more than one month in advance of the month in which the commodities, goods or services are to be delivered, other than Swap Agreements and obligations relating to gas balancing arrangements in the ordinary course of business, (l) the undischarged balance of any Production Payment created by such Person and (m) any other preferential arrangement in circumstances where the arrangement or transaction is entered into primarily as a method of raising Indebtedness or of financing the acquisition of an asset. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness shall not include

(i) liabilities resulting from endorsements of negotiable instruments for collection in the ordinary course of business, (ii) obligations in respect of Swap Agreements, (iii) earnout obligations unless such obligations become a liability on the balance sheet of such Person in accordance with GAAP or (iv) any liabilities associated with minimum revenue commitments or minimum volume commitments.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a) hereof, Other Taxes.

"Indemnitee" has the meaning assigned to such term in Section 9.03(b).

"Ineligible Institution" has the meaning assigned to such term in Section 9.04(b).

"Initial Reserve Report" means the engineering report prepared by the Borrower and audited by Ryder Scott Company, L.P. in form reasonably acceptable to the Administrative Agent, setting forth, as of June 30, 2022, certain oil and gas reserves attributable to the Proved Oil and Gas Properties of the Borrower and its Subsidiaries.

"Interest Payment Date" means (a) with respect to any ABR Revolving Loan, the last Business Day of each March, June, September and December, (b) with respect to any Term Benchmark Loan, the last day of the Interest Period applicable to the Borrowing of which such Revolving Loan is a part and (c) the Maturity Date.

"Interest Period" means, for any Term Benchmark Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one (1), three (3) or six (6) months thereafter (in each case, subject to the availability of the Benchmark applicable to the relevant Revolving Loan), as the Borrower may elect; *provided* that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) no tenor that has been removed from this definition pursuant to Section 2.11(e) shall be available for specification in any Borrowing Request. For purposes hereof, the date of a Borrowing shall be the date on which such Borrowing is made.

"Investment" means, as applied to any Person, any direct or indirect (a) purchase or other acquisition (including pursuant to any merger or consolidation with any Person) of any Equity Interests, evidences of Indebtedness or other securities of any other Person, (b) loan or advance made by such Person to any other Person, (c) Guarantee, assumption or other incurrence of liability by such Person of or for any Indebtedness or other obligations of any other Person, (d) capital contribution or other investment by such Person in any other Person or (e) purchase or other acquisition (in one transaction or a series of transactions) of any Oil and Gas Properties or midstream, downstream, carbon capture, utilization and storage (CCUS), or solar properties of another Person or any other assets of any other Person constituting a business unit.

"IRS" means the United States Internal Revenue Service.

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Lenders" means the Revolving Lenders.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge in the nature of a security interest or other security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset, (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities and (d) any arrangement under which money for the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts.

"Loan Documents" means this Agreement, any Notes, the Guaranty Agreement, the Fee Letter, the Borrowing Request, the Subordination Agreement, all other agreements, instruments, documents and certificates executed and delivered by or on behalf of any of the Loan Parties or any of their respective Subsidiaries to, or in favor of, the Administrative Agent or any Lenders in connection with this Agreement or the transactions contemplated hereby and any other document designated in writing as a "Loan Document" by the Borrower and the Administrative Agent. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, amendments and restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Loan Parties" means, collectively, the Borrower and the Guarantors.

"Marketer" means (a) Concord or (b) any other Person acceptable to the Borrower and designated as "Marketer" hereunder.

"Marketer Receivables Amount" means, as of any date, the total amount payable to the Borrower and the other Loan Parties by the Marketer from the sale of Hydrocarbons produced from the Loan Parties' Oil and Gas Properties.

"Marketer Receivables Amount Shortfall" means, as of any date the covenant in Section 5.22 is tested, the amount by which the aggregate principal amount of outstanding Revolving Loans exceeds the Marketer Receivables Amount as of such date.

"Material Acquisition" means any acquisition of property or series of related acquisitions of property (including by way of merger or consolidation) that involves the payment by the Borrower or any Subsidiary of the Borrower of consideration in excess of $25,000,000.

"Material Adverse Effect" means a material adverse effect on, or a material adverse change in, (i) the business, operations, properties, liabilities, financial or other condition of the Borrower and its Subsidiaries, taken as a whole, (ii) the ability of any of the Loan Parties to perform its obligations under any Loan Document to which it is a party, (iii) the validity or enforceability against any of the Loan Parties of any Loan Document to which it is a party or (iv) the rights and remedies of the Administrative Agent or any Lender under any of the Loan Documents.

"Material Contract" means (a) the Term Loan Credit Agreement and (b) any other contract or agreement (excluding any Loan Document) of any Loan Party (i) involving monetary liability of or to such Loan Party in any year in excess of $5,000,000, or (ii) the breach, non-performance, cancellation or failure to renew of which could reasonably be expected to have a Material Adverse Effect.

"Material Disposition" means any Disposition that involves the receipt by the Borrower or any Subsidiary of the Borrower of consideration in excess of $25,000,000.

"Material Indebtedness" means (a) the Subordinated Shareholder Loans, (b) the Indebtedness incurred under any Uncommitted Credit Facility Agreement and (c) Indebtedness (other than the Revolving Loans), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and its Subsidiaries in an aggregate principal amount (including undrawn committed or available amounts) exceeding $10,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Borrower or any Subsidiary of the Borrower in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Maturity Date" means September 30, 2027.

"Maximum Rate" has the meaning assigned to such term is Section 9.16.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Proceeds" means, with respect to any event, (a) the cash proceeds received in respect of such event, including (i) any cash received in respect of any non-cash proceeds (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but excluding any interest payments), but only as and when received, (ii) in the case of a casualty, insurance proceeds and (iii) in the case of a condemnation or similar event, condemnation awards and similar payments, net of (b) the sum of (i) all fees and out-of- pocket expenses paid to third parties (other than Affiliates) in connection with such event, (ii) in the case of a Disposition of an asset (including pursuant to a casualty or a condemnation or similar proceeding), the amount of all payments required to be made as a result of such event to repay Indebtedness (other than Revolving Loans) secured by such asset or otherwise subject to mandatory prepayment as a result of such event and (iii) the amount of all Taxes paid (or reasonably estimated to be payable) and the amount of any reserves established to fund contingent liabilities reasonably estimated to be payable that are directly attributable to such event (as determined reasonably and in good faith by a Financial Officer).

"Non-Consenting Lender" has the meaning assigned to such term is Section 9.02(d).

"Note" means a promissory note made by the Borrower in favor of a Lender which has requested promissory notes pursuant to Section 2.07(e) evidencing the Revolving Loans made by such Lender, substantially in the forms attached as Exhibit A and any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

"NYFRB" means the Federal Reserve Bank of New York.

"NYFRB Rate" means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); *provided* that, if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative Agent from a federal funds broker of recognized standing selected by it; *provided further* that if any of the aforesaid rates as so determined shall be less than 0.00%, such rate shall be deemed to be 0.00% for purposes of this Agreement.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Revolving Loans, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of the Borrower and the other Loan Parties to any of the Lenders, the Administrative Agent or any indemnified party, individually or collectively, existing on the Effective Date or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under this Agreement or any of the other Loan Documents or in respect of any of the Revolving Loans made or other obligations incurred or other instruments at any time evidencing any thereof.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Oil and Gas Properties" means (a) Hydrocarbon Interests; (b) the properties now or hereafter pooled or unitized with Hydrocarbon Interests; (c) all presently existing or future unitization, communitization, pooling agreements and declarations of pooled units and the units created thereby (including all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests; (d) all operating agreements, production sales or other contracts, farmout agreements, farm-in agreements, area of mutual interest agreements, equipment leases and other agreements which relate to any of the Hydrocarbon Interests or any interests therein or to the production, sale, purchase, exchange, processing, handling, storage, transporting or marketing of the Hydrocarbons from or attributable to such Hydrocarbon Interests; (e) all Hydrocarbons; (f) all tenements, hereditaments, appurtenances and properties in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests, including all compressor sites, settling ponds and equipment or pipe yards; and (g) all properties, rights, titles, interests and estates whether now owned or hereinafter acquired, that are situated upon, used or held for use in connection with the interests described or referred to above, or the operating, working or development of any of such Hydrocarbon Interests or property (excluding drilling rigs, automotive equipment, rental equipment or other personal property which may be on such premises for the purpose of drilling a well or for other similar temporary uses) including any and all oil wells, gas wells, injection wells or other wells, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, pipelines, sales and flow lines, gathering systems, field gathering systems, salt water disposal facilities, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, steam generation facilities, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements, servitudes, licenses and other surface and subsurface rights, together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing. Unless otherwise expressly provided herein, all references in this Agreement to "Oil and Gas Properties" refer to Oil and Gas Properties owned at the time in question by the Loan Parties.

"Organizational Documents" means (a) with respect to any corporation, the certificate or articles of incorporation and bylaws (or equivalent or comparable constitutive documents with respect to such corporation's jurisdiction) of such corporation; (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement of such limited liability company; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization of such entity and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Revolving Loan or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.16).

"Overnight Bank Funding Rate" means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar transactions denominated in Dollars by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on the NYFRB's Website from time to time, and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate.

"Participant" has the meaning assigned to such term in Section 9.04(c).

"Participant Register" has the meaning assigned to such term in Section 9.04(c).

"Payee" means, with respect to each Borrowing of Revolving Loans, the applicable payees of the obligations of the Borrower (including the payees named in the invoices and/or other documents delivered pursuant to Section 4.02(d) in connection with such Borrowing).

"Payment Conditions" means, with respect to any Restricted Payment or Restricted Debt Payment:

(a) after giving pro forma effect to such Restricted Payment or Restricted Debt Payment, no Default or Event of Default shall have occurred and be continuing;

(b) no Restricted Payment or Restricted Debt Payment shall be made during any Fiscal Year except (i) with respect to Fiscal Year 2022, on a date that is before November 1, 2022 and (ii) with respect to subsequent Fiscal Years, on a date that is within the Specified Amount Payment Period for such Fiscal Year;

(c) after giving pro forma effect to such Restricted Payment or Restricted Debt Payment, the aggregate amount of Available Cash of the Borrower and the Subsidiaries at the beginning of the related Specified Amount Payment Period is greater than $100,000,000;

(d) after giving pro forma effect to such Restricted Payment or Restricted Debt Payment, the Specified Amount shall be greater than $0;

(e) at the time of such Restricted Payment or Restricted Debt Payment, the Adjusted Stockholders' Equity of the Borrower is not less than $800,000,000 (as reflected in the financial statements delivered pursuant to Section 5.01(b) with respect to the applicable Fiscal Quarter ending June 30); and

(f) the projected cash flow of the Borrower and its Subsidiaries in the Cashflow Projection most recently delivered pursuant to Section 5.01(e) (or, solely for any Restricted Payment or Restricted Debt Payment made prior to November 1, 2022, the Financial Model (as defined in the Term Loan Credit Agreement)) reflects sufficient free cash flow to make the required payments of principal and interest on the Term Loans through the next succeeding Annual Payment Date.

"Payment in Full" or "Paid in Full" means the Commitments have expired or been terminated and the principal of and interest on each Revolving Loan and all fees payable hereunder and all other amounts payable under the Loan Documents (other than contingent indemnification obligations as to which no claim has been received by any Loan Party) shall have been paid in full in cash.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permits" means the collective reference to any and all franchises, licenses, leases, permits, approvals, consents, notifications, certifications, registrations, authorizations, exemptions, variances, qualifications, easements and rights of way of any Governmental Authority or third party.

"Permitted Encumbrances" means:

(a) Liens for Taxes, assessments or other governmental charges or levies that are not yet due or are being contested in good faith by appropriate action and for which adequate reserves are maintained in accordance with GAAP (to the extent required by GAAP);

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, landlord's, operators' and other like Liens imposed by law, arising in the ordinary course of business or incident to the exploration, development, operation and maintenance of Oil and Gas Properties and securing obligations that are not overdue by more than thirty (30) days or are being contested in good faith by appropriate action and for which adequate reserves are maintained in accordance with GAAP (to the extent required by GAAP); provided that any such Lien referred to in this clause (b) does not materially impair the use of the Property covered by such Lien for the purposes for which such Property is held by any Loan Party or materially impair the value of such Property subject thereto;

(c) Liens in connection with workers' compensation, unemployment insurance or other social security, old age pension or public liability obligations which are not delinquent or which are being contested in good faith by appropriate action and for which adequate reserves are maintained in accordance with GAAP (to the extent required by GAAP);

(d) deposits to secure the performance of bids, trade contracts, government contracts, leases, statutory obligations, regulatory obligations, tenders, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business or in the ordinary course in the oil and gas business generally and not in connection with the borrowing of money;

(e) judgment Liens in respect of judgments that do not constitute an Event of Default under Section 7.01(k);

(f) zoning and land use requirements, easements, restrictions, servitudes, Permits, conditions, covenants, exceptions or reservations in any Property of any Loan Party for the purpose of roads, pipelines, transmission lines, transportation lines, distribution lines for the removal of gas, oil, coal or other minerals or timber, and other like purposes, or for the joint or common use of real estate, rights of way, facilities and equipment, that do not secure any monetary obligations and that in the aggregate do not materially impair the value of the assets encumbered thereby or materially impair the ability of any Loan Party to use such assets in its business;

(g) title and ownership interests of lessors (including sub-lessors) of Property leased by such lessors to any Loan Party, Liens and encumbrances encumbering such lessors' titles and interests in such property and to which the applicable Loan Party's leasehold interests may be subject or subordinate, in each case whether or not evidenced by Uniform Commercial Code financing statement filings or other documents of record; provided that such Liens do not secure Indebtedness of any Loan Party and do not encumber Property of any Loan Party other than the Property that is the subject of such leases and items located thereon; provided further that any such Lien referred to in this clause does not materially impair the use of the Property covered by such Lien for the purposes for which such Property is held by the applicable Loan Party or materially impair the value of such Property subject thereto;

(h) Liens arising solely by virtue of any statutory or common law provision or customary deposit account terms relating to banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution; provided that no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board and no such deposit account is intended by any Loan Party to provide collateral to the depository institution;

(i) Liens arising solely from precautionary Uniform Commercial Code financing statement filings with respect to operating leases or consignment arrangements otherwise permitted under this Agreement;

(j) Liens which arise in the ordinary course of business under operating agreements, joint venture agreements, oil and gas partnership agreements, oil and gas leases, farm-out agreements, participation agreements, division orders, contracts for the sale, transportation, gathering, or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements, overriding royalty agreements, reversionary interests, marketing agreements, processing agreements, net profits agreements, development agreements, service agreements, supply agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or other geophysical permits or agreements, and other agreements which are usual and customary in the oil and gas business including, without limitation, all lessors' royalties, overriding royalties, net profits interests, carried interests, reversionary interests and other burdens on, or deductions from, the proceeds of production with respect to each Property (in each case) that do not operate to reduce the net revenue interest for such Property as reflected in any Reserve Report or increase the working interest for such Oil and Gas Property as reflected in any Reserve Report without a corresponding increase in the corresponding net revenue interest and that do not secure Indebtedness for borrowed money and, in each case, are for claims which are not more than 30 days delinquent or which are being contested in good faith by appropriate action and for which adequate reserves are maintained in accordance with GAAP (to the extent required by GAAP);

(k) minor defects or other irregularities in title or zoning and other restrictions that do not secure any Indebtedness and which in the aggregate do not materially impair the use of such Property for the purposes of which such Property is held by any Loan Party or Subsidiary of the Borrower or materially impair the value of such Property subject thereto;

(l) consents to assignment and similar contractual provisions affecting an Oil and Gas Property, including customary preferential rights to purchase and calls on production by sellers relating to Hydrocarbon Interests acquired by any Loan Party or Subsidiary of the Borrower;

(m) Liens (other than the granting of a security interest) pursuant to merger agreements, stock purchase agreements, asset sale agreements and similar agreements (1) limiting the transfer of properties and assets pending the consummation of the subject transaction, or (2) in respect of earnest money deposits, good faith deposits, purchase price adjustment and indemnity escrows and similar deposit or escrow arrangements made or established thereunder; and

(n) Liens, titles and interests of licensors of software and other intangible personal Property licensed by such licensors to any Loan Party or any Subsidiary of the Borrower, restrictions and prohibitions on encumbrances and transferability with respect to such Property and such Loan Party's or Subsidiary's interests therein imposed by such licenses, and Liens and encumbrances encumbering such licensors' titles and interests in such Property and to which such Loan Party's or Subsidiary's license interests may be subject or subordinate, in each case, whether or not evidenced by UCC financing statement filings or other documents of record; provided that such Liens do not secure Indebtedness of any Loan Party or any Subsidiary of the Borrower and do not encumber Property of any Loan Party or any Subsidiary of the Borrower other than the Property that is the subject of such licenses;

provided, that (i) Liens described in clauses (a), (b), (c), (h) and (j) shall remain "Permitted Encumbrances" only for so long as no action to enforce such Lien has been commenced (ii) the term "Permitted Encumbrance" shall not include any Lien securing Indebtedness for borrowed money.

"Permitted Holders" means, collectively, Banpu and any wholly-owned subsidiaries of Banpu.

"Permitted Liens" means Liens expressly permitted pursuant to Section 6.02.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Petroleum Industry Standards" means the Definitions for Oil and Gas Reserves promulgated by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower, any of its Subsidiaries or any ERISA Affiliate (i) is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA or (ii) otherwise has any liability.

"Plan Asset Regulations" means 29 C.F.R. §2510.3-101, et seq., as modified by Section 3(42) of ERISA, as amended from time to time.

"Platform" means Debt Domain, Intralinks, Syndtrak or a substantially similar electronic transmission system.

"Prime Rate" means, as of any day, the rate last quoted by The Wall Street Journal as the "Prime Rate" in the United States or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as reasonably determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as reasonably determined by the Administrative Agent).

"Production Payment" means a Dollar-Denominated Production Payment or a Volumetric Production Payment.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including cash, securities, accounts and contract rights, including any Oil and Gas Property.

"Proved Oil and Gas Properties" means Oil and Gas Properties of the Loan Parties to which Proved Reserves are attributed in the Reserve Report most recently delivered at the time in question.

"Proved Reserves" means oil and gas reserves that, in accordance with the Petroleum Industry Standards, are defined and classified as "Proved Reserves", which include the following: (a) "Proved Developed Producing Reserves", (b) "Proved Developed Non-Producing Reserves" (consisting of proved developed shut-in oil and gas reserves and proved developed behind pipe oil and gas reserves) and (c) "Proved Undeveloped Reserves".

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time

"Qualified Equity Interests" means any Equity Interests that are not Disqualified Equity Interests.

"Qualified IPO" means any transaction or series of transactions that results in any of the common Equity Interests of the Borrower or any direct or indirect parent company of the Borrower being publicly traded on any United States national securities exchange or over-the-counter market, or any analogous exchange or any recognized securities exchange in Canada, the United Kingdom or any country of the European Union; *provided* that a Qualified IPO shall not include a public offering pursuant to a registration statement on Form S-8.

"Qualifying Benefit Plans" means any stock option plans or other benefit plans for the benefit of employees, management and directors of the Borrower which are or have become customary in the business industry of the Borrower and which such plans have been approved in good faith by the Borrower's compensation committee (or equivalent body of the Borrower responsible for compensation).

"Recipient" means (a) the Administrative Agent and (b) any Lender, as applicable.

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is the Term SOFR Rate, 6:00 a.m. (New York time) on the day that is two Business Days preceding the date of such setting, (2) if the RFR for such Benchmark is Daily Simple SOFR, then two Business Days prior to such setting or (3) if such Benchmark is none of Term SOFR Rate or Daily Simple SOFR, the time determined by the Administrative Agent in its reasonable discretion.

"Register" has the meaning assigned to such term in Section 9.04(b).

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents, third party advisors and representatives of such Person and such Person's Affiliates.

"Release" has the meaning set forth in CERCLA or under any other Environmental Law.

"Relevant Governmental Body" means the Federal Reserve Board and/or the NYFRB, the CME Term SOFR Administrator, as applicable, or a committee officially endorsed or convened by the Federal Reserve Board or the NYFRB or, in each case, any successor thereto.

"Relevant Rate" means (a) with respect to any Term Benchmark Borrowing, the Adjusted Term SOFR Rate or (b) with respect to any RFR Borrowing, the Adjusted Daily Simple RFR, as applicable.

"Remedial Work" has the meaning set forth in Section 5.07.

"Required Lenders" means, subject to Section 2.17, (x) if there are three or more Lenders, at least two or more Lenders having Credit Exposures representing more than 66.666666667% of the sum of the Credit Exposures of all Lenders at such time and (y) if there are fewer than three Lenders, at least one or more Lenders having Credit Exposures representing more than 66.666666667% of the sum of the Credit Exposures of all Lenders at such time. For purposes of this definition, any Lenders that are Affiliated shall be deemed to be a single Lender.

"Requirement of Law" means as to any Person, any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Reserve Report" means, collectively, (a) the Initial Reserve Report and (b) each other report, in form and detail reasonably satisfactory to the Administrative Agent, setting forth, as of the dates set forth in Section 5.14(a), Section 5.14(b) or as otherwise indicated in this Agreement, the Proved Reserves attributable to the Oil and Gas Properties of the Borrower and the other Loan Parties located in the United States of America, together with a projection of the rate of production and future net income, taxes, operating expenses and capital expenditures with respect thereto as of such date, based upon economic assumptions reasonably acceptable to the Administrative Agent.

"Reserve Report Certificate" has the meaning set forth in Section 5.14(d).

"Reserve Report Supporting Materials" shall mean, with respect to any Reserve Report, (i) a summary of the economic assumptions contained therein and any material changes from the Reserve Report most recently delivered prior to such Reserve Report, (ii) files containing the then-current ARIES database of the Loan Parties' Oil and Gas Properties and (iii) any other supporting materials as the Administrative Agent may reasonably request used to prepare such Reserve Report.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means, as to any Person, the chief executive officer, president, chief financial officer, principal accounting officer, principal financial officer, chief operating officer, controller, treasurer or assistant treasurer, or any vice president, of such Person or, in the case of a Loan Party, any other officer of such Loan Party or other authorized individual designated in writing by such Loan Party and reasonably acceptable to the Administrative Agent. Any document delivered hereunder or under any other Loan Document that is signed by a Responsible Officer of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

"Restricted Debt Payment" has the meaning given to such term in Section 6.18(a).

"Restricted Payment" means (a) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or any of its Subsidiaries, (b) any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in the Borrower or any of its Subsidiaries and (c) any payment of management fees, advisory fees or similar fees by any Loan Party to any holders of Equity Interests of the Borrower.

"Revolving Lender" means, as of any date of determination, each Lender having a Revolving Loan Commitment or that holds Revolving Loans.

"Revolving Loan Availability Period" means the period commencing on the Effective Date and ending the earlier of the Maturity Date and the date of termination of all Revolving Loan Commitments.

"Revolving Loan Commitment" means, as to any Revolving Lender, the commitment of such Revolving Lender to make a Revolving Loan in the principal amount set forth on Schedule 2.01 or in the most recent Assignment and Assumption or other documentation contemplated hereby executed by such Revolving Lender. The aggregate amount of the Revolving Loan Commitments of the Revolving Lenders as of the Effective Date is $100,000,000.

"Revolving Loans" means, collectively, the loans made pursuant to Section 2.01.

"RFR" means for any RFR Revolving Loan, Daily Simple SOFR.

"RFR Revolving Loan" means a Revolving Loan that bears interest at a rate based on the Adjusted Daily Simple RFR.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Sale and Leaseback Transaction" means any sale or other transfer of any property or asset by any Person with the intent to lease such property or asset as lessee.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any Sanctions (at the time of this Agreement, the so-called Donetsk People's Republic, the so-called Luhansk People's Republic, the Crimea Region of Ukraine, Cuba, Iran, North Korea and Syria).

"Sanctioned Person" means, at any time, (a) any Person that is the subject or target of any Sanctions administered or enforced by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom, or any other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, (b) the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom, or any other relevant sanctions authority, (c) the sanctions authority of the Kingdom of Thailand or (d) the sanctions authority of the Republic of Singapore.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the United States Securities Act of 1933.

"SOFR" means a rate per annum equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the NYFRB (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the NYFRB's website, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"SOFR Rate Day" has the meaning specified in the definition of "Daily Simple SOFR".

"Solvent" means, in reference to any Person, (i) the fair value of the assets of such Person, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (ii) the present fair saleable value of the property of such Person will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) such Person will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) such Person will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted after the Effective Date.

"Specified Amount" means, as of any date, an amount (which shall not be less than zero) equal to (without duplication):

(a) Consolidated EBITDA, determined on a consolidated basis for the Borrower and its Subsidiaries for the Test Period most recently ended for which financial statements of the Borrower have been delivered pursuant to Section 5.01(a) or 5.01(b), *plus* cash held by the Borrower and its Subsidiaries as of the commencement of such Test Period *minus* the aggregate sum of (without duplication) (i) the current portion of any Indebtedness of the Borrower and its Subsidiaries as of such date (other than the current portion of any Term Loans and any current contingent Indebtedness), (ii) the aggregate principal amount of any Indebtedness incurred pursuant to Section 6.01(j) and outstanding as of such date, and (iii) the aggregate amount of the Subject Payments and any other contingent Indebtedness and/or earnout obligations incurred by the Borrower or its Subsidiaries in connection with any Investment (other than any current contingent Indebtedness) *minus*

(b) the Consolidated Fixed Charges for the Test Period most recently ended for which financial statements of the Borrower have been delivered pursuant to Section 5.01(a) or 5.01(b), *minus*

(c) any Specified Amount Utilization.

"Specified Amount Payment Period" means, for any Fiscal Year, the period beginning the date that financial statements are delivered pursuant to Section 5.01(b) with respect to the Fiscal Quarter ending June 30 of such Fiscal Year and ending the date that is 90 days after June 30 of such Fiscal Year.

"Specified Amount Utilization" means the sum of, without duplication, the aggregate amount of Restricted Payments and Restricted Debt Payments made in reliance on Section 6.08(d) and Section 6.18(a)(ii) respectively during the period starting from the first day of the Test Period most recently ended for which financial statements of the Borrower have been delivered pursuant to Section 5.01(a) or 5.01(b) and ending on such date.

"Specified Contribution" means at any time, without duplication, the amount of cash proceeds received by the Borrower from (x) an issuance of Equity Interests (other than Disqualified Equity Interests), (y) a cash capital contribution or (z) the incurrence of Subordinated Shareholder PIK Loans (such cash proceeds not to be less than the principal amount of such Subordinated Shareholder PIK Loans), which is made for the exclusive purpose of curing a failure to comply with Section 6.11(b) or Section 6.11(c) that would otherwise occur, but for the exercise of a Cure Right pursuant to Section 7.02(a).

"Specified Royalty Payments" means, with respect to any proposed Borrowing, royalty payments to be made by the Borrower or any other Loan Party to Payees after the date of such proposed Borrowing but on or prior to the last day of the month in which such proposed Borrowing occurs.

"Specified Total Indebtedness" means the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries referred to in clauses (a), (b), (c), (e) (but only in respect of earn-out obligations to the extent due and payable), (f) (to the extent such Lien secures Indebtedness that is of the type that would otherwise constitute Specified Total Indebtedness), (g) (to the extent such Guarantee covers Indebtedness that is of the type that would otherwise constitute Specified Total Indebtedness), (h), (i) (to the extent consisting of non-contingent reimbursement obligations in respect of letters of credit and letters of guaranty that have been drawn or funded and not reimbursed), (j) (to the extent consisting of non- contingent reimbursement obligations in respect of bankers' acceptances that have been funded and not reimbursed) of the definition of "Indebtedness" on such date, determined on a consolidated basis in accordance with GAAP and (k) all Indebtedness of the types referred to in clauses (a) through (j) above of any partnership or joint venture in which any Borrower or a Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to such Borrower or such Subsidiary.

"Subject Payments" means, collectively, the Devon Earn-Out Obligations, the First Contingent Payment (as defined in the XTO Acquisition Agreement) and the Second Contingent Payment (as defined in the XTO Acquisition Agreement).

"Subordinated Shareholder Loan" means (a) any loan made to the Borrower by Banpu North America which (i) has a maturity date no earlier than ninety-one (91) days after the Maturity Date, (ii) is subordinated to the Obligations as to priority of payment pursuant to a subordination agreement in form and substance satisfactory to the Administrative Agent, (iii) is unsecured, (iv) provides for an all-in- yield no greater than the Term SOFR Rate plus 5.25%, (b) any Subordinated Shareholder PIK Loan and (c) the Amended and Restated Shareholder Loans.

"Subordinated Shareholder PIK Loan" means any loan made to the Borrower by Banpu North America which (a) has a maturity date no earlier than ninety-one (91) days after the Maturity Date, (b) is subordinated to the Obligations as to priority of payment pursuant to a subordination agreement in form and substance satisfactory to the Administrative Agent, (c) is unsecured, (d) provides for an all-in- yield no greater than the Term SOFR Rate plus 5.25%, and (e) which bears interest that is payable solely in kind by adding the amount of such interest to the outstanding principal amount of the Subordinated Shareholder Loan, which shall thereafter be deemed principal bearing interest.

"Subordination Agreement" means that certain Subordination Agreement, dated as of the Effective Date, by and among Banpu North America Corporation, the Administrative Agent and each other Person party thereto, as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

"subsidiary" means, with respect to any Person (the " parent") at any date, any corporation, limited liability company, partnership, joint venture, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held.

"Subsidiary" means any subsidiary of the Borrower.

"Subsidiary Guarantor" means each Subsidiary of the Borrower that is a party to the Guaranty Agreement (excluding any Subsidiary released from its obligations under the Guaranty Agreement). The Subsidiary Guarantors as of the Effective Date are identified as such in Schedule 3.01.

"Swap Agreement" means any agreement with respect to any collar, swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or its Subsidiaries shall be a Swap Agreement.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Benchmark", when used in reference to any Revolving Loan or Borrowing, refers to whether such Revolving Loan, or the Revolving Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted Term SOFR Rate.

"Term Benchmark Loan" means a Revolving Loan that bears interest at a rate based on the Term Benchmark.

"Term Loan" shall have the meaning assigned to the term "Term Loans" in the Term Loan Credit Agreement.

"Term Loan Credit Agreement" means that certain Credit Agreement, dated as of June 16, 2022, by and among the Borrower, the lenders party thereto, and Bangkok Bank Public Company Limited, New York Branch, as administrative agent.

"Term Loan Credit Agreement Obligations" has the meaning assigned to the term "Obligations" in the Term Loan Credit Agreement.

"Term SOFR Determination Day" has the meaning assigned to such term under the definition of "Term SOFR Reference Rate."

"Term SOFR Rate" means, with respect to any Term Benchmark Borrowing and for any tenor equal to the applicable Interest Period, the Term SOFR Reference Rate at approximately 6:00 a.m., New York time, two U.S. Government Securities Business Days prior to the commencement of such tenor comparable to the applicable Interest Period, as such rate is published by the CME Term SOFR Administrator.

"Term SOFR Reference Rate" means, for any day and time (such day, the " Term SOFR Determination Day"), with respect to any Term Benchmark Borrowing for any tenor comparable to the applicable Interest Period, the rate per annum determined by the Administrative Agent as the forward-looking term rate based on SOFR. If by 5:00 p.m. (New York time) on such Term SOFR Determination Day, the "Term SOFR Reference Rate" for the applicable tenor has not been published by the CME Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Rate has not occurred, then the Term SOFR Reference Rate for such Term SOFR Determination Day will be the Term SOFR Reference Rate as published in respect of the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate was published by the CME Term SOFR Administrator, so long as such first preceding Business Day is not more than five (5) Business Days prior to such Term SOFR Determination Day.

"Test Period" means any period of four consecutive Fiscal Quarters.

"Total Net Indebtedness" means, as of any date of determination, (a) Specified Total Indebtedness as of such date minus (b) the lesser of (i) the aggregate amount of Available Cash as of such date and (ii) $100,000,000.

"Total Net Leverage Ratio" means, as of the last day of any Test Period, the ratio of (a) Total Net Indebtedness as of such date to (b) Consolidated EBITDA for such Test Period.

"Total Proved PV-10" means, as of any date of determination, the sum of (i) the estimated market value of the Loan Parties' hedge position, discounted using an annual discount rate of 10% and (ii) the present value of estimated future revenues to be realized from the production of Hydrocarbons from the Oil and Gas Properties of the Loan Parties to which Proved Reserves are attributed as set forth in the most recent Reserve Report delivered pursuant hereto, with appropriate deductions for take or pay and other prepayments, severance and ad valorem taxes, operating, gathering, transportation and marketing expenses, and capital expenditures (including capitalized workover expenses) and plugging and abandonment costs. Each calculation of such estimated future revenues shall be made (a) using the Five-Year Strip Price, adjusted in a manner reasonably acceptable to the Administrative Agent for (i) any basis differential between the actual delivery location and the reference price delivery location and price differential between the actual product delivered and the reference product, in each case, using in each case using methodology consistent with past practices and in good faith based on observable differentials (which utilized differentials shall be, volume weighted on the basis of current and expected future arrangements for the sale of production, the lesser of (A) the average actual differentials for the last twelve months and (B) those future differentials which may be hedged by contract); and (ii) quality and gravity, (b) using costs as of the date of estimation without future escalation and without giving effect to non-property related expenses such as general and administrative expenses, debt service, future income tax expense and depreciation, depletion and amortization, (c) discounted using an annual discount rate of 10% and (d) to the extent not otherwise specified in the preceding clauses of this sentence, using reasonable economic assumptions consistent with such clauses. Total Proved PV-10 shall be calculated on a pro forma basis, giving effect to (i) acquisitions and Dispositions of Oil and Gas Properties consummated by the Borrower and the other Loan Parties since the date of the Reserve Report most recently delivered pursuant hereto (provided that, in the case of any acquisition of Oil and Gas Properties, the Administrative Agent shall have received a Reserve Report, in form and substance reasonably satisfactory to it, evaluating the Proved Reserves attributable thereto) and (ii) the unwind, monetization or termination of any Swap Agreement to which a Loan Party is a party, in each case occurring since the date of the Reserve Report most recently delivered pursuant hereto.

"Transactions" means (a) the execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Documents, (b) the borrowing of Revolving Loans and the use of the proceeds thereof and (c) any other transaction relating to or entered into in connection with any of the foregoing.

"Type" when used in reference to any Revolving Loan or Borrowing, refers to whether the rate of interest on such Revolving Loan, or on the Revolving Loans comprising such Borrowing, is determined by reference to the Adjusted Term SOFR Rate, the Adjusted Daily Simple RFR or the Alternate Base Rate.

"U.S. Government Securities Business Day" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning assigned to such term in Section 2.14(f)(i)(B)(3).

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or any other state the laws of which are required to be applied in connection with the issue of perfection of security interests.

"UK Financial Institutions" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Uncommitted Credit Facility Agreements" means (a) that certain Uncommitted Specific Advance Facility Letter, dated as of December 22, 2021, by and among the Borrower and Oversea-Chinese Banking Corporation Limited, Los Angeles Agency, (b) that certain Uncommitted Continuing Agreement for Standby Letters of Credit, dated as of December 22, 2021, by and among the Borrower and Oversea- Chinese Banking Corporation Limited, Los Angeles Agency, (c) that certain Facility Letter (Uncommitted), dated as of February 7, 2022, by and among Standard Chartered Bank, the Borrower, BKV Chaffee Corners, LLC, BKV Chelsea, LLC, BKV Operating, LLC and BKV Barnett, LLC and (d) that certain Promissory Note, dated as of March 11, 2022, made by the Borrower, BKV Chaffee Corners, LLC, BKV Chelsea, LLC, BKV Operating, LLC and BKV Barnett, LLC in favor of Standard Chartered Bank.

"USA PATRIOT Act" means The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107- 56 (signed into law October 26, 2001)) and the rules and regulations promulgated thereunder from time to time in effect.

"Volumetric Production Payment" means a production payment obligation recorded as deferred revenue in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Wholly Owned Subsidiary" means, as to any Person, any other Person all of the Equity Interests of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part 1 of Subtitle E of Title IV of ERISA.

"Withholding Agent" means any Loan Party.

"Write-Down and Conversion Powers" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

"XTO Acquisition Agreement" means that certain Purchase and Sale Agreement, dated as of May 18, 2022, among XTO Energy, Inc., a Delaware corporation, and Barnett Gathering, LLC, a Texas limited liability company, on the one hand, collectively, as seller (the "XTO Sellers"), and BKV North Texas, LLC, a Delaware limited liability company, and BKV Midstream, LLC, a Delaware limited liability company, on the other hand, collectively, as purchaser.

"XTO Acquisition Subordinated Shareholder Loan" means the loans incurred by the Borrower pursuant to the XTO Subordinated Shareholder Loan Agreement.

"XTO Acquisition Subordinated Shareholder Loan Agreement" means that certain Amended and Restated Loan Agreement, dated as of June 15, 2022, by and between Banpu North America, as lender, and the Borrower, as borrower, pursuant to which Banpu North America made a term loan in the aggregate principal amount of $75,000,000 to the Borrower.

"XTO Sellers" has the meaning assigned to such term in the definition of "XTO Acquisition Agreement".

SECTION 1.02. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined.

Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) with respect to the determination of any time period, the word "from" means "from and including", the words "to" and "until" mean "to but excluding", and the word "through" means "to and including", (f) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (g) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03.Accounting Terms; GAAP; Pro Forma Calculations.

(a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

(b) Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Borrower or any Subsidiary of the Borrower at "fair value", as defined therein, and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof.

(c) Except as otherwise expressly provided herein, all pro forma computations required to be made hereunder giving effect to any acquisition or Disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction shall in each case be calculated giving pro forma effect thereto (and, in the case of any pro forma computation made hereunder to determine whether such acquisition or Disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction is permitted to be consummated hereunder, to any other such transaction consummated since the first day of the period covered by any component of such pro forma computation and on or prior to the date of such computation) as if such transaction had occurred on the first day of the period of four consecutive Fiscal Quarters ending with the most recent Fiscal Quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last Fiscal Quarter included in the financial statements referred to in Section 3.04(a) and (b)), and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or Disposed of (but without giving effect to any synergies or cost savings) and any related incurrence or reduction of Indebtedness, all in accordance with Article 11 of Regulation S-X under the Securities Act. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Swap Agreement applicable to such Indebtedness).

(d) Notwithstanding anything to the contrary contained in Section 1.03(a) or in the definition of "Capital Lease Obligations," for purposes of calculations made pursuant to the terms of this Agreement or any other Loan Document, GAAP will be deemed to treat leases (whether or not such leases were in effect on such date) that would have been classified as operating leases in accordance with GAAP as in effect on December 31, 2018 in a manner consistent with the treatment of such leases under GAAP as in effect on December 31, 2018, notwithstanding any modifications or interpretive changes thereto that may occur thereafter.

SECTION 1.04. Interest Rates; Benchmark Notification. The interest rate on a Revolving Loan may be derived from an interest rate benchmark that may be discontinued or is, or may in the future become, the subject of regulatory reform. Upon the occurrence of a Benchmark Transition Event, Section 2.11(b) provides a mechanism for determining an alternative rate of interest. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, the administration, submission, performance or any other matter related to any interest rate used in this Agreement, or with respect to any alternative or successor rate thereto, or replacement rate thereof, including without limitation, whether the composition or characteristics of any such alternative, successor or replacement reference rate will be similar to, or produce the same value or economic equivalence of, the existing interest rate being replaced or have the same volume or liquidity as did any existing interest rate prior to its discontinuance or unavailability. The Administrative Agent and its affiliates and/or other related entities may engage in transactions that affect the calculation of any interest rate used in this Agreement or any alternative, successor or alternative rate (including any Benchmark Replacement) and/or any relevant adjustments thereto, in each case, in a manner adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any interest rate used in this Agreement, any component thereof, or rates referenced in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

SECTION 1.05. Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized and acquired on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

The Credits

SECTION 2.01.Commitments. Subject to the terms and conditions set forth herein, each Revolving Lender (severally and not jointly) agrees to make Revolving Loans to the Borrower in Dollars from time to time on any Business Day during the Revolving Loan Availability Period in an aggregate principal amount that will not result in (i) such Revolving Lender's aggregate principal amount of Revolving Loans exceeding such Revolving Lender's Revolving Loan Commitment, (ii) the aggregate principal amount of Revolving Loans of all Revolving Lenders exceeding the aggregate Revolving Loan Commitments of all Revolving Lenders or (iii) the Marketer Receivables Amount as of the proposed date of Borrowing failing to exceed the aggregate principal amount of Revolving Loans of all Revolving Lenders (including after giving effect to the requested Borrowing). Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, repay and reborrow the Revolving Loans.

SECTION 2.02.Loans and Borrowings.

(a) Each Revolving Loan shall be made as part of a Borrowing consisting entirely of Term Benchmark Loans as the Borrower may request in accordance herewith made by the applicable Lenders ratably in accordance with their respective Revolving Loan Commitments. The failure of any Lender to make any Revolving Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Revolving Loans as required.

(b) Subject to Section 2.11, each Borrowing shall be comprised entirely of Term Benchmark Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Revolving Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Revolving Loan (and in the case of an Affiliate, the provisions of Sections 2.12 and 2.14 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Revolving Loan in accordance with the terms of this Agreement.

(c) Each Borrowing of Revolving Loans shall be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $3,000,000.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03.Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by delivering to the Administrative Agent a Borrowing Request signed by the Borrower not later than 11:00 a.m., New York City time three (3) Business Days before the date of the proposed Borrowing (or such later time as may be otherwise approved by the Administrative Agent in its sole discretion). Each such written Borrowing Request shall be irrevocable and shall specify the following information in compliance with Section 2.02:

(i) the aggregate principal amount of the requested Borrowing, which shall comply with the requirements of Section 2.02(c);

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) the Interest Period with respect to such Borrowing;

(iv) the current aggregate principal amount of outstanding Revolving Loans of all Revolving Lenders (without regard to the requested Borrowing) and the pro forma aggregate outstanding principal amount of Revolving Loans of all Revolving Lenders (giving effect to the requested Borrowing); and

(v) if the Borrower Reimbursement Conditions are met, the location and number of the Borrower's account or such other account or accounts to which funds are to be disbursed; provided, however, the Borrower shall not be required to meet the Borrower Reimbursement Conditions if (i) the Reimbursed Invoiced Amounts associated with such draw of Loans are less than or equal to $1,000,000; and (ii) the Reimbursed Invoiced Amounts cover more than 90% of the aggregate principal amount of the requested Borrowing.

Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each applicable Lender of the details thereof and of the amount of such Lender's Revolving Loan to be made as part of the requested Borrowing.

SECTION 2.04. Funding of Borrowings.

(a) Each Lender shall make each Revolving Loan to be made by it hereunder on the relevant Funding Date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Revolving Loans available to the Borrower by promptly wiring the amounts of all requested funds so received, in like funds, to an account of the Borrower (or to such other account) designated by the Borrower in the applicable Borrowing Request on the applicable Funding Date.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may (but shall have no obligation to do so), in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to the Revolving Loans comprising such Borrowing. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Revolving Loan included in such Borrowing.

SECTION 2.05. Interest Rate. Each Borrowing shall have the Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may not continue such Borrowing or, on any subsequent Borrowing, may elect different Interest Periods therefor. There shall be no more than ten (10) Term Benchmark Borrowings at any time.

SECTION 2.06. Termination and Reduction of Revolving Loan Commitments.

(a) Unless previously terminated, the Revolving Loan Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Revolving Loan Commitments; provided that (i) each partial reduction of the Revolving Loan Commitments shall be in an amount that is an integral multiple of $1,000,000 and not less than $3,000,000 and (ii) the Borrower shall not terminate or reduce the Revolving Loan Commitments if, after giving effect to any concurrent prepayment of the Revolving Loans in accordance with Section 2.08, the aggregate principal amount of Revolving Loans of all Revolving Lenders would exceed the aggregate Revolving Loan Commitments of all Revolving Lenders.

(c) The Borrower shall notify the Administrative Agent in writing of any election to terminate or reduce the Revolving Loan Commitments under paragraph (b) of this Section by 12:00 p.m., New York City time, at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any such notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this paragraph (c) shall be irrevocable; provided that a notice of termination of the Revolving Loan Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or other transactions specified therein, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Revolving Loan Commitments shall be permanent. Each reduction of the Revolving Loan Commitments shall be made ratably among the Revolving Lenders in accordance with their respective Revolving Loan Commitments.

(d) Without limiting any other obligation to pay fees and expenses hereunder, any commitment fees accrued pursuant to Section 2.09 until the effective date of any termination of Revolving Loan Commitments shall be paid on the effective date of such termination.

SECTION 2.07. Repayment of Loans; Evidence of Debt.

(a) To the extent not previously repaid, the outstanding principal amount of the Revolving Loans shall be paid in full in Dollars by the Borrower on (i) the last day of the Interest Period with respect thereto and (ii) the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Revolving Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Revolving Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The Register and the corresponding entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the Obligations. If any conflict exists between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error.

(e) Any Lender may request that Revolving Loans made by it be evidenced by a Note or Notes. In such event, the Borrower shall prepare, execute and deliver to such Lender a Note or Notes payable to such Lender or its registered assigns and substantially in the form of Exhibit A. Thereafter, the Revolving Loans evidenced by such Note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more Notes in such form payable to the payee or its registered assigns.

SECTION 2.08. Prepayment of Loans.

(a) Voluntary Prepayments. Except as prohibited by the Term Loan Credit Agreement, the Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior written notice in accordance with the provisions of this Section 2.08(a). The Borrower shall notify the Administrative Agent by written notice of any prepayment hereunder not later than 1:00 p.m., New York City time, fifteen (15) Business Days before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that a notice of voluntary prepayment of all Revolving Loans then outstanding at any time delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or other transactions specified therein, in which case such notice may be revoked by the Borrower (by written notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Promptly following receipt of any such notice relating to a voluntary prepayment of a Borrowing, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each partial prepayment of any Revolving Loans shall be an integral multiple of $1,000,000 and not less than $3,000,000. Each voluntary prepayment of a Borrowing pursuant to this Section 2.08(a) shall be applied ratably to the Revolving Loans included in the prepaid Borrowing in inverse order of maturity.

(b) Mandatory Prepayments (Unauthorized Incurrence of Indebtedness). If any Net Proceeds are received by the Borrower or any of its Subsidiaries as a result of the incurrence by the Borrower or any of its Subsidiaries of any Indebtedness other than Indebtedness permitted under Section 6.01, the Borrower shall, on the same day that such Net Proceeds are received, prepay the Revolving Loans in an aggregate amount equal to 100% of such Net Proceeds. Each prepayment pursuant to this Section 2.08(b) shall be applied ratably to the Revolving Loans.

(c) Mandatory Prepayments (Illegality). If, in any applicable jurisdiction, it becomes unlawful under any law (or any Governmental Authority has asserted that it is unlawful) for any Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain any Revolving Loan:

(i) such Lender shall promptly notify the Administrative Agent upon becoming aware of that event (and the Administrative Agent shall promptly notify the Borrower in writing); and

(ii) upon the Administrative Agent notifying the Borrower, (i) the Commitments of such Lender will be immediately terminated; and (ii) the Borrower shall prepay all Revolving Loans of such Lender either on the last day of the Interest Period thereof, if such Lender may lawfully continue to maintain such Revolving Loan, or immediately, if such Lender may not lawfully continue to maintain such Revolving Loan.

(d) Mandatory Prepayments (Specified Contributions). In the event and on each occasion that the Borrower receives any Specified Contribution, the Borrower shall, no later than the Business Day after such Specified Contribution is received by the Borrower, prepay the Revolving Loans in an aggregate amount equal to 100% of such Specified Contribution; provided that, if, as a result of the receipt of such Specified Contribution, a prepayment of the Term Loans is required pursuant to the Term Loan Credit Agreement, then the Borrower may first make prepayments to the Term Loans using the proceeds of such Specified Contribution as required by the Term Loan Credit Agreement prior to using any excess proceeds to prepay the Revolving Loans as otherwise required by this clause (d). Each prepayment pursuant to this Section 2.08(c) shall be applied ratably to the Revolving Loans.

(e) Mandatory Prepayments (Breach of Minimum Marketer Receivables Amount Covenant). In the event and on each occasion that the Borrower is in violation of Section 5.22 as of the last day of any month, the Borrower shall, on or prior to the date that is three (3) Business Days after the date that the Borrower delivered (or was required to deliver) the certificate required pursuant to Section 5.01(m) showing such Marketer Receivables Amount Shortfall, prepay Borrowings of Revolving Loans in an aggregate amount equal to the applicable Marketer Receivables Amount Shortfall. Each prepayment pursuant to this Section 2.08(e) shall be applied ratably to the Revolving Loans.

(f) Mandatory Prepayments (Excess of Revolving Loans). In the event and on each occasion that the aggregate outstanding principal amount of Revolving Loans of all Revolving Lenders exceeds the aggregate Revolving Loan Commitments of all Revolving Lenders, the Borrower shall prepay the Revolving Loans in an aggregate amount equal to such excess within one (1) Business Day after notice thereof from the Administrative Agent. Each prepayment pursuant to this Section 2.08(d) shall be applied ratably to the Revolving Loans.

(g) Notice of Prepayment. The Borrower shall notify the Administrative Agent in writing of any prepayment under Section 2.08 (other than Section 2.08(f)) not later than 1:00 p.m. New York City time, fifteen (15) Business Days (or, in respect of a prepayment made pursuant to Section 2.08(e), one (1) Business Day) prior to the date of prepayment (including (i) with respect to any prepayment under Section 2.08(d), reasonably detailed calculations of the Asset Coverage Ratio, the Consolidated Fixed Charge Coverage Ratio or the Total Net Leverage Ratio, as applicable, as of such date after giving effect to such prepayment and (ii) with respect to any prepayment under Section 2.08(e), calculations of the Marketer Receivables Amount Shortfall in form and detail satisfactory to the Administrative Agent). Each such notice shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and a reasonably detailed calculation of the amount of such prepayment.

(h) Interest; Breakfunding. All prepayments, whether voluntary or mandatory, pursuant to this Section 2.08 shall be accompanied by accrued interest to the extent required by Section 2.10(d) and any break funding payments required by Section 2.18.

SECTION 2.09. Fees.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender fees payable pursuant to the Fee Letter.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender (other than a Defaulting Lender) a commitment fee, which shall accrue at a rate per annum equal to 1.50% of the average daily amount of the undrawn portion of the Revolving Loan Commitment of such Lender during the Revolving Loan Availability Period. Accrued commitment fees shall be payable in arrears on the last Business Day of September, December, March and June of each year, commencing on the first such date to occur after the Effective Date, and on the last Business Day of the Revolving Loan Availability Period. All commitment fees under this Section 2.09(c) shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, in the case of commitment fees, to the applicable Lenders. Fees paid shall not be refundable under any circumstances.

SECTION 2.10. Interest.

(a) The Revolving Loans shall bear interest at a rate per annum equal to the Adjusted Term SOFR Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate, but in no event to exceed the Maximum Rate.

(b) Reserved.

(c) Notwithstanding the foregoing, during the occurrence and continuance of any Event of Default, all Revolving Loans and other amounts outstanding hereunder shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of principal of any Revolving Loan outstanding hereunder, 2.0% plus the rate otherwise applicable to such Revolving Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2.0% plus the rate applicable to Term Benchmark Loans as provided in Section 2.10(a), but in no event to exceed the Maximum Rate.

(d) Accrued interest on each Revolving Loan shall be payable in arrears on each Interest Payment Date for such Revolving Loan and on the Maturity Date; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Revolving Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted Term SOFR Rate, Adjusted Daily Simple RFR or Daily Simple SOFR shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.11. Alternate Rate of Interest.

(a) Subject to clauses (b), (c), (d), (e) and (f) of this Section 2.11, if:

(i) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing that adequate and reasonable means do not exist for ascertaining the Adjusted Term SOFR Rate or the Term SOFR Rate (including, without limitation, because the Term SOFR Reference Rate is not available or published on a current basis), for such Interest Period or (B) at any time, that adequate and reasonable means do not exist for ascertaining the applicable Adjusted Daily Simple RFR or Daily Simple SOFR for an RFR Revolving Loan;

(ii) the Administrative Agent is advised by the Required Lenders that (A) prior to the commencement of any Interest Period for a Term Benchmark Borrowing that the Adjusted Term SOFR Rate for the applicable Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Revolving Loans included in such Borrowing for such Interest Period, or (B) at any time, the applicable Adjusted Daily Simple RFR for an RFR Revolving Loan will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Revolving Loans included in such Borrowing;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders through any Electronic System as provided in Section 9.01 as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist with respect to the relevant Benchmark, (1) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Revolving Loan (or the next succeeding Business Day if such day is not a Business Day), be converted by the Administrative Agent to, and shall constitute, (x) an RFR Borrowing so long as the Adjusted Daily Simple RFR is not also the subject of Section 2.11(a)(i) or (ii) above or (y) an ABR Revolving Loan if the Adjusted Daily Simple RFR also is the subject of Section 2.11(a)(i) or (ii) above, on such day, and (2) any RFR Revolving Loan shall on and from such day be converted by the Administrative Agent to, and shall constitute an ABR Revolving Loan.

(b) Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, then (x) if a Benchmark Replacement is determined in accordance with clause (1) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and

(y) if a Benchmark Replacement is determined in accordance with clause (2) of the definition of "Benchmark Replacement" for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(c) Notwithstanding anything to the contrary herein or in any other Loan Document, in connection with the implementation of any Benchmark Replacement, the Administrative Agent (in consultation with the Borrower) will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action by or consent of any other party to this Agreement or any other Loan Document.

(d) The Administrative Agent will promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Benchmark Replacement Conforming Changes, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (e) below and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.11, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 1 or in any related definitions.

(e) Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then- current Benchmark is a term rate (including the Term SOFR Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the Administrative Agent may modify the definition of "Interest Period" for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(f) Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any request for a Term Benchmark Borrowing or RFR Borrowing and any conversion to or continuation of Term Benchmark Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a Borrowing of or conversion to (i) with respect to any Term Benchmark Borrowing, an RFR Borrowing so long as the Adjusted Daily Simple RFR is not the subject of a Benchmark Transition Event or (ii) an ABR Borrowing if the Adjusted Daily Simple RFR is the subject of a Benchmark Transition Event. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of ABR based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of ABR. Furthermore, if any Term Benchmark Loan or RFR Revolving Loan is outstanding on the date of the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a Relevant Rate applicable to such Term Benchmark Loan or RFR Revolving Loan, then until such time as a Benchmark Replacement is implemented pursuant to this Section 2.11, (1) any Term Benchmark Loan shall on the last day of the Interest Period applicable to such Revolving Loan (or the next succeeding Business Day if such day is not a Business Day), be converted by the Administrative Agent to, and shall constitute, (x) an RFR Borrowing so long as the Adjusted Daily Simple RFR is not the subject of a Benchmark Transition Event or (y) an ABR Revolving Loan if the Adjusted Daily Simple RFR is the subject of a Benchmark Transition Event, on such day and (2) any RFR Revolving Loan shall on and from such day be converted by the Administrative Agent to, and shall constitute an ABR Revolving Loan.

SECTION 2.12. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender;

(ii) impose on any Lender or the relevant interbank market any other condition, cost or expense (in each case, other than Taxes) affecting this Agreement or Revolving Loans made by such Lender; or

(iii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (c) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting into or maintaining any Revolving Loan or of maintaining its obligation to make any such Revolving Loan or to reduce the amount of any sum received or receivable by such Lender or such other Recipient hereunder, whether of principal, interest or otherwise, then the Borrower will pay to such Lender or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Revolving Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.13. Reserved.

SECTION 2.14. Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings of Indemnified Taxes applicable to additional sums payable under this Section 2.14) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section 2.14, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent. On or prior to the last Business Day in February of each calendar year, Borrower shall deliver to the Administrative Agent (for distribution to Lenders) a duly completed IRS Form 1042-S (Copies B, C and D marked for recipient) or any amended or successor version of such form, together with a copy of IRS Form 1042-S (Copy A marked for United States Internal Revenue Service) or any amended or successor version of such form, as filed with the United States Internal Revenue Service by Borrower, stamped as received by the United States Internal Revenue Service or certified as a true copy by an officer of Borrower, and such other supporting documentation evidencing the withholding Tax paid by any Loan Party for the immediately preceding calendar year that Administrative Agent and Lenders may reasonably require to claim a tax credit (including any further certification by an officer of Borrower). Each such IRS Form 1042-S (or any amended or successor version of such form) and other supporting documentation, as applicable, shall specify at least the following information: (A) the name of the taxpayer, (B) the particulars of the income for such immediately preceding calendar year, and (C) the amount of the withholding Tax paid for such immediately preceding calendar year.

(d) Indemnification by the Loan Parties. The Loan Parties shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Status of Lenders. Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.14(f)(i)(A), 2.14(f)(i)(B) and 2.14(f)(i)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W- 8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) in the case of a Foreign Lender claiming that its extension of credit will generate U.S. effectively connected income, executed originals of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit C-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-2 or Exhibit C-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit C-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. Federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.14 (including by the payment of additional amounts pursuant to this Section 2.14), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.14 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after- Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. Each party's obligations under this Section 2.14 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) Defined Terms. For purposes of this Section 2.14, the term "applicable law" includes FATCA.

SECTION 2.15. Payments Generally; Allocations of Proceeds; Pro Rata Treatment; Sharing of Set-offs .

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest or fees, or of amounts payable under Section 2.12 or 2.14, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent's account most recently designated by it to the Borrower, except that payments pursuant to Sections 2.08(c), 2.12, 2.14 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest and fees, interest and fees thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due, and expenses then reimbursable, hereunder, such funds shall be applied towards payment of the amounts then so due or reimbursable as follows:

(i) first, to payment or reimbursement of that portion of the Obligations constituting fees, expenses, indemnities and other amounts payable to the Administrative Agent in its capacity as such;

(ii) second, ratably to payment or reimbursement of that portion of the Obligations constituting fees, expenses, indemnities and other amounts (other than principal, interest and premium) payable to the Lenders;

(iii) third, ratably to payment of accrued interest on the Revolving Loans;

(iv) fourth, ratably to payment of principal on the Revolving Loans;

(v) fifth, ratably to the payment of any other Obligations.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and accrued interest thereon than the proportion received by any other similarly situated Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Revolving Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received written notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the relevant Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may (but will not be obligated to), in reliance upon such assumption, distribute to the relevant Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the relevant Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal

Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(b), 2.15(d) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender and for the benefit of the Administrative Agent to satisfy such Lender's obligations to it under such Section until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account over which the Administrative Agent shall have exclusive control as cash collateral for, and application to, any future funding obligations of such Lender under any such Section; in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.16. Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.12, or the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.14, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Revolving Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or 2.14, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all of its interests, rights (other than its existing rights to payments pursuant to Sections 2.12 or 2.14) and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld, (ii) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 9.04(b)(ii)(C), (iii) such Lender shall have received payment of an amount equal to the outstanding principal of its Revolving Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts), (iv) such assignment does not conflict with applicable law, and (v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply. Notwithstanding anything in this Section 2.16 to the contrary, the Lender that acts as the Administrative Agent may not be replaced hereunder except in accordance with the terms of Section 8.05.

SECTION 2.17. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) the Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided that, except as otherwise provided in Section 9.02, this clause (a) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby; and

(b) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VII or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.08 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Revolving Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Revolving Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Revolving Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Revolving Loans were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Revolving Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Revolving Loans of such Defaulting Lender until such time as all Revolving Loans are held by the Lenders pro rata in accordance with the Commitments. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender pursuant to this Section shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

If the Borrower and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Revolving Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Revolving Loans to be held pro rata by the Lenders in accordance with the Commitments, whereupon, such Lender will cease to be a

Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

SECTION 2.18. Break Funding Payments. In the event of (a) the payment of any principal of any Term Benchmark Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or an optional or mandatory prepayment of Revolving Loans), (b) the conversion of any Term Benchmark Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow or prepay any Term Benchmark Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.08 and is revoked in accordance therewith), or (d) the assignment of any Term Benchmark Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.16 then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers; Subsidiaries. The Borrower and its Subsidiaries are duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization, have all requisite power and authority to carry on their business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required. As of the Effective Date, Schedule 3.01 hereto identifies the Borrower and each Subsidiary of the Borrower, the jurisdiction of its incorporation or organization, as the case may be, the percentage of issued and outstanding shares of each class of its capital stock or other equity interests owned by the equity holders of the Borrower, the Borrower and the other Subsidiaries of the Borrower and, if such percentage is not 100% (excluding directors' qualifying shares as required by law), a description of each class issued and outstanding. All of the outstanding shares of capital stock and other equity interests of the Borrower and each Subsidiary of the Borrower are validly issued and outstanding and fully paid and nonassessable and, as of the Effective Date, all such shares and other equity interests indicated on Schedule 3.01 as owned by the equity holders of the Borrower, the Borrower or another Subsidiary of the Borrower are owned, beneficially and of record, by such equity holders of the Borrower, the Borrower or such Subsidiary free and clear of all Liens. As of the Effective Date, each Subsidiary of the Borrower is a Guarantor.

SECTION 3.02. Authorization; Enforceability. (a) The Transactions are within each Loan Party's organizational powers and (b) the Loan Documents are admissible in evidence in each court with proper jurisdiction over the relevant Loan Parties, and each of the foregoing clauses (a) and (b) have been duly authorized by all necessary organizational actions and, if required, actions by equity holders. The Loan Documents to which each Loan Party is a party have been duly executed and delivered by such Loan Party and constitute a legal, valid and binding obligation of such Loan Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other material action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect (b) will not violate any applicable material Governmental Requirement or the Organizational Documents of the Borrower or any of its Subsidiaries, (c) will not violate or result in a default under any indenture, agreement or other instrument in respect of any Material Indebtedness binding upon the Borrower or any of its Subsidiaries or its assets (other than the Loan Documents), or give rise to a right thereunder to require any payment to be made by the Borrower or any of its Subsidiaries, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any of its Subsidiaries.

SECTION 3.04. Financial Condition; No Material Adverse Change.

(a) All financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its Consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP.

(b) Since December 31, 2021, there has been no material adverse change in the business, operations, Properties, liabilities or financial condition of the Borrower and its Subsidiaries, taken as a whole.

SECTION 3.05. Maintenance of Properties. Except for such acts or failures to act as could not reasonably be expected to have a Material Adverse Effect, with respect to the Proved Oil and Gas Properties (and Properties unitized therewith) of the Loan Parties (a) operated by the Borrower or any of its Subsidiaries, such Properties have been maintained, operated and developed in a good and workmanlike manner and in conformity with all Governmental Requirements and in conformity with the provisions of all leases, subleases or other contracts comprising a part of the Hydrocarbon Interests and other contracts and agreements forming a part of such Oil and Gas Properties or (b) operated by any third party, the Borrower and each other Loan Party have used their respective commercially reasonable efforts to cause such Properties to be so maintained, operated and developed. Specifically in connection with the foregoing, except for those as could not be reasonably expected to have a Material Adverse Effect, (i) none of such Oil and Gas Properties of the Loan Parties is subject to having allowable production reduced below the full and regular allowable (including the maximum permissible tolerance) because of any overproduction (whether or not the same was permissible at the time) and (ii) no well comprising a part of such Oil and Gas Properties (or Properties unitized therewith) of the Loan Parties is in violation of applicable Governmental Requirements, and such wells are producing from, and the well bores are wholly within, such Oil and Gas Properties (or in the case of wells located on Properties unitized therewith, such unitized Properties). All pipelines, wells, gas processing plants, platforms and other material improvements, fixtures and equipment owned in whole or in part by the Loan Parties that are necessary to conduct normal operations are being, or in the case of such pipelines, wells, gas processing plants, platforms and other material improvements, fixtures and equipment the maintenance of which is performed by a third-party operator, the Borrower and each other Loan Party is using commercially reasonable efforts to cause such items to be, and to the Borrower's knowledge such items are, maintained in a state adequate to conduct normal operations (other than those the failure of which to maintain in accordance with this Section 3.05, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect).

SECTION 3.06. Litigation and Environmental Matters.

(a) There are no investigations by or before any arbitrator or Governmental Authority pending against, actions, suits, proceedings or, to the knowledge of the Borrower, threatened in writing against or affecting the Borrower or any of its Subsidiaries (i) that could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, (ii) that challenge the validity of any of the Loan Documents or (iii) that could affect a material portion of the Properties of Borrower or any of its Subsidiaries when taken as a whole.

(b) Except for such matters as set forth on Schedule 3.06 or that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(i) the Properties of the Borrower and its Subsidiaries are in compliance with all applicable Environmental Laws, the Borrower and its Subsidiaries have operated their respective Properties in compliance with all applicable Environmental Laws, and to the knowledge of the Borrower, such Properties were operated in compliance with applicable Environmental Laws prior to the acquisition thereof by the Borrower or the applicable Subsidiary;

(ii) the Borrower and its Subsidiaries have obtained all Environmental Permits required for their respective operations and each of their Properties, with all such Environmental Permits being currently in full force and effect, and none of Borrower or any other Subsidiary has received any written notice or otherwise has knowledge that any such existing Environmental Permit will be revoked or that any application for any new Environmental Permit or renewal of any existing Environmental Permit will be protested or denied;

(iii) there are no claims, written demands, suits, orders, investigations, requests for information by a Governmental Authority or proceedings concerning any violation of, or any liability (including as a potentially responsible party) under, any applicable Environmental Law that is pending or, to the knowledge of the Borrower, threatened against the Borrower or any of its Subsidiaries arising from the ownership or operation of their respective Properties, and to the knowledge of the Borrower, there are no conditions or circumstances that are reasonably expected to result in the receipt of such claims, written demands, suits, orders, investigations, requests for information or proceedings;

(iv) to the knowledge of the Borrower, none of the Properties of the Borrower or any Subsidiary contain any: (i) regulated underground storage tanks; (ii) friable asbestos-containing materials; (iii) landfills or dumps; (iv) hazardous waste management units as defined pursuant to the Resource Conservation and Recovery Act of 1976 or any comparable state law; or (v) sites on or nominated for the National Priority List promulgated pursuant to CERCLA or any state remedial priority list promulgated or published pursuant to any comparable state law;

(v) since the acquisition by the Borrower or any Subsidiary of any Property, or to the knowledge of the Borrower prior to such acquisition, there has been no Release or threatened Release at any of the Properties of the Borrower and its Subsidiaries that would reasonably be expected to result in liability to, or require Remedial Work by, the Borrower or any of its Subsidiaries at any such Properties pursuant to applicable Environmental Law; and there is no on- going Remedial Work at any of such Properties;

(vi) neither the Borrower nor any of its Subsidiaries has received any written notice asserting the alleged liability or obligation of the Borrower or any of its Subsidiaries under any applicable Environmental Laws with respect to the presence of Hazardous Materials at, under or Released or threatened to be Released from any Properties offsite the Properties of the Borrower and its Subsidiaries; and

(vii) to the knowledge of the Borrower, there has been no exposure of any Person or Property to any Hazardous Materials as a result of the operations of any of the Properties of the Borrower and its Subsidiaries that would reasonably be expected to result in damages or compensation against the Borrower or any of its Subsidiaries.

(c) Except as individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, there are no strikes, lockouts or slowdowns against the Borrower or any of its Subsidiaries pending or, to their knowledge, threatened in writing. Except as individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, the hours worked by and payments made to employees of the Borrower and its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law relating to such matters. Except as individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect, all payments due from the Borrower or any of its Subsidiaries, or for which any claim may be made against the Borrower or any of its Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as liabilities on the books of the Borrower or such Subsidiary. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement under which the Borrower or any of its Subsidiaries is bound except as individually or in the aggregate would not reasonably be expected to have a Material Adverse Effect.

SECTION 3.07. Compliance with Laws and Agreements. Each of the Borrower and its Subsidiaries is in compliance with all Governmental Requirements applicable to it or its Property and all indentures, agreements and other instruments binding upon it or its Property, and possesses all licenses, permits, franchises, exemptions, approvals and other governmental authorizations necessary for the ownership of its Property and the conduct of its business, except in each case where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. Investment Company Status. Neither the Borrower nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09. Taxes.

(a) Each of the Borrower and its Subsidiaries has timely filed or caused to be filed all material Tax returns and reports required to have been filed and has paid or caused to be paid all material Taxes required to have been paid by it except Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves in accordance with GAAP (to the extent required by GAAP).

(b) Under the laws of the country of Thailand, it is not necessary that any of the Loan Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation the Loan Documents other than a stamp duty of Baht 10,000 payable on an executed copy of this Agreement (and a stamp duty of Baht 5 for each counterparty thereof) which must be paid within fifteen (15) days of execution if executed in Thailand or within 30 days of the original being taken into Thailand if executed outside Thailand.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Disclosure. None of the reports, financial statements, certificates or other written information (other than information of a general economic or industry specific nature) furnished by or on behalf of the Borrower or any of its Subsidiaries to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished), taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading; provided that, with respect to projected financial information, geological and geophysical data, engineering projections and other forward looking information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time (it being understood that such projections are as to future events and are not to be viewed as facts and are subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, and that no assurance can be given that such projections will be realized and actual results during the period or periods covered by any such projections may differ significantly from the projected results and such differences may be material and it being further understood that projections concerning volumes attributable to the Oil and Gas Properties of the Loan Parties and production and cost estimates contained in each Reserve Report are necessarily based upon professional opinions, estimates and projections and that the Loan Parties do not warrant that such opinions, estimates and projections will ultimately prove to have been accurate).

SECTION 3.12. Federal Reserve Regulations. No part of the proceeds of any Revolving Loan have been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.13. Liens. There are no Liens on any of the Properties of the Borrower or any of its Subsidiaries except for Liens permitted by Section 6.02.

SECTION 3.14. No Default. No Default or Event of Default has occurred and is continuing.

SECTION 3.15. Indebtedness with Banpu. As of the Effective Date, there does not exist any Indebtedness owing to Banpu or any Affiliate thereof (including Banpu North America, but excluding the Borrower or any Subsidiary thereof) by the Borrower or any other Loan Party, other than (a) the Amended and Restated Shareholder Loans and (b) the loans made under the BKV-Temple Loan Agreement.

SECTION 3.16. Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date and on the date of any Borrowing hereunder, the Borrower individually and the Borrower and its Subsidiaries, on a consolidated basis, are Solvent.

SECTION 3.17. Insurance. The Borrower maintains, and has caused each of its Subsidiaries to maintain, with financially sound and reputable insurance companies, insurance as required by Section 5.12 on all of their Property in such amounts, subject to such deductibles and self-insurance retentions and covering such Properties and risks as are adequate and customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 3.18. Pari Passu Ranking. The obligations of each Loan Party under the Loan Documents to which it is a party rank at least equally with all of the unsecured and unsubordinated Indebtedness of such Loan Party, except liabilities mandatorily (and not consensually) preferred by law, and ahead of all subordinated indebtedness, if any, of such Loan Party.

SECTION 3.19. Anti-Corruption Laws; USA PATRIOT Act; Anti-Terrorism Laws and Sanctions.

(a) The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, the Subsidiaries, BKV-BPP and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws and applicable Sanctions.

(b) The Borrower, the Subsidiaries, BKV-BPP, their respective officers and employees and, to the knowledge of the Borrower, their respective directors and agents are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and are not engaged in any activity that would reasonably be expected to result in any of the Borrower, the Subsidiaries or BKV-BPP being designated as a Sanctioned Person.

(c) None of (x) the Borrower, any Subsidiary, BKV-BPP or any of their respective directors, officers or employees, or (y) to the knowledge of the Borrower, any agent of the Borrower that will act in any capacity in connection with or benefit from the credit facility established hereby, is a

Sanctioned Person. The Borrower will not directly or indirectly use the proceeds from the Revolving Loans or lend, contribute or otherwise make available such proceeds to the Borrower, any Subsidiary, BKV-BPP, joint venture partner or other Person, for the purpose of financing the activities of any Person subject to any applicable Sanctions.

SECTION 3.20. Use of Proceeds. The Borrower will use the proceeds of the Revolving Loans solely for short-term working capital and operating needs, including earnout payments and Capital Expenditures (such as refrac, recompletion of producing wells, drilling and completion of new wells of Proved Reserves), but, in each case, excluding long term Capital Expenditures (such as exploration investments). No part of the proceeds of any Revolving Loan will be used, whether directly or indirectly, (x) for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X or (y) to repay any Subordinated Shareholder Loan.

SECTION 3.21. Material Contracts. No Loan Party is in breach of any Material Contracts. Each Material Contract is enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.22. Properties; Title; Etc.

(a) Each of the Loan Parties has defensible title (subject to Immaterial Title Deficiencies) to the Proved Oil and Gas Properties evaluated in the most recently delivered Reserve Report (except for those Properties that have been Disposed of since the date of such Reserve Report in accordance with this Agreement or leases which have expired in accordance with their terms). Each of the Loan Parties has good title to, or valid leasehold interests in, licenses of, or rights to use, all of its material personal Properties (except for those Properties that have been Disposed of from time to time after the Effective Date in accordance with this Agreement and any leases which have expired in accordance with their terms), free and clear of all Liens except for Permitted Liens. After giving full effect to such Permitted Liens, Immaterial Title Deficiencies, any Dispositions of Properties made after the Effective Date in accordance with this Agreement and any leases which have expired in accordance with their terms, the Loan Party specified as the owner owns the net interests in production attributable to the Hydrocarbon Interests as reflected in the most recently delivered Reserve Report (except for those Properties that have been Disposed of since the date of such Reserve Report in accordance with this Agreement or leases which have expired in accordance with their terms), and except as otherwise provided by statute, regulation or the provisions of any applicable joint operating agreement, unitization agreement or other similar agreement, the ownership of such Properties shall not in any material respect obligate such Loan Party to bear the costs and expenses relating to the maintenance, development and operations of each such Property in an amount in excess of the working interest of such Property set forth in the most recently delivered Reserve Report that is not offset by a corresponding proportionate increase in such Loan Party's net revenue interest in such Property.

(b) Except for matters that could not reasonably be expected to have a Material Adverse Effect, (i) all leases and agreements necessary for the conduct of the business of the Loan Parties are valid and subsisting and in full force and effect and (ii) there exists no default or event or circumstance which with the giving of notice or the passage of time or both would give rise to a default under any such lease or leases.

(c) Each Loan Party owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual Property used in its business except where any such failure to own or be licensed to use (including the granting of licenses), individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, and the use thereof by such Loan Party does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Loan Parties either own or have valid licenses or other rights to use all databases, geological data, geophysical data, engineering data, seismic data, maps, interpretations and other technical information used in their businesses as presently conducted, subject to the limitations contained in the agreements governing the use of the same, which limitations are customary for companies engaged in the business of the exploration and production of Hydrocarbons, with such exceptions as could not reasonably be expected to have a Material Adverse Effect.

(d) All of the Properties of the Borrower and its Subsidiaries which are reasonably necessary for the operation of their businesses are in good working condition (ordinary wear and tear and casualty events excepted) and are maintained in accordance with prudent business standards.

SECTION 3.23. Gas Imbalances; Prepayments. On a net basis there are no gas imbalances, take-or-pay or other prepayments with respect to the Proved Oil and Gas Properties of the Loan Parties which would require any Loan Party to deliver Hydrocarbons either generally or produced from Oil and Gas Properties at some future date with a value of $5,000,000 or more, which, in the case of imbalances would be satisfied no later than forty five (45) days after being incurred.

SECTION 3.24. Marketing of Production. Except for contracts listed and in effect on the date hereof on Schedule 3.24, or thereafter either disclosed in writing to the Administrative Agent or included in the most recently delivered Reserve Report (with respect to all of which contracts the Borrower represents that it or another Loan Party is receiving a price for all production sold thereunder which is computed substantially in accordance with the terms of the relevant contract and are not having deliveries curtailed substantially below the Property's delivery capacity), no Loan Party is a party to a material agreement that is not cancelable on sixty (60) days' notice or less without penalty or detriment for the sale of production from the Loan Parties' Hydrocarbons (including calls on or other rights to purchase, production, whether or not the same are currently being exercised) that (a) pertains to the sale of production at a fixed price (excluding a fixed differential) and (b) has a maturity or expiry date of longer than six (6) months from the date of such disclosure or the date of such Reserve Report, as applicable.

SECTION 3.25. Swap Agreements. Schedule 3.25 sets forth a true and complete list of all Swap Agreements of the Loan Parties in effect as of the Effective Date, the material terms thereof (including the type, effective date, term or termination date and notional amounts or volumes), the estimated net mark to market value thereof, all credit support agreements relating thereto (including any margin required or supplied) and the counterparty to each such agreement, which such counterparty is an Approved Swap Counterparty.

SECTION 3.26. Ad Valorem and Severance Taxes. Except to the extent that the failure to pay or discharge would not reasonably be expected to result in a loss or forfeiture of any material Oil and Gas Property of the Loan Parties, each of the Loan Parties has paid and discharged all ad valorem Taxes that are payable and have been assessed against its Oil and Gas Properties or any part thereof and all production, severance and other Taxes that are payable and have been assessed against, or measured by, the production or the value, or proceeds, of the production therefrom, other than Taxes that are being contested in accordance with the provisions of Section 5.04.

SECTION 3.27. Beneficial Ownership Certification. As of the Effective Date, all of the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Revolving Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) Credit Agreement. The Administrative Agent shall have received from each party hereto counterparts (in such number as may be requested by the Administrative Agent) of:

(i) this Agreement signed on behalf of such party;

(ii) Notes executed by the Borrower in favor of each Lender, if any, which has requested Notes pursuant to Section 2.07(e), duly completed and dated the Effective Date; and

(iii) from each party thereto, counterparts (in such number as may be requested by the Administrative Agent) of the Guaranty Agreement signed on behalf of such party.

(b) Closing Certificates. The Administrative Agent shall have received each of the following in form and substance satisfactory to the Administrative Agent:

(i) Officer's Certificate. A certificate from a Responsible Officer of the Borrower, certifying that (A) the conditions specified in Sections 4.01(c) have been satisfied, (B) that either (i) all governmental, shareholder and third party consents, licenses and approvals required pursuant to Section 4.01(e)(i) have been received by the Loan Parties and are in full force and effect, or (ii) no such consents, licenses or approvals are so required and (C) as to the matters set forth in Section 4.01(e)(ii).

(ii) Secretary's Certificates. A certificate from the secretary of the Borrower and each other Loan Party (or if such Person does not have a secretary, a Responsible Officer) certifying as to the incumbency and genuineness of the signature of each Responsible Officer of such Person executing Loan Documents to which it is a party and certifying that attached thereto is a true, correct and complete copy of (A) the articles or certificate of incorporation (or equivalent) of such Person and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority (to the extent available) in its jurisdiction of incorporation (or equivalent), (B) the bylaws or other governing document of such Person as in effect on the Effective Date (including all amendments thereto and such amendments as reasonably requested by the Administrative Agent), (C) resolutions duly adopted by the board of directors (or other governing body) of the Borrower authorizing and approving the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents to which it is or will be a party, and (D) each certificate required to be delivered pursuant to Section 4.01(b)(iii).

(iii) Certificates of Good Standing. To the extent available, certificates as of a recent date as to the good standing of the Borrower and each other Loan Party under the laws of its jurisdiction of incorporation, (or equivalent) and, to the extent requested by the Administrative Agent, each other jurisdiction where the Borrower or such Loan Party owns Oil and Gas Properties or is qualified to do business and, to the extent available, a certificate of the relevant taxing authorities of such jurisdictions certifying that the Borrower has filed required tax returns and owes no delinquent taxes.

(c) Representations and Warranties; Defaults; Material Adverse Effect.

(i) The representations and warranties of the Borrower and the other Loan Parties set forth in this Agreement and the other Loan Documents shall be true and correct in all material respects (or, with respect to any representation or warranty qualified by materiality or a material adverse change or material adverse effect standard, in all respects) on and as of the Effective Date (although any representations and warranties which expressly relate to an earlier date shall be required only to be true and correct in all material respects (or, with respect to any representation or warranty qualified by materiality or a material adverse change or material adverse effect standard, in all respects) as of the specified earlier date).

(ii) At the time of and immediately after giving effect to the Transactions to occur on the Effective Date, no Default or Event of Default shall have occurred and be continuing.

(iii) Since December 31, 2021, there has not occurred any event, development or circumstance that has had, or could reasonably be expected to have, a Material Adverse Effect.

(d) Fee Letter. The Administrative Agent shall have received a fully executed Fee Letter.

(e) Consents; Proceedings.

(i) Governmental and Third Party Approvals. The Loan Parties shall have received all governmental, shareholder and third party consents, licenses and approvals necessary in connection with the transactions contemplated by this Agreement and the other Loan Documents, other than the Hart-Scott-Rodino Act.

(ii) No Injunction, Etc. No action, proceeding or investigation shall have been instituted, threatened or proposed before any Governmental Authority to enjoin, restrain or prohibit the execution and delivery by the Loan Parties of this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby or thereby.

(f) Opinion. The Administrative Agent shall have received a favorable opinion of counsel from Fox Rothschild LLP, special counsel to the Loan Parties, in form and substance satisfactory to the Administrative Agent. Such opinion shall be addressed to the Administrative Agent and the Lenders and shall expressly permit reliance by the permitted successors and assigns of the Administrative Agent and the Lenders.

(g) Lien Searches and Environmental Assessments.

(i) Lien Searches. The Administrative Agent shall have received the results of a recent Lien search (including a search as to judgments, bankruptcy and tax matters), in form and substance reasonably satisfactory to the Administrative Agent, in each of the jurisdictions or offices in which UCC financing statements or other filings or recordations (including mortgages) should be made to evidence or perfect security interests in the assets of each of the Loan Parties, indicating among other things that the assets of each such Loan Party are free and clear of any Lien (except for Permitted Liens).

(ii) Environmental Assessments. The Administrative Agent shall be satisfied with the environmental condition of the Oil and Gas Properties of the Loan Parties and shall have received copies of all existing environmental assessments and other environmental reports relating thereto.

(h) Property and Liability Insurance. The Administrative Agent shall have received, in each case in form and substance reasonably satisfactory to the Administrative Agent, evidence of property and liability insurance covering each Loan Party (with appropriate endorsements naming the Administrative Agent as "additional insured" on all policies for liability insurance) and the properties of the Loan Parties satisfying the requirements of Section 5.12, evidence of payment of all insurance premiums for the current policy year of each such policy, and if requested by the Administrative Agent, copies of such insurance policies.

(i) Financial Statements. The Administrative Agent shall have received the audited consolidated balance sheet and statements of income or operations, stockholders' equity and cash flows of the Borrower and its Consolidated Subsidiaries as of and for the Fiscal Year ended December 31, 2021, reported on by PricewaterhouseCoopers, independent public accountants.

(j) Initial Reserve Report. The Administrative Agent shall have received the Initial Reserve Report.

(k) Title. The Administrative Agent shall have received title information in form and substance reasonably satisfactory to the Administrative Agent with respect to the Oil and Gas Properties of the Loan Parties.

(l) Amended and Restated Shareholder Loan Agreements. The Administrative Agent shall have received true and correct copies of duly executed consents to each Amended and Restated Shareholder Loan Agreements to permit this Agreement and the Obligations, each in form and substance satisfactory to the Administrative Agent.

(m) Subordination Agreement. The Administrative Agent shall have received from each party thereto, fully executed counterparts of the Subordination Agreement.

(n) Solvency Certificate. The Borrower shall have delivered to the Administrative Agent a certificate in the form of Exhibit G.

(o) Miscellaneous.

(i) USA PATRIOT Act, Etc. Each Loan Party shall have provided to the Administrative Agent and the Lenders at least five (5) Business Days prior to the Effective Date the documentation and other information requested by the Administrative Agent or any Lender in order to comply with requirements of the USA PATRIOT Act and applicable "know your customer" and anti-money laundering rules and regulations, including but not limited to the Borrower's Form W-9. If the Borrower qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, it shall have delivered to the Administrative Agent and directly to any Lender requesting the same, a Beneficial Ownership Certification at least ten Business Days prior to the Effective Date.

(ii) Other Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Administrative Agent. The Administrative Agent and the Lenders shall have received copies of all other documents, certificates and instruments reasonably requested thereby with respect to the transactions contemplated by this Agreement.

(iii) Payment of Fees; Expense Reimbursement. The Administrative Agent and the Lenders shall have received payment of all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced at least one Business Day prior to the Effective Date (or otherwise set forth in a funds flow or similar statement approved by the Borrower), reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Loan Parties hereunder (including payment of the invoiced and reasonable documented fees, charges and out-of-pocket expenses of outside counsel to the Administrative Agent, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent)).

(iv) Due Diligence. The Administrative Agent and each Lender shall have completed its business due diligence investigation (including the receipt of any requested due diligence reports), and each Lender and the Administrative Agent and its counsel shall have completed all legal due diligence, in each case the results of which shall be satisfactory to each Lender and the Administrative Agent.

Without limiting the generality of the provisions of Article VIII, for purposes of determining compliance with the conditions specified in this Section 4.01, the Administrative Agent and each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the Effective Date specifying its objection thereto.

SECTION 4.02. Each Borrowing. The obligation of each Lender to make a Revolving Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower and the other Loan Parties set forth in this Agreement and the other Loan Documents shall be true and correct in all material respects (or, with respect to any representation or warranty qualified by materiality or a material adverse change or material adverse effect standard, in all respects) on and as of the date of such Borrowing (although any representations and warranties which expressly relate to an earlier date shall be required only to be true and correct in all material respects (or, with respect to any representation or warranty qualified by materiality or a material adverse change or material adverse effect standard, in all respects) as of the specified earlier date).

(b) At the time of and immediately after giving effect to such Borrowing, no Default or Event of Default shall have occurred and be continuing.

(c) The Administrative Agent shall have received a Borrowing Request in accordance with Section 2.03.

(d) The Administrative Agent shall have received all documents and/or invoices showing the proposed use of the proceeds of at least 90% of the requested Revolving Loan (all such documents or invoices to be in form and substance satisfactory to the Administrative Agent), such use of proceeds to be in accordance with Section 5.09.

(e) The Borrower shall have (i) delivered to the Administrative Agent a certificate (in form and substance satisfactory to the Administrative Agent) certifying as to (1) the Estimated Marketer Receivables Amount as of the date of the proposed Borrowing and (2) the condition in Section 4.02(f) and (ii) provided the Administrative Agent any reasonably requested information with respect to the calculation of the Marketer Receivables Amount.

(f) The Estimated Marketer Receivables Amount shall exceed the sum of (i) the aggregate principal amount of all outstanding Revolving Loans and (ii) the aggregate principal amount of the requested Borrowing.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower and the other Loan Parties on the date thereof as to the matters specified in paragraphs (a), (b) and (f) of this Section 4.02.

ARTICLE V

Affirmative Covenants

From the Effective Date until Payment in Full, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent (for distribution to each Lender):

(a) within ninety (90) days after the end of each Fiscal Year of the Borrower (or, after a Qualified IPO, if earlier, by the date that the Annual Report on Form 10-K of the Borrower for such fiscal year would be required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available thereunder for the filing of such form) (commencing with the Fiscal Year ending December 31, 2022), (i) the audited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Year and the related consolidated statements of income or operations, stockholders' equity and cash flows of the Borrower and its Consolidated Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by PricewaterhouseCoopers or other independent public accountants of recognized national standing or otherwise acceptable to the Administrative Agent (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition of the Borrower and its Consolidated Subsidiaries on a consolidated basis as of such date and the results of operations of the Borrower and its Consolidated Subsidiaries on a consolidated basis for such Fiscal Year, in each case in accordance with GAAP consistently applied and (ii) a narrative management discussion and analysis of the financial condition and results of operations of the Borrower and its Consolidated Subsidiaries for such Fiscal Year;

(b) within forty-five (45) days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower (or, after a Qualified IPO, if earlier, by the date that the Quarterly Report on Form 10-Q of the Borrower for such fiscal quarter would be required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available thereunder for the filing of such form) (commencing with the Fiscal Quarter ending September 30, 2022), the unaudited consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as of the end of such Fiscal Quarter and the related statements of income or operations, stockholders' equity and cash flows as of the end of and for such Fiscal Quarter and the then-elapsed portion of the then-current Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by a Financial Officer of the Borrower as presenting fairly in all material respects the financial condition of the Borrower and its Consolidated Subsidiaries on a consolidated basis as of such date and the results of operations of the Borrower and its Consolidated Subsidiaries on a consolidated basis for the period or periods then ended, in each case in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clauses (a) or (b) of this Section 5.01, a Compliance Certificate (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto and (ii) setting forth reasonably detailed calculations of the financial covenants contained in Section 6.11 (to the extent required to be tested as of the last day of the fiscal period covered by such financial statements);

(d) promptly following the written request of the Administrative Agent, certificates of insurance coverage and endorsements with respect to the insurance required by Section 5.12, in form and substance reasonably satisfactory to the Administrative Agent, and, if requested by the Administrative Agent, all copies of the applicable policies;

(e) (i) not later than thirty (30) days prior to the end of each Fiscal Year (beginning the Fiscal Year ending December 31, 2022), a copy of a Cashflow Projection for each month in the following Fiscal Year and (ii) not later than 20 days after the end of each month (beginning the month ending January 31, 2023), a summary of actual cashflow for such month in form and substance acceptable to the Administrative Agent;

(f) concurrently with the delivery of any Cashflow Projection pursuant to Section 5.01(e)(i), a forecast of the volume of production and forecasted sales attributable to production (and the forecasted prices at which such sales are to be made and the projected revenues derived from such sales) from Oil and Gas Properties for the related Fiscal Year covered by such Cashflow Projection, including setting forth the related projected ad valorem, severance and production taxes and lease operating expenses attributable thereto and projected to be incurred for each month during such Fiscal Year (all in form and substance acceptable to the Administrative Agent);

(g) promptly following the written request of the Administrative Agent, copies of any Material Contract and any amendments, modifications, waivers, or supplements thereto;

(h) promptly following the written request of the Administrative Agent, a list of all Persons purchasing Hydrocarbons from the Borrower or any of its Subsidiaries under contracts with a term exceeding one month (or, with respect to Oil and Gas Properties that are not operated by the Borrower or any of its Subsidiaries, a list of the operators of such properties);

(i) within forty-five (45) days after the end of each Fiscal Quarter, a report setting forth, for each calendar month such Fiscal Quarter, the volume of production and sales attributable to production for which cash activity has been recorded (and the prices at which such sales were made and the revenues derived from such sales) from the Oil and Gas Properties, and setting forth the related ad valorem, severance and production taxes and lease operating expenses attributable thereto and incurred for each such calendar month;

(j) within forty-five (45) days after the end of each Fiscal Quarter, a report setting forth the Capital Expenditures made by the Borrower and its Subsidiaries during such Fiscal Quarter, in reasonable detail;

(k) within forty-five (45) days after the end of each Fiscal Quarter, (i) a report setting forth, as of the last day of such Fiscal Quarter, a summary of all outstanding Swap Agreements (including the type, strike price and notional amounts or volumes), any credit support documents relating thereto, any margin required or supplied under any credit support document, the counterparty to each such Swap Agreement and (ii) demonstrating compliance with the requirements of Section 5.16(b) with respect to Swap Agreements to be entered into or maintained within fourteen (14) days after the end of the Fiscal Quarter most recently ended;

(l) not less than three (3) Business Days' prior to making a Restricted Payment pursuant to Section 6.08(d) or Restricted Debt Payments pursuant to Section 6.18(a)(ii), a certificate of a Financial Officer in substantially the form of Exhibit F hereto setting forth (i) the Specified Amount, including the calculation thereof, as of the date of delivery of such certificate and (ii) the Specified Amount immediately after giving effect to such Restricted Payment or Restricted Debt Payment;

(m) within eight (8) Business Days after the last day of any month on which no Borrowing has occurred, the Borrower shall deliver to the Administrative Agent (i) a certificate of a Financial Officer certifying (1) as to the Marketer Receivables Amount as of the last day of such month and (2) that the amount in clause (1) equals or exceeds the aggregate amount of Revolving Loans outstanding on the last day of such month and (ii) any additional information reasonably requested by the Administrative Agent with respect thereto;

(n) promptly following the written request of the Administrative Agent, such other information regarding the operations, business affairs and financial condition of the Borrower or any Subsidiary of the Borrower, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender (through the Administrative Agent) may reasonably request; and

(o) promptly following the written request of the Administrative Agent, all documentation and other information that such Lender or the Administrative Agent reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act and the Beneficial Ownership Regulation.

SECTION 5.02. Notices of Material Events. The Borrower will furnish to the Administrative Agent (for distribution to each Lender) the following:

(a) promptly, and in any event within five (5) Business Days after a Responsible Officer of the Borrower or any of its Subsidiaries obtains knowledge of the occurrence thereof, written notice of the occurrence of any Default;

(b) promptly, and in any event within five (5) Business Days after a Responsible Officer of the Borrower or any of its Subsidiaries obtains knowledge thereof, the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any of its Subsidiaries that could reasonably be expected to result in the imposition of liability in excess of $10,000,000 to the extent not covered by insurance, subject to normal deductibles;

(c) promptly, and in any event within five (5) Business Days after a Responsible Officer of the Borrower or any of its Subsidiaries obtains knowledge thereof, the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in the imposition of liability in excess of $10,000,000;

(d) promptly upon the receipt thereof, or the acquisition of knowledge by a Responsible Officer of a Loan Party, a copy of any form of request, claim, complaint, order, notice, summons or citation received from any Governmental Authority or any other Person (i) concerning violations or alleged violations of Environmental Laws that seek to impose liability therefor in excess of $10,000,000, or (ii) concerning any action or omission on the part of any of such Loan Party in connection with Hazardous Materials that could reasonably result in the imposition of liability in excess of $10,000,000 or requiring that action be taken to respond to or clean up a Release of Hazardous Materials into the environment and such action or clean-up could reasonably be expected to exceed $10,000,000, including without limitation any information request related to, or notice of, potential responsibility under CERCLA;

(e) promptly after a Responsible Officer of the Borrower or any of its Subsidiaries obtains knowledge thereof, the occurrence of any Casualty Event with respect to Property of the Borrower or any of its Subsidiaries with a fair market value in excess of $10,000,000 or the commencement of any action of proceeding that could reasonably be expected to result in such a Casualty Event, together with a reasonably detailed description thereof;

(f) promptly after a Responsible Officer of the Borrower or any of its Subsidiaries obtains knowledge thereof, any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect;

(g) promptly, and in any event within ten (10) Business Days after a Responsible Officer of Borrower or any of its Subsidiaries obtains knowledge thereof, written notice of the receipt by Borrower or any of its Subsidiaries of any written default notices under or with respect to any Material Contract;

(h) prior to any Disposition under Section 6.04 anticipated to generate in excess of $5,000,000 in Net Proceeds, prior written notice of such Disposition, which notice shall (i) describe such Disposition and the nature and material terms and conditions of such transaction and (ii) state the estimated Net Proceeds anticipated to be received by any Loan Party from such Disposition; and

(i) promptly, and in any event within fifteen (15) days after any such event, written notice of any change in the Marketer.

Each notice delivered under clauses (a) through (g) of this Section shall be accompanied by a statement of a Responsible Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

After the occurrence of a Qualified IPO, documents required to be delivered pursuant to Section 5.01(a) or (b) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR); or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether made available by the Administrative Agent); provided that: (A) upon written request by the Administrative Agent (or any Lender through the Administrative Agent) to the Borrower, the Borrower shall deliver paper copies of such documents to the Administrative Agent or such Lender until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Borrower shall notify the Administrative Agent and each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request by a Lender for delivery, and each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such document to it and maintaining its copies of such documents.

SECTION 5.03. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business and maintain, if necessary, its qualification to do business in each jurisdiction in which its Oil and Gas Properties are located or the ownership of its Properties require such qualification, in each case (other than with respect to the preservation of existence of any Loan Party) except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.04. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries to, pay its obligations, including Tax liabilities that, if not paid, could result in a Material Adverse Effect before the same shall become delinquent or in default, except with respect to any Tax liabilities where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings and the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP (to the extent required under GAAP) or (b) the failure to make payment could not reasonably be expected to result in a Material Adverse Effect or result in the seizure or levy of any Proved Oil and Gas Properties with an aggregate fair market value in excess of $5,000,000.

SECTION 5.05.Maintenance of Properties. The Borrower will, and will cause each of its Subsidiaries to:

(a) operate its Oil and Gas Properties, or cause such Oil and Gas Properties to be operated, in a reasonably prudent manner in accordance with the customary practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all applicable Governmental Requirements, including applicable proration requirements and Environmental Laws, and all applicable laws, rules and regulations of every other Governmental Authority from time to time constituted to regulate the development and operation of such Oil and Gas Properties and the production and sale of Hydrocarbons and other minerals therefrom, except, in each case, where the failure to comply could not reasonably be expected to have a Material Adverse Effect;

(a) maintain and keep in good repair, working order and efficiency (ordinary wear and tear excepted) all of its Oil and Gas Properties and other Properties material to the operation thereof, including all equipment, machinery and facilities, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect;

(b) promptly pay and discharge, or make reasonable and customary efforts to cause to be paid and discharged, all material delay rentals, royalties, expenses and indebtedness accruing under the leases or other agreements affecting or pertaining to its Oil and Gas Properties (except where the validity or amount thereof is being contested in good faith by appropriate proceedings and the applicable Loan Party has set aside on its books adequate reserves with respect thereto in accordance with GAAP (to the extent required by GAAP)) and will do all other things necessary, in accordance with industry standards, to keep unimpaired its rights with respect thereto and prevent any forfeiture thereof or default thereunder, except, in each case, where the failure to do so could not reasonably be expected to have a Material Adverse Effect;

(c) promptly perform or make reasonable and customary efforts to cause to be performed, in accordance with industry standards, the obligations required by each and all of the assignments, deeds, leases, sub-leases, contracts and agreements affecting its interests in its Oil and Gas Properties and other Properties material to the operation thereof, except, in each case, where the failure to do so could not reasonably be expected to result in a Material Adverse Effect;

(d) operate its Oil and Gas Properties and other Properties material to the operation thereof, or make reasonable and customary efforts to cause such Oil and Gas Properties and other material Properties to be operated, in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all Governmental Requirements, except, in each case, where the failure to do so could not reasonably be expected to result in a Material Adverse Effect; and

(e) to the extent that neither the Borrower nor any Subsidiary of the Borrower is the operator of any Property, use commercially reasonable efforts to cause the operator to comply with the requirements of this Section 5.05.

SECTION 5.06.Books and Records; Inspection Rights. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which entries that are full, true and correct entries in all material respects are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each of its Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its Properties, to examine and make extracts from its books and records and to discuss its affairs, finances and condition with its officers and independent accountants, all at reasonable times during normal business hours; provided that, excluding any such visits and inspections during the continuation of any Event of Default, only the Administrative Agent (or any of its representatives or independent contractors) on behalf of the Lenders may exercise the rights of the Administrative Agent and the Lenders under this Section 5.06 and, unless an Event of Default shall have occurred and be continuing, the Borrower shall only be responsible for the costs and expenses of one such visit and inspection per calendar year. The Administrative Agent shall give the Borrower the opportunity to participate in any discussions with the Borrower's independent accountants. Notwithstanding anything to the contrary in this Section 5.06, none of the Borrower nor any Subsidiary shall be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter that (i) constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by applicable law or any material binding agreement between the Borrower or any of the Subsidiaries and a Person that is not the Borrower or any of the Subsidiaries and not entered into in contemplation of preventing such disclosure, inspection or examination or (iii) is subject to attorney-client or similar privilege or constitutes attorney work-product.

SECTION 5.07. Environmental Laws. The Borrower shall, at its sole expense: (i) comply, and shall cause its real property and operations and each of its Subsidiaries and each of its Subsidiaries' real property and operations to comply, with applicable Environmental Laws, the breach of which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; (ii) not Release or threaten to Release, and shall cause each of its Subsidiaries not to Release or threaten to Release, any Hazardous Material on, under, about or from any Properties of the Borrower or any of its Subsidiaries or any other Property offsite the Property to the extent caused by the operations of the Borrower or any of its Subsidiaries except in compliance with applicable Environmental Laws, if and to the extent that the Release or threatened Release of such Hazardous Materials, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; (iii) timely obtain or file, and shall cause each of its Subsidiaries to timely obtain or file, all Environmental Permits to be obtained or filed in connection with the operation or use of any Properties of the Borrower or any of its Subsidiaries, if and to the extent that the failure to obtain or file such Environmental Permits, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; (iv) promptly commence and diligently prosecute to completion, and shall cause each of its Subsidiaries to promptly commence and diligently prosecute to completion, any assessment, evaluation, investigation, monitoring, containment, cleanup, removal, repair, restoration, remediation or other remedial obligations (collectively, the "Remedial Work") in the event such Remedial Work is required or is reasonably necessary under applicable Environmental Laws because of or in connection with the actual or suspected past, present or future Release or threatened Release of Hazardous Material on, under, about or from any real property of the Borrower or any of its Subsidiaries, if and to the extent that failure to commence and diligently prosecute to completion such Remedial Work, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect; (v) conduct, and cause each Subsidiary to conduct, their respective operations and businesses in a manner that will not expose any Property or Person to Hazardous Materials that could reasonably be expected to form the basis for a claim for damages or compensation which claim could reasonably be expected to have a Material Adverse Effect; and (vi) establish and implement, and shall cause each Subsidiary to establish and implement, such procedures as may be necessary to continuously determine and assure that the Borrower's and the other Subsidiaries' obligations under this Section 5.07 are timely and fully satisfied, to the extent the failure to establish and implement such procedures could reasonably be expected to have a Material Adverse Effect. To the extent that neither the Borrower nor any Subsidiary is the operator of any Oil and Gas Property, the Borrower and the Subsidiaries shall use commercially reasonable efforts to cause the operator to comply with the requirements of this Section 5.07.

SECTION 5.08. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its Property, in each case except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by the Borrower, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.09. Use of Proceeds. The Borrower will use the proceeds of the Revolving Loans only for the purposes set forth in Section 3.20. The Borrower will not request any Borrowing and shall not use, and shall procure that its Subsidiaries and its and their respective directors, officers, employees and agents shall not use, directly or indirectly, the proceeds of any Borrowing (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iii) in any manner that would result in the violation, by any Person, of any Sanctions or other anti-money laundering rules and regulations applicable to any party hereto.

SECTION 5.10. Compliance with ERISA. In addition to and without limiting the generality of Section 5.08, the Borrower shall, and shall cause each of its Subsidiaries and each ERISA Affiliate to, (a) except where the failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) comply with applicable provisions of ERISA, the Code and the regulations and interpretations thereunder with respect to all Plans and other employee benefit plans, (ii) not take any action or fail to take action the result of which could reasonably be expected to result in a liability to the PBGC or to a Multiemployer Plan, (iii) not participate in any prohibited transaction that could result in any civil penalty under ERISA or tax under the Code and (iv) operate each employee benefit welfare plan (as defined in Section 3(1) of ERISA) in such a manner that will not result in any tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code and (b) furnish to the Administrative Agent upon the Administrative Agent's request such additional information about any Plan or other employee benefit plan as may be reasonably requested by the Administrative Agent or the Required Lenders.

SECTION 5.11. Subsidiary Guarantors; Further Assurances.

(a) In the event that, at any time after the Effective Date, any Person becomes a Subsidiary of the Borrower, whether pursuant to formation, acquisition or otherwise, the Borrower shall promptly (and, in any event, within thirty (30) days after such formation, acquisition or otherwise, as such time period may be extended by the Administrative Agent in its sole discretion) (i) cause such Subsidiary to (A) become a Guarantor by delivering to the Administrative Agent a duly executed supplement to the Guaranty Agreement or such other document as the Administrative Agent shall deem reasonably appropriate for such purpose and (B) deliver to the Administrative Agent such opinions, documents and certificates referred to in Section 4.01 as may be reasonably requested by the Administrative Agent.

(b) The Borrower and each Subsidiary will, at its sole expense, promptly execute and deliver to each Agent all such other documents, agreements and instruments reasonably requested by such Agent to comply with, cure any defects or accomplish the conditions precedent, covenants and agreements of any Loan Party, as the case may be, in the Loan Documents or to correct any omissions in this Agreement, or to make any recordings, file any notices or obtain any consents, all as such Agent may deem necessary or advisable in its reasonable discretion.

SECTION 5.12. Insurance. The Borrower will, and will cause each of its Subsidiaries to maintain with financially sound and reputable carriers insurance in such amounts and against such risks as are customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations and as may be required by applicable material Governmental Requirements. The Borrower will furnish to the Lenders, upon the request of the Administrative Agent, information in reasonable detail as to the insurance so maintained.

SECTION 5.13. Management of BKV-BPP. The Borrower will cause the management, business and affairs of each of the Borrower and its Subsidiaries to be conducted in such a manner (including, without limitation, by keeping separate books of account, furnishing separate financial statements of BKV-BPP to creditors thereof and by not permitting assets of the Borrower and its Subsidiaries to be commingled with those of BKV-BPP) so that BKV-BPP will be treated as an entity separate and distinct from the Borrower and each Subsidiary.

SECTION 5.14. Reserve Reports.

(a) Within sixty (60) days after the end of each Fiscal Year of the Borrower (commencing with the Fiscal Year ending December 31, 2022), the Borrower shall furnish to the Administrative Agent (for distribution to the Lenders) (i) a Reserve Report prepared by the Borrower and audited by one or more Approved Petroleum Engineers (each, an "Approved Petroleum Engineer Reserve Report") evaluating the Oil and Gas Properties of the Borrower and the other Loan Parties to which Proved Reserves are attributable as of December 31st of such Fiscal Year and (ii) with respect to such Reserve Report, related Reserve Report Supporting Materials.

(b) Within forty-five (45) days after the end of each Fiscal Quarter ending on June 30th of each Fiscal Year (commencing with June 30, 2023), the Borrower shall furnish to the Administrative Agent (for distribution to the Lenders) (i) a Reserve Report evaluating the Oil and Gas Properties of the Borrower and the other Loan Parties to which Proved Reserves are attributable as of June 30th of such Fiscal Year, such Reserve Report to be prepared internally by or under the supervision of the chief petroleum engineer of the Borrower, who shall certify such Reserve Report to be true and accurate in all material respects and, except as otherwise specified therein, to have been prepared in accordance with the procedures used in the immediately preceding Approved Petroleum Engineer Reserve Report and (ii) with respect to any such Reserve Report, related Reserve Report Supporting Materials.

(c) Reserved.

(d) With the delivery of each Reserve Report, the Borrower shall provide to the Administrative Agent (for distribution to the Lenders) a certificate (the "Reserve Report Certificate") from a Responsible Officer certifying on behalf of the Borrower that in all material respects: (i) the information furnished by the Loan Parties to the applicable petroleum engineers in connection with the preparation of such Reserve Report is true and correct in all material respects, it being understood that projections concerning volumes attributable to the Oil and Gas Properties of the Borrower and the other Loan Parties and production and cost estimates contained in the Reserve Report are necessarily based upon professional opinions, estimates and projections and that the Borrower does not warrant that such opinions, estimates and projections will ultimately prove to have been accurate, (ii) each of the Borrower and the other Loan Parties has defensible title (subject to Immaterial Title Deficiencies) to the Proved Oil and Gas Properties evaluated in the related Reserve Report (except for those Properties that have been Disposed of since the date of such Reserve Report in accordance with this Agreement or leases which have expired in accordance with their terms), (iii) except as set forth on an exhibit to the certificate, on a net basis there are no gas imbalances, take-or-pay or other prepayments in excess of the threshold specified in Section 3.23 with respect to its Oil and Gas Properties evaluated in such Reserve Report which would require the Borrower or any other Loan Party to deliver Hydrocarbons either generally or produced from such Oil and Gas Properties at some future time without then or thereafter receiving full payment therefor, (iv) none of the Loan Parties' Proved Oil and Gas Properties have been sold (other than Hydrocarbons sold in the ordinary course of business) since the date of the previous Reserve Report except as set forth on an exhibit to the certificate, which exhibit shall list all of such Proved Oil and Gas Properties sold and in such detail as reasonably required by the Administrative Agent and (v) attached to the certificate is a list of all marketing agreements entered into by a Loan Party subsequent to the later of the date hereof or the most recently delivered Reserve Report which the Borrower could reasonably be expected to have been obligated to list on Schedule 3.24 had such agreement been in effect on the date hereof.

SECTION 5.15. Title Information. Upon any request of the Administrative Agent, the Borrower shall promptly supply the Administrative Agent with any reasonably requested title information with respect to the Loan Parties' Oil and Gas Properties.

SECTION 5.16 Required Commodity Hedging. After the end of each Fiscal Quarter (beginning the Fiscal Quarter ending June 30, 2023), the Borrower and one or more Approved Swap Counterparties shall enter into Swap Agreements reasonably satisfactory to the Administrative Agent (or maintain Swap Agreements reasonably satisfactory to the Administrative Agent, entered into with Approved Swap Counterparties):

(i) hedging notional volumes not less than 50% of the reasonably anticipated projected production of crude oil, natural gas and natural gas liquids, calculated in the aggregate, from the Loan Parties' Oil and Gas Properties that constitute Proved Developed Producing Reserves (as reflected in the most recently delivered Reserve Report) for a period of not less than twelve (12) months from the end of such Fiscal Quarter; and

(ii) hedging notional volumes not less than 25% of the reasonably anticipated projected production of crude oil, natural gas and natural gas liquids, calculated in the aggregate, from the Loan Parties' Oil and Gas Properties that constitute Proved Developed Producing Reserves (as reflected in the most recently delivered Reserve Report) for a period beginning thirteen (13) months from the end of such Fiscal Quarter and ending twenty-four (24) months from the end of such Fiscal Quarter.

SECTION 5.17. Ranking of Obligations. The Borrower will, and will cause each Loan Party to, take all such actions as shall be necessary to ensure that the Obligations of the Borrower or such Loan Party rank at least equally with all other unsecured and unsubordinated obligations of such Loan Party, except obligations mandatorily (and not consensually) preferred by applicable law, and ahead of all subordinated Indebtedness, if any, of such Loan Party.

SECTION 5.18. Material Contracts. The Borrower will maintain in force all Material Contracts except amendments, supplements, or other modifications that could not reasonably be expected to cause a Material Adverse Effect and or materially impair the Loans Parties' respective businesses and operations.

SECTION 5.19. Solvency. At all times, the Borrower shall individually be, and the Borrower and its Subsidiaries shall on a consolidated basis be, Solvent.

SECTION 5.20. Anti-Corruption Laws; USA PATRIOT Act; Anti-Terrorism Laws and Sanctions.

(a) The Borrower will maintain in effect policies and procedures designed to ensure compliance by the Borrower, the Subsidiaries, BKV-BPP and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws and applicable Sanctions.

(b) The Borrower, the Subsidiaries, BKV-BPP, their respective officers and employees and, to the knowledge of the Borrower, their respective directors and agents shall at all times be in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and shall not engage in any activity that would reasonably be expected to result in any of the Borrower, the Subsidiaries or BKV-BPP being designated as a Sanctioned Person.

(c) None of (x) the Borrower, any Subsidiary, BKV-BPP or any of their respective directors, officers or employees, or (y) to the knowledge of the Borrower, any agent of the Borrower that will act in any capacity in connection with or benefit from the credit facility established hereby, shall be a Sanctioned Person.

SECTION 5.21.Specified Royalty Payments. If the Borrower shall make any Borrowing, the Loan Parties shall pay the applicable Payees any Specified Royalty Payments on or prior to the last day of the month in which such Borrowing occurs and, within five (5) Business Days after the last day of such month, provide written notice of such payments and any other supporting information in connection therewith as reasonably requested by the Administrative Agent.

SECTION 5.22. Minimum Marketer Receivables Amount. The Borrower shall ensure that, as of the last day of any month (other than any month in which a Borrowing is made), the Marketer Receivables Amount as of such day shall exceed the aggregate principal amount of Revolving Loans of all Revolving Lenders on such day.

ARTICLE VI

Negative Covenants

From the Effective Date until Payment in Full, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01.Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or permit to exist any Indebtedness, except:

(a) the Obligations under this Agreement;

(b) Indebtedness existing on the date hereof and set forth on Schedule 6.01;

(c) Indebtedness of any Loan Party owing to any other Loan Party;

(d) the Term Loan Credit Agreement Obligations in an amount not to exceed $600,000,000;

(e) Indebtedness of the Borrower or any Subsidiary of the Borrower incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations, and extensions, renewals and replacements of any such Indebtedness; provided that (i) such Indebtedness is incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness incurred pursuant to this Section 6.01(e) shall not exceed $5,000,000 at any time outstanding;

(f) Indebtedness incurred to finance insurance premiums in an aggregate principal amount not to exceed the amount of such insurance premiums;

(g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business;

(h) to the extent constituting Indebtedness, Indebtedness associated with workers' compensation claims, performance, bid, surety or similar bonds or surety obligations required by Governmental Requirements or third parties in the ordinary course of business in connection with the operation of the Oil and Gas Properties;

(i) (i) earnout obligations consisting of the Subject Payments, (ii) Indebtedness in the form of indemnification, incentive, non-compete, consulting or other similar arrangements in respect of any Investments permitted hereunder and (iii) Indebtedness arising from agreements providing for indemnification related to sales of goods or adjustment of purchase price or similar obligations in any case incurred in connection with the sale or other disposition of any business, assets or Subsidiary permitted hereunder;

(j) unsecured Indebtedness incurred (A) under the Uncommitted Credit Facility Agreements in an amount not to exceed $65,000,000 or (B) otherwise for working capital purposes; provided that (1) the aggregate amount of Indebtedness incurred pursuant to this clause (j) shall not exceed, when combined with the aggregate amount of Indebtedness under this Agreement (including the principal amount of all Loans hereunder) (x) at any time prior to the consummation of a Qualified IPO, an amount equal to $150,000,000 or (y) on or after the consummation of a Qualified IPO, an amount equal to $200,000,000, (2) such Indebtedness, if not incurred under any Uncommitted Credit Facility Agreement, shall not mature earlier than 91 days after the Maturity Date, (3) such Indebtedness shall rank pari passu or junior in right of payment to the Revolving Loans, and if junior, shall be subject to customary subordination terms reasonably acceptable to the Administrative Agent and (4) the proceeds of any such Indebtedness incurred pursuant to this clause (j) may not be used to prepay any Subordinated Shareholder Loans; and

(k) Indebtedness of the Borrower owing to Banpu North America arising from Subordinated Shareholder Loans; and

(l) unsecured Indebtedness of the Borrower or any Subsidiary Guarantor incurred in respect of letters of credit issued in the ordinary course of business.

SECTION 6.02. Liens. The Borrower will not, and will not permit any Subsidiary of the Borrower to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, except:

(a) Permitted Encumbrances;

(b) any Lien on any property or asset of the Borrower or any Subsidiary of the Borrower existing on the date hereof and set forth in Schedule 6.02; provided that (i) such Lien shall not apply to any other Property or asset of the Borrower or any Subsidiary of the Borrower and (ii) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the original outstanding principal amount thereof unless such increased amount is otherwise permitted hereunder (plus the amount of any capitalized fees and expenses incurred in connection with such extension, renewal or replacement);

(c) Liens existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary of the Borrower after the Effective Date prior to the time such Person becomes a Subsidiary; provided that (i) such Liens are not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Liens shall not apply to any other property or assets of the Borrower or any Subsidiary and (iii) such Liens shall secure only those obligations which they secure on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be; provided further that any such Liens shall only be permitted in connection with any such acquisition or such Person becoming a Subsidiary until the date that is two (2) months after the date of such acquisition or such Person becoming a Subsidiary, as the case may be;

(d) Liens securing Indebtedness incurred pursuant to Section 6.01(e); provided that (i) such Liens are created prior to or within sixty (60) days after such acquisition or the completion of such construction or improvement, (ii) the Indebtedness secured thereby does not exceed the cost of acquiring, constructing or improving such fixed or capital assets and (iii) such Liens do not encumber any other property or assets of the Borrower or any Subsidiary of the Borrower (other than improvements, accessions, proceeds and assets fixed or appurtenant thereto and except that individual financings by a lender may be cross-collateralized to other financings by such lender or its Affiliate);

(e) Liens on insurance policies and the proceeds thereof securing the financing of the related insurance premiums permitted under Section 6.01(f);

(f) Liens on property of any Loan Party securing obligations of such Loan Party owing to any other Loan Party;

(g) except as prohibited at any time under the terms of the Term Loan Credit Agreement, Liens encumbering Properties of the Borrower and its Subsidiaries (other than Equity Interests in Subsidiaries of the Borrower) having an aggregate value, when aggregated with the aggregate value of all Oil and Gas Properties Disposed of pursuant to Section 6.04(d), not to exceed $25,000,000 (after giving effect to the incurrence of any such new Liens); and

(h) except as prohibited at any time under the terms of the Term Loan Credit Agreement, other Liens as may be agreed in writing by the Required Lenders in their sole discretion.

SECTION 6.03. Fundamental Changes; Nature of Business.

(a) The Borrower will not, and will not permit any of its Subsidiaries to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or Dispose of all or substantially all of its Property (whether in a single transaction or a series of transactions), or liquidate or dissolve, including, in each case, pursuant to a Division, except:

(i) any Subsidiary of the Borrower may merge into the Borrower or a Subsidiary Guarantor in a transaction in which the surviving entity is the Borrower or a Subsidiary Guarantor (provided that any such merger involving the Borrower must result in the Borrower as the surviving entity);

(ii) any Subsidiary of the Borrower may Dispose of all or substantially all of its assets to the Borrower or any Subsidiary Guarantor;

(iii) any Subsidiary of the Borrower may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders (provided that all assets and property of such Subsidiary are distributed to a Loan Party in connection with such liquidation or dissolution);

(iv) if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, any Person (other than the Borrower or a Subsidiary) may participate in a merger or consolidation with a Subsidiary of the Borrower in connection with any Investment permitted under Section 6.05 (provided that, if such merger or consolidation involves a Subsidiary Guarantor, a Subsidiary Guarantor shall be the continuing or surviving entity); and

(v) any Subsidiary of the Borrower may effect a merger, dissolution, liquidation or consolidation to effect a Disposition permitted pursuant to Section 6.04 or an Investment permitted pursuant to Section 6.05.

(b) The Borrower will not, and will not permit any of its Subsidiaries to, (i) engage in any business other than the exploration, development, production and sale of Hydrocarbons, midstream, downstream, carbon capture, utilization and storage (CCUS), solar and activities reasonably incidental or related thereto or (ii) acquire or make any other expenditure (whether such expenditure is capital, operating or otherwise) in or related to, any Oil and Gas Properties not located within the geographical boundaries of Canada, the United States or Mexico.

(c) The Borrower will not, nor will it permit any of its Subsidiaries to, change its Fiscal Year from the basis in effect on the Effective Date.

SECTION 6.04. Asset Sales. The Borrower shall not, nor shall it permit any of its Subsidiaries to, Dispose of any of its assets (including any of the Equity Interests of any of its Subsidiaries), whether now owned or hereafter acquired, including pursuant to a Division, except that the Borrower and its Subsidiaries may:

(a) sell Hydrocarbons, seismic data or Cash Equivalents in the ordinary course of business;

(b) enter into (i) Acreage Swaps and (ii) farmouts of undeveloped acreage or undrilled depths, in each case, to which no Proved Reserves are attributed and assignments in connection with such farmouts;

(c) Dispose of equipment and other personal property that is obsolete, worn out or uneconomic and Disposed of in the ordinary course of business or no longer necessary for the business of the Borrower or such Subsidiary of the Borrower or is replaced by equipment or other personal property of at least comparable value and use;

(d) Dispose of any Oil and Gas Property or any interest therein (including any Equity Interests in any Subsidiary that owns Oil and Gas Properties); provided that:

(i) except with respect to Casualty Events, no Default or Event of Default shall have occurred and be continuing at the time of such Disposition,

(ii) at least 75% of the consideration (other than environmental or other liabilities associated with such property and assumed by the purchaser or its Affiliates) received in respect of such Disposition shall be cash or Cash Equivalents,

(iii) the consideration received in respect of such Disposition shall be equal to or greater than the fair market value of the Oil and Gas Properties or interest therein (or Equity Interests) subject of such Disposition (as reasonably determined by a Responsible Officer of the Borrower and if requested by the Administrative Agent, the Borrower shall deliver a certificate of a Responsible Officer of the Borrower certifying to the foregoing),

(iv) the Borrower shall make all mandatory prepayments required by, and within the time periods set forth in, the Term Loan Credit Agreement in connection with such Disposition, and

(v) the total value of all Oil and Gas Properties Disposed of under this clause (d), when aggregated with the total aggregate value of the Properties of the Borrower and its Subsidiaries subject to Liens incurred pursuant to Section 6.02(g), shall not exceed $25,000,000 (after giving effect to such Disposition);

(e) enter into licenses of technology in the ordinary course of business;

(f) enter into leases or subleases of real or personal property and grant easements, rights-of-way, permits, licenses, restrictions or the like with respect to real or personal property, in each case, which do not interfere in any material respect with the ordinary course of business of the Borrower and its Subsidiaries;

(g) Dispose of Property to a Loan Party or among Loan Parties;

(h) unwind, monetize or terminate any Swap Agreement (including as may be necessary to comply with Section 6.06(a)), so long as, immediately after giving effect to such unwind, monetization or termination, the Borrower shall be in compliance with the minimum hedging requirements of Section 5.16, provided that in connection therewith, the Borrower shall make all mandatory prepayments required by, and within the time periods set forth in, the Term Loan Credit Agreement;

(i) license, sublicense, abandon or otherwise Dispose of intellectual property rights in the ordinary course of business; and

(j) sell or discount without recourse accounts receivable in the ordinary course of business in connection with the compromise or collection thereof.

SECTION 6.05. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any of its Subsidiaries to, make any Investment in any Person, except:

(a) Investments in Cash Equivalents;

(b) Investments by the Borrower and its Subsidiaries existing on the date hereof in the Equity Interests of its Subsidiaries;

(c) Investments made by any Loan Party in or to any other Loan Party;

(d) Guarantees constituting Indebtedness permitted by Section 6.01;

(e) any guarantees by the Borrower and its Subsidiaries of the operating or commercial obligations (to the extent not constituting Indebtedness) of the Borrower or any of its Subsidiaries incurred in the ordinary course of business;

(f) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the granting of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(g) deposits made in the ordinary course of business to secure the performance of leases or other obligations as permitted by Section 6.02;

(h) Reserved;

(i) loans made by the Borrower to Temple Generation I LLC pursuant to the BKV- Temple Loan Agreement in an aggregate principal amount not to exceed $15,000,000 at any time outstanding;

(j) Investments in direct or indirect ownership interests in additional Oil and Gas Properties and Properties related to oil and gas exploration and production activities, midstream, downstream, carbon capture, utilization and storage (CCUS), solar and any other related businesses located within the geographic boundaries of Canada, the United States and Mexico so long as after giving pro forma effect thereto no Default or Event of Default shall have occurred and be continuing;

(k) any other Investment (other than acquisitions) not otherwise permitted by this Section 6.05, so long as (i) at the time of such Investment and immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing and (ii) the aggregate amount of all such Investments made pursuant to this clause (k) does not exceed $5,000,000 at any time outstanding;

(l) Investments in the form of Swap Agreements not prohibited under Section 6.06;

(m) Investments in the ordinary course of business consisting of (x) endorsements for collection or deposit and customary trade arrangements with customers and (y) deposits, prepayments and/or other credits to suppliers, vendors or other trade counterparties; and

(n) promissory notes and other non-cash consideration received by the Borrower, the Borrower or any Subsidiary in connection with any Disposition permitted hereunder.

SECTION 6.06. Swap Agreements.

(a) The Borrower will not, and will not permit any of its Subsidiaries to, enter into any Swap Agreements in respect of commodities with any Person other than Swap Agreements in respect of commodities (i) with an Approved Swap Counterparty, (ii) the tenor of which does not exceed five (5) years and (iii) the notional volumes for which (other than for (x) basis differential swaps on volumes hedged pursuant to other Swap Agreements and (y) Swap Agreements providing for floors), when aggregated with all other commodity Swap Agreements then in effect (other than for (x) basis differential swaps on volumes hedged pursuant to other Swap Agreements and (y) Swap Agreements providing for floors) do not exceed on a monthly basis (determined, in the case of contracts that are not settled on a monthly basis, by a monthly proration acceptable to the Administrative Agent), as of the date the latest hedging transaction is entered into under any such Swap Agreement, ninety percent (90%) of the reasonably anticipated projected production of crude oil, natural gas and natural gas liquids, calculated in the aggregate, attributable to Proved Developed Producing Reserves of the Loan Parties evaluated in the most recently delivered Reserve Report.

(b) No Swap Agreement shall be entered into for speculative purposes.

(c) For purposes of entering into or maintaining Swap Agreement trades or transactions under this Section 6.06, forecasts of reasonably anticipated production from the Proved Oil and Gas Properties of the Borrower and its Subsidiaries as set forth on the most recent Reserve Report delivered pursuant to the terms of this Agreement shall, at the option of the Borrower, be deemed to be updated to account for any increase or decrease therein anticipated because of information obtained by the Borrower or any of its Subsidiaries and delivered to the Administrative Agent subsequent to the publication of such Reserve Report including, without limitation, the internal forecasts of the Borrower and its Subsidiaries of production decline rates for existing wells, additions to or deletions from anticipated future production from new wells, completed dispositions, and completed acquisitions coming on stream or failing to come on stream; provided that any such supplemental information shall be provided to the Administrative Agent and be reasonably satisfactory to the Administrative Agent and if any such supplemental information is delivered, such information shall be presented on a net basis (*i.e.*, it shall take into account both increases and decreases in anticipated production subsequent to publication of the most recent Reserve Report).

SECTION 6.07. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of, or officer or director of, the Borrower or any Subsidiary of the Borrower, except at prices and on terms and conditions that are no less favorable to the Borrower or such Subsidiary, as the case may be, than those that could be obtained at the time from a Person who is not an officer, director or Affiliate of the Borrower or any Subsidiary of the Borrower; provided that the foregoing restriction shall not apply to (a) any transaction solely between or among the Loan Parties not involving any other Affiliate, (b) fees and compensation to, reimbursement of expenses of, and indemnity provided on behalf of, officers, directors and employees of the Borrower or any of its Subsidiaries in their capacity as such, to the extent such fees and compensation are customary, (c) any Restricted Payment permitted by Section 6.08 and Investments permitted by Section 6.05, (d) issuances of Equity Interests of the Borrower not prohibited by this Agreement, and (e) the performance of employment, equity award, equity option or equity appreciation agreements, plans or similar compensation or benefit plans or arrangements (including vacation plans, health and insurance plans, deferred compensation plans and retirement or savings plans); provided, further, that in no event shall the Borrower or any of its Subsidiaries enter into any transaction providing financial support to any Permitted Holder.

SECTION 6.08. Restricted Payments. The Borrower will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except:

(a) the Borrower may declare and pay dividends with respect to its Qualified Equity Interests payable solely in additional units or shares of its Equity Interests (other than Disqualified Equity Interests);

(b) Subsidiaries may declare and pay dividends to the Borrower and other Subsidiaries ratably with respect to their Equity Interests;

(c) the Borrower may redeem, acquire, retire or repurchase, for cash, shares of Equity Interests (other than Disqualified Equity Interests) of the Borrower held by an present or former officer, manager, director or employee of the Borrower or any of its Subsidiaries upon the death, disability, retirement or termination of employment of any such person or otherwise make Restricted Payments pursuant to Qualifying Benefit Plans so long as, in each case, no Default or Event of Default exists at the time of such payment or results therefrom; and

(d) the Borrower may make Restricted Payments in an aggregate amount not to exceed the Specified Amount so long as the Payment Conditions have been met.

SECTION 6.09. Reduction in Share Capital. The Borrower will not, and will not permit any of its Subsidiaries or any other Person to, redeem, purchase or otherwise reduce any of the Borrower's or any Subsidiary's authorized or outstanding Equity Interests or the share capital of the Borrower or its Subsidiaries, except in each case as permitted by Section 6.08.

SECTION 6.10. Sale and Leaseback Transactions. The Borrower will not, nor will it permit any of its Subsidiaries to, consummate any Sale and Leaseback Transaction.

SECTION 6.11. Financial Covenants.

(a) Minimum Asset Coverage Ratio. The Borrower will not, as of December 31 and June 30 of any Fiscal Year (beginning December 31, 2022), permit the Asset Coverage Ratio to be less than 2.00 to 1.00.

(b) Maximum Total Net Leverage Ratio. The Borrower will not, as of the last day of any Fiscal Quarter (commencing with the Fiscal Quarter ending September 30, 2022), permit the Total Net Leverage Ratio to be greater than 2.50 to 1.00.

(c) Minimum Consolidated Fixed Charge Coverage Ratio. The Borrower will not, as of the last day of any Fiscal Quarter (commencing with the Fiscal Quarter ending September 30, 2022), permit the Consolidated Fixed Charge Coverage Ratio to be less than 1.30 to 1.00.

SECTION 6.12. Amendments to Organizational Documents. The Borrower shall not, nor shall it permit any of its Subsidiaries to amend, modify, waive or supplement (or permit any modification, amendment, waiver or supplement of) any of the terms or provisions of its Organizational Documents in any manner that is materially adverse to the interests of the Lenders.

SECTION 6.13. Sale or Discount of Receivables. Except for the settlement of joint interest billing accounts in the ordinary course of business or discounts granted to settle collection of accounts receivable or the sale of defaulted accounts arising in the ordinary course of business in connection with the compromise or collection thereof and not in connection with any financing transaction, the Borrower will not, and will not permit any of its Subsidiaries to, discount or sell (with or without recourse) any of its notes receivable or accounts receivable.

SECTION 6.14. Foreign Subsidiaries. The Borrower shall not, nor shall it permit any of its Subsidiaries to, create, acquire or permit to exist any Subsidiary which is not organized under the laws of a jurisdiction located in the United States of America.

SECTION 6.15. Proceeds of Loans. The Borrower and each Subsidiary of the Borrower will not permit the proceeds of the Revolving Loans to be used for any purpose other than those permitted by Section 3.20. The Borrower shall not issue a Borrowing Request and the Borrower shall not use, and shall procure that its directors, officers, employees and agents shall not use, the proceeds of the Revolving Loans (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country to the extent such activities, business or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 6.16. Take-or-Pay or Other Prepayments. Except as set forth on Schedule 3.23 or in the most recent certificate delivered pursuant to Section 5.14(d), the Borrower will not, and will not permit any of its Subsidiaries to, allow, on a net basis, gas imbalances, take-or-pay or other prepayments with respect to the Proved Oil and Gas Properties of the Loan Parties that would require any Loan Party to deliver Hydrocarbons either generally or produced from Oil and Gas Properties at some future date with a value of $5,000,000 or more, which in the case of imbalances, would be satisfied no later than forty five (45) days after being occurred.

SECTION 6.17. Marketing Activities. The Borrower will not, and will not permit any of its Subsidiaries to, engage in marketing activities for any Hydrocarbons or enter into any contracts related thereto other than (a) contracts for the sale of Hydrocarbons scheduled or reasonably estimated to be produced from their Proved Oil and Gas Properties during the period of such contract and (b) contracts for the sale of Hydrocarbons scheduled or reasonably estimated to be produced from Proved Oil and Gas Properties of third parties during the period of such contract associated with the Oil and Gas Properties of the Borrower or any Subsidiary that the Borrower or such Subsidiary has the right to market pursuant to joint operating agreements, unitization agreements or other similar contracts that are usual and customary in the oil and gas business.

SECTION 6.18. Prepayment of Subordinated Shareholder Loans; Amendments to Subordinated Shareholder Loan Documents.

(a) The Borrower shall not, nor shall the Borrower permit any of its Subsidiaries to, (i) prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner any Subordinated Shareholder Loan, (ii) make any cash payment of interest on any Subordinated Shareholder Loans ((i) and (ii), each, a "Restricted Debt Payment"), or (iii) make any payment in violation of any subordination terms of any Subordinated Shareholder Loans, except:

(i) the refinancing thereof with the net proceeds of, or in exchange for, any Indebtedness permitted to be incurred pursuant to Section 6.01; and

(ii) any Restricted Debt Payments in an amount not to exceed the Specified Amount so long as the Payment Conditions are met.

(b) The Borrower shall not, nor shall it permit any of its Subsidiaries to, amend, modify or change any agreement governing any Subordinated Shareholder Loans (including the Amended and Restated Shareholder Loan Agreements) in a manner materially adverse to the interests of the Lenders without the prior written consent of the Administrative Agent (provided that, for the avoidance of doubt, any amendment which would (x) increase the rate of interest applicable to any Subordinated Shareholder Loan, (y) make any Subordinated Shareholder Loan secured, or (z) make the principal amount of any Subordinated Shareholder Loan due and payable at an earlier time than prior to giving effect to such amendment shall be considered materially adverse to the interests of the Lenders).

SECTION 6.19. Reserved.

SECTION 6.20. Amendments to Uncommitted Credit Facility Agreements/Term Loan Credit Agreement. The Borrower shall not, nor shall it permit any of its Subsidiaries to, amend, modify or change any Uncommitted Credit Facility Agreement or the Term Loan Credit Agreement, in each case in a manner materially adverse to the interests of the Lenders without the prior written consent of the Administrative Agent.

ARTICLE VII

Events of Default

SECTION 7.01. Events of Default. If any of the following events (each, an "Event of Default") shall occur:

(a) the principal of any Revolving Loan shall not be paid when such payment is due, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) any interest on any Revolving Loan, any fee or any other amount (other than an amount referred to in clause (a) of this Section 7.01) payable under this Agreement or any other Loan Document shall not be paid when the same shall become due and payable and such failure shall continue unremedied for a period of (i) with respect to interest, two (2) Business Days solely to the extent such failure is as a result of a technical or administrative error and (ii) for any fee or any other amount (other than an amount referred to in clause (a) or (b)(i) of this Section 7.01), two (2) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any other Loan Party in or in connection with this Agreement or any other Loan Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement or any other Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made (or, with respect to any representation or warranty qualified by materiality or a material adverse change or material adverse effect standard, in any respect);

(d) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the Borrower's existence), 5.04, 5.11, 5.14, 5.22 or in Article VI;

(e) (i) any Loan Party shall fail to observe or perform the covenant in Section 5.22 and such failure shall continue unremedied for a period of five (5) Business Days, (ii) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.01(a), Section 5.01(b) or Section 5.01(c), and such failure shall continue unremedied for a period of ten (10) Business Days or (iii) the Borrower or any other Loan Party, as applicable, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b), (d) or (e)(i) or (ii) of this Article) or any other Loan Document, and such failure shall continue unremedied for a period of thirty (30) days after the earlier of (A) notice thereof from the Administrative Agent to the Borrower or (B) a Responsible Officer of the Borrower or any other Loan Party becoming aware of such default;

(f) the Borrower or any Subsidiary of the Borrower shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after giving effect to any applicable grace periods);

(g) other than as specified in clause (f) of this Article, any Loan Party defaults under any Material Indebtedness (other than, with respect to Material Indebtedness consisting of a Swap Agreement, termination events or equivalent events pursuant to the terms of such Swap Agreement not arising as a result of a default by any Loan Party thereunder) that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any Subsidiary of the Borrower or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary of the Borrower or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) the Borrower or any Subsidiary of the Borrower shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section 7.01, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary of the Borrower or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, or (v) make a general assignment for the benefit of creditors;

(j) the Borrower or any Subsidiary of the Borrower shall admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more final judgments for the payment of money in an aggregate amount in excess of $10,000,000 shall be rendered against the Borrower or any Subsidiary of the Borrower or any combination thereof (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) and the same shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any Subsidiary of the Borrower to enforce any such judgment;

(l) an ERISA Event shall have occurred that, in the opinion of the Administrative Agent, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in liability of the Loan Parties in an aggregate amount exceeding $10,000,000;

(m) a Change in Control shall occur;

(n) the occurrence of a material adverse change in the business, operations, properties, liabilities or financial condition of the Borrower and its Subsidiaries, taken as a whole;

(o) the Borrower and its Subsidiaries, taken as a whole, shall cease normal business operations;

(p) any Loan Party shall cease, suspend or Dispose of its core business without the consent of the Required Lenders;

(q) any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (or any Loan Party shall challenge the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction based on any such assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms);

then, and in every such event (other than an event with respect to any of the Loan Parties described in clause (h) or (i) of this Section 7.01), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments (if not already terminated), and thereupon the Commitments shall terminate immediately, and (ii) declare the Revolving Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Revolving Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Loan Party; and in case of any event described in clause (h) or (i) of this Section 7.01, the Commitments shall automatically terminate and the principal of the Revolving Loans then outstanding, together with accrued interest thereon, any break funding payments required by Section 2.18 with respect thereto and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Loan Party. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall (subject to its rights and protections under Article VIII), exercise any rights and remedies provided to the Administrative Agent, as applicable, under the Loan Documents or at law or equity, including all remedies provided under the UCC.

SECTION 7.02. Right to Cure Defaults.

(a) In the event that the Borrower fails to comply with Section 6.11(b) or Section 6.11(c) as of the last day of any Fiscal Quarter (a "Cure Quarter") then during the period beginning on the Cure Period Start Date and ending ten (10) Business Days after the date the Compliance Certificate for such Cure Quarter is required to be delivered pursuant to Section 5.01(d) (the "Cure Period"), the Borrower shall be permitted to cure such failure to comply by receiving a Specified Contribution and by recalculating the financial covenant in Section 6.11(b) of Section 6.11(c) by increasing Consolidated EBITDA for such Cure Quarter by an amount up to the amount of the Specified Contribution received by the Borrower during the Cure Period (the "Cure Right"). If, after giving effect to the foregoing recalculations, the Borrower shall then be in compliance with the requirements of Section 6.11(b) or

Section 6.11(c), the Borrower shall be deemed to have satisfied the requirements of Section 6.11(b) or Section 6.11(c) as of the last day of the applicable Cure Quarter with the same effect as though there had been no failure to comply with Section 6.11(b) or Section 6.11(c) on such date, and the applicable Default or Event of Default with respect to Section 6.11(b) or Section 6.11(c) and the Cure Quarter that had occurred shall be deemed not to have occurred for purposes of this Agreement and the other Loan Documents; provided, however, that:

(i) the Borrower shall notify the Administrative Agent in writing during the period beginning on the Cure Period Start Date and ending five (5) Business Days after the date the Compliance Certificate for such Cure Quarter is required to be delivered pursuant to Section 5.01(d) (the "Cure Election Period") that the Borrower intends to exercise the Cure Right in respect of the applicable Cure Quarter;

(ii) in each period of four consecutive Cure Quarters there shall be at least two Cure Quarters in which no Cure Right is exercised;

(iii) the Cure Right shall not be exercised more than five times during the term of this Agreement;

(iv) the amount of each Specified Contribution that may be applied to increase Consolidated EBITDA for the applicable Cure Quarter shall not exceed the amount required to cause the Borrower to be in compliance with Section 6.11(b) with respect to such Cure Quarter;

(v) all proceeds of any Specified Contribution shall for the purposes of this Section 7.02 be treated as increases to Consolidated EBITDA rather than as decreases in Indebtedness (except if such Specified Contribution is in the form of a Subordinated Shareholder PIK Loan, in which case such Specified Contribution shall also be treated as a decrease in Indebtedness as a result of the related mandatory prepayment of Revolving Loans required by Section 2.08(d));

(vi) the amount of any Specified Contribution used to increase Consolidated EBITDA shall be credited to the applicable Cure Quarter and such amount may be included in the calculation of Consolidated EBITDA for any consecutive four Fiscal Quarter period that includes such Cure Quarter; and

(vii) Consolidated EBITDA shall be increased solely for the purpose of recalculating and complying with the financial covenant in Section 6.11(b) or Section 6.11(c) in accordance with this Section 7.02 and not for the purpose of calculating Consolidated EBITDA for any other purpose.

Upon receipt by the Administrative Agent of written notice from the Borrower, on or prior to the expiration of the Cure Election Period, that the Borrower intends to exercise a Cure Right in respect of a Fiscal Quarter, the Lenders shall not be permitted to accelerate payment of any Obligations owed to them or to exercise remedies, in each case, on the basis of a failure to comply with the requirements of Section 6.11(b) or Section 6.11(c) as of the end of such Fiscal Quarter, unless such failure is not cured pursuant to the exercise of the Cure Right on or prior to the expiration of the Cure Period; provided, however, that (i) the Cure Right shall not affect in any way the rights and remedies of the Lenders or the Administrative Agent with respect to any other Default or Event of Default and (ii) for the avoidance of doubt, unless and until (x) such failure to comply is cured pursuant to the exercise of the Cure Right and (y) the Borrower has delivered a certificate to the Administrative Agent certifying that the proceeds of the Specified Contribution were used exclusively to prepay any Revolving Loan in accordance with Section 2.08(d), in each case, on or prior to the expiration of the Cure Period, the Borrower and its Subsidiaries shall be prohibited from taking any action that is prohibited under the Loan Documents from being taken while a Default or Event of Default exists. The Administrative Agent shall not be responsible for determining whether a Cure Right has been properly exercised in accordance with the terms of this Section 7.02. The proceeds of any Specified Contribution received by the Borrower shall be used to prepay any Revolving Loans then outstanding in accordance with Section 2.08(d).

(b) In the event that the Borrower fails to comply with Section 5.22 as of the last day of any calendar month in which such covenant is tested (a "Cure Month") then the Borrower shall make the mandatory prepayment of Revolving Loans required pursuant to Section 2.08(e) within the time period provided therein. If the Borrower makes such mandatory prepayment of Revolving Loans within the time period provided in Section 2.08(e), the Borrower shall be deemed to have satisfied the requirements of Section 5.22 as of the last day of the applicable Cure Month with the same effect as though there had been no failure to comply with Section 5.22 on the last day of such Cure Month, and any applicable Default or Event of Default with respect to Section 5.22 shall be deemed not to have occurred for purposes of this Agreement and the other Loan Documents.

(c) For the avoidance of doubt, in the event that a mandatory prepayment is required pursuant to subsection (b), (c), (d) or (f) of Section 2.08 and the Borrower makes such mandatory prepayment within the time period prescribed in such subsection, no Default or Event of Default shall be deemed to have occurred for purposes of this Agreement and the other Loan Documents.

ARTICLE VIII

The Agents

SECTION 8.01. Appointment and Authorization.

(a) Each Lender hereby irrevocably appoints the entity named as Administrative Agent in the heading of this Agreement and its successors and assigns to serve as the administrative agent under the Loan Documents and each Lender authorizes the Administrative Agent to take such actions as agent on its behalf and to exercise such powers under this Agreement and the other Loan Documents as are delegated to the Administrative Agent under such agreements and to exercise such powers as are reasonably incidental thereto. Without limiting the foregoing, each Lender hereby authorizes the Administrative Agent to execute and deliver, and to perform its obligations under, each of the Loan Documents to which the Administrative Agent is a party, to exercise all rights, powers and remedies that the Administrative Agent may have under such Loan Documents.

(b) As to any matters not expressly provided for herein and in the other Loan Documents (including enforcement or collection), the Administrative Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the written instructions of the Required Lenders, as applicable (or such other number or percentage of the Lenders as shall be necessary, pursuant to the terms in the Loan Documents), and, unless and until revoked in writing, such instructions shall be binding upon each Lender; *provided, however*, that the Administrative Agent shall not be required to take any action that (i) the Administrative Agent in good faith believes exposes it to liability unless the Administrative Agent receives an indemnification satisfactory to it from the Lenders with respect to such action or (ii) is contrary to this Agreement or any other Loan Document or applicable Requirements of Law, including any action that may be in violation of the automatic stay under any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any requirement of law relating to bankruptcy, insolvency or reorganization or relief of debtors; *provided further* that the Administrative Agent may seek clarification or direction from the Required Lenders, as applicable, prior to the exercise of any such instructed action and may refrain from acting until such clarification or direction has been provided. Except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, any Subsidiary or any Affiliate of any of the foregoing that is communicated to or obtained by the Person serving as Administrative Agent or any of its Affiliates in any capacity. Nothing in this Agreement shall require the Administrative Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) In performing its functions and duties hereunder and under the other Loan Documents, the Administrative Agent is acting solely on behalf of the Lenders (except in limited circumstances expressly provided for herein relating to the maintenance of the Register), and its duties are entirely mechanical and administrative in nature. Without limiting the generality of the foregoing:

(i) the Administrative Agent does not assume and shall not be deemed to have assumed any obligation or duty or any other relationship as the agent, fiduciary or trustee of or for any Lender or holder of any other obligation other than as expressly set forth herein and in the other Loan Documents, regardless of whether a Default or an Event of Default has occurred and is continuing (and it is understood and agreed that the use of the term "agent" (or any similar term) herein or in any other Loan Document with reference to the Administrative Agent is not intended to connote any fiduciary duty or other implied (or express) obligations arising under agency doctrine of any applicable Requirements of Law, and that such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties); additionally, each Lender agrees that it will not assert any claim against the Administrative Agent based on an alleged breach of fiduciary duty by the Administrative Agent in connection with this Agreement and the transactions contemplated hereby;

(ii) nothing in this Agreement or any Loan Document shall require the Administrative Agent to account to any Lender for any sum or the profit element of any sum received by the Administrative Agent for its own account;

(d) The Administrative Agent may perform any of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any of their respective duties and exercise their respective rights and powers through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities pursuant to this Agreement. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agent except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agent.

(e) Reserved.

(f) In case of the pendency of any proceeding with respect to any Loan Party under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, the Administrative Agent (irrespective of whether the principal of any Revolving Loan or any Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Revolving Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim under Sections 2.09, 2.10, 2.12, 2.14 and 9.03) allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such proceeding is hereby authorized by each Lender and each other Credit Party to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders or the other Credit Parties, to pay to the Administrative Agent any amount due to it, in its capacity as the Administrative Agent, under the Loan Documents (including under Section 9.03). Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

(g) The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders, and, except solely to the extent of the

Borrower's rights to consent pursuant to and subject to the conditions set forth in this Article, none of the Borrower or any Subsidiary, or any of their respective Affiliates, shall have any rights as a third party beneficiary under any such provisions. Each Credit Party, whether or not a party hereto, will be deemed, by its acceptance of the benefits of the Guarantees of the Obligations provided under the Loan Documents, to have agreed to the provisions of this Article.

SECTION 8.02. Administrative Agent's Reliance, Indentification, Etc.

(a) Neither the Administrative Agent nor any of its Related Parties shall be (i) liable for any action taken or omitted to be taken by it under or in connection with this Agreement or the other Loan Documents (x) with the consent of or at the request of the Required Lenders, as applicable, (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith to be necessary, under the circumstances as provided in the Loan Documents) or (y) in the absence of its own gross negligence or willful misconduct (such absence to be presumed unless otherwise determined by a court of competent jurisdiction by a final and nonappealable judgment) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party to perform its obligations hereunder or thereunder.

(b) The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof (stating that it is a "notice of default") is given to the Administrative Agent by the Borrower, a Lender and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document or the occurrence of any Default, (iv) the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or satisfaction of any condition that expressly refers to the matters described therein being acceptable or satisfactory to the Administrative Agent, or (vi) the creation, perfection or priority of Liens on any collateral.

(c) Without limiting the foregoing, the Administrative Agent (i) may treat the payee of any promissory note as its holder until such promissory note has been assigned in accordance with Section 9.04, (ii) may rely on the Register to the extent set forth in Section 9.04(b), (iii) may consult with legal counsel (including counsel to the Borrower), independent public accountants and other experts selected by it, and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts, (iv) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations made by or on behalf of any Loan Party in connection with this Agreement or any other Loan Document, (v) in determining compliance with any condition hereunder to the making of a Revolving Loan that by its terms must be fulfilled to the satisfaction of a Lender, may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender sufficiently in advance of the making of such Revolving Loan and (vi) shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any notice, consent, certificate or other instrument or writing (which writing may be a fax, any electronic message, Internet or intranet website posting or other distribution) or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated by the proper party or parties (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof).

SECTION 8.03. Posting of Communications.

(a) The Borrower agrees that the Administrative Agent may, but shall not be obligated to, make any Communications available to the Lenders by posting the Communications on IntraLinks™, DebtDomain, SyndTrak, ClearPar or any other electronic platform chosen by the Administrative Agent to be its electronic transmission system (the "Approved Electronic Platform").

(b) Although the Approved Electronic Platform and its primary web portal are secured with generally-applicable security procedures and policies implemented or modified by the Administrative Agent from time to time (including, as of the Effective Date, a user ID/password authorization system) and the Approved Electronic Platform is secured through a per-deal authorization method whereby each user may access the Approved Electronic Platform only on a deal-by-deal basis, each of the Lenders and the Borrower acknowledges and agrees that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution. Each of the Lenders and the Borrower hereby approves distribution of the Communications through the Approved Electronic Platform and understands and assumes the risks of such distribution.

(c) THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS ARE PROVIDED "AS IS" AND "AS AVAILABLE". THE APPLICABLE PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE APPROVED ELECTRONIC PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE APPROVED ELECTRONIC PLATFORM AND THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE APPLICABLE PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE APPROVED ELECTRONIC PLATFORM. IN NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES (COLLECTIVELY, "APPLICABLE PARTIES") HAVE ANY LIABILITY TO ANY LOAN PARTY, ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET OR THE APPROVED ELECTRONIC PLATFORM IN THE ABSENCE OF ITS OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (SUCH ABSENCE TO BE PRESUMED UNLESS OTHERWISE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY A FINAL AND NONAPPEALABLE JUDGMENT).

(d) Each Lender agrees that notice to it (as provided in the next sentence) specifying that Communications have been posted to the Approved Electronic Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees (i) to notify the Administrative Agent in writing (which could be in the form of electronic communication) from time to time of such Lender's email address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such email address.

(e) Each of the Lenders and the Borrower agrees that the Administrative Agent may, but (except as may be required by applicable Requirements of Law) shall not be obligated to, store the Communications on the Approved Electronic Platform in accordance with the Administrative Agent's generally applicable document retention procedures and policies.

(f) Nothing herein shall prejudice the right of the Administrative Agent, any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document.

SECTION 8.04. The Administrative Agent Individually. With respect to its Commitment and Revolving Loans, the Person serving as the Administrative Agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender, as the case may be. The terms "Lenders", "Required Lenders" and any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity as a Lender or as one of the Required Lenders, as applicable. The Person serving as the Administrative Agent and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of banking, trust or other business with, the Borrower, any Subsidiary or any Affiliate of any of the foregoing as if such Person was not acting as the Administrative Agent and without any duty to account therefor to the Lenders.

SECTION 8.05. Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving 30 days' prior written notice thereof to the Lenders and the Borrower, whether or not a successor Administrative Agent has been appointed. Upon any such resignation, the Required Lenders shall have the right (with, so long as no Event of Default exists, the consent of the Borrower, which shall not be unreasonably withheld or delayed) to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a bank with an office in New York, New York or an Affiliate of any such bank. In either case, such appointment shall be subject to the prior written approval of the Borrower (which approval may not be unreasonably withheld and shall not be required while an Event of Default has occurred and is continuing). Upon the acceptance of any appointment as Administrative Agent by a successor Administrative Agent, such successor Administrative Agent shall succeed to, and become vested with, all the rights, powers, privileges and duties of the retiring Administrative Agent. Upon the acceptance of appointment as Administrative Agent by a successor Administrative Agent, the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. Prior to any retiring Administrative Agent's resignation hereunder as Administrative Agent, the retiring Administrative Agent shall take such action as may be reasonably necessary to assign to the successor Administrative Agent its rights as Administrative Agent under the Loan Documents.

(b) Notwithstanding paragraph (a) of this Section, in the event no successor Administrative Agent shall have been so appointed and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its intent to resign, the retiring Administrative Agent may give notice of the effectiveness of its resignation to the Lenders and the Borrower, whereupon, on the date of effectiveness of such resignation stated in such notice, (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (ii) the Required Lenders shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent; *provided* that (A) all payments required to be made hereunder or under any other Loan Document to the Administrative Agent for the account of any Person other than the Administrative Agent shall be made directly to such Person and (B) all notices and other communications required or contemplated to be given or made to the Administrative Agent shall directly be given or made to each Lender. Following the effectiveness of the Administrative Agent's resignation from its capacity as such, the provisions of this Article and Section 9.03, as well as any exculpatory, reimbursement and indemnification provisions set forth in any other Loan Document, shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent and in respect of the matters referred to in the proviso under clause (i) above.

SECTION 8.06. Acknowledgment of Lenders.

(a) Each Lender represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and that it has, independently and without reliance upon the Administrative Agent or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Revolving Loans hereunder. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender, or any of the Related Parties of any of the foregoing, and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

(b) Each Lender, by delivering its signature page to this Agreement on the Effective Date, or delivering its signature page to an Assignment and Assumption or any other Loan Document pursuant to which it shall become a Lender hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Loan Document and each other document required to be delivered to, or be approved by or satisfactory to, the Administrative Agent or the Lenders on the Effective Date.

(c) Each Lender hereby agrees that (x) if the Administrative Agent notifies such Lender that the Administrative Agent has determined in its sole discretion that any funds received by such Lender from the Administrative Agent or any of its Affiliates (whether as a payment, prepayment or repayment of principal, interest, fees or otherwise; individually and collectively, a "Payment") were erroneously transmitted to such Lender (whether or not known to such

Person), and demands the return of such Payment (or a portion thereof), such Lender shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect, and (y) to the extent permitted by applicable law, such Lender shall not assert, and hereby waives, as to the Administrative Agent, any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Payments received, including without limitation any defense based on "discharge for value" or any similar doctrine. A notice of the Administrative Agent to any Lender under this Section 8.06(c) shall be conclusive, absent manifest error.

(i) Each Lender hereby further agrees that if it receives a Payment from the Administrative Agent or any of its Affiliates (x) that is in a different amount than, or on a different date from, that specified in a notice of payment sent by the Administrative Agent (or any of its Affiliates) with respect to such Payment (a "Payment Notice") or (y) that was not preceded or accompanied by a Payment Notice, it shall be on notice, in each such case, that an error has been made with respect to such Payment. Each Lender agrees that, in each such case, or if it otherwise becomes aware a Payment (or portion thereof) may have been sent in error, such Lender shall promptly notify the Administrative Agent of such occurrence and, upon demand from the Administrative Agent, it shall promptly, but in no event later than one Business Day thereafter, return to the Administrative Agent the amount of any such Payment (or portion thereof) as to which such a demand was made in same day funds, together with interest thereon in respect of each day from and including the date such Payment (or portion thereof) was received by such Lender to the date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(ii) The Borrower and each other Loan Party hereby agrees that (x) in the event an erroneous Payment (or portion thereof) are not recovered from any Lender that has received such Payment (or portion thereof) for any reason, the Administrative Agent shall be subrogated to all the rights of such Lender with respect to such amount and (y) an erroneous Payment shall not pay, prepay, repay, discharge or otherwise satisfy any Obligations owed by the Borrower or any other Loan Party, except, in each case, to the extent such erroneous Payment is, and solely with respect to the amount of such erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or any other Loan Party for the purpose of satisfying such Obligations.

(iii) Each party's obligations under this Section 8.06(c) shall survive the resignation or replacement of the Administrative Agent or any transfer of rights or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations under any Loan Document.

SECTION 8.07. Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of the Plan Asset Regulations) of one or more Benefit Plans in connection with the Revolving Loans or the Commitments,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Revolving Loans, the Commitments and this Agreement, and the conditions for exemptive relief thereunder are and will continue to be satisfied in connection therewith,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Revolving Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Revolving Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Revolving Loans, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and its Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that:

(i) none of the Administrative Agent or its Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto),

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Revolving Loans, the Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least $50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E),

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Revolving Loans, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations),

(iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Revolving Loans, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Revolving Loans, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder, and

(v) no fee or other compensation is being paid directly to the Administrative Agent or any its Affiliates for investment advice (as opposed to other services) in connection with the Revolving Loans, the Commitments or this Agreement.

(c) The Administrative Agent hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Revolving Loans, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Revolving Loans or the Commitments for an amount less than the amount being paid for an interest in the Revolving Loans or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent, utilization fees, minimum usage fees, letter of credit fees, fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

SECTION 8.08. Administrative Agent May File Proof of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower or any Subsidiary of the Borrower, the Administrative Agent (irrespective of whether the principal of any Revolving Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Revolving Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Administrative Agent under Section 9.03) allowed in such judicial proceeding;

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and

(c) any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 9.03. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Indebtedness or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

SECTION 8.09. Data Protection. The Borrower acknowledges the purposes and details with respect to the Administrative Agent's collection, use and disclosure of personal data as well as the rights of the data subject as stated in the Privacy Notice and the Written Request for Consent Relating to the Collection, Use, and Disclosure of Personal Data (copies of which have been distributed to the Borrower prior to the Effective Date). The Borrower hereby confirms to the Administrative Agent that (1) the Borrower has notified details of the Privacy Notice of the Administrative Agent to the person(s) whose personal data has been provided by the Borrower to the Administrative Agent and such person is informed of details as stated in the Privacy Notice of the Administrative Agent, and (2) the Borrower has legitimate rights to disclose any information of any other person(s) whose personal data has been provided by the Borrower to the Administrative Agent. The Borrower accepts and agrees that the Administrative Agent is entitled to collect and use the information which the Borrower has provided to the Administrative Agent or which derives from the use of the service under this agreement and other information related to the use of the service under this agreement or other information which the Administrative Agent has received or obtained from other sources, and is entitled to send, transfer or disclose such information to companies within the Administrative Agent's financial group, business partners, outsource service providers, agents of the Administrative Agent, assignees of the Administrative Agent's rights or obligations, assignees of the Administrative Agent's claims, advisors, other financial institutions, credit rating agencies, external auditors, agencies or any Persons related to the business operation of the Administrative Agent, both domestic and overseas, for the purposes stated in the Privacy Notice of the Administrative Agent, including (a) for compliance with its obligations under this Agreement or any other Loan Document or in connection with this Agreement or any other Loan Document, including for compliance with any agreement or contract entered into between the Administrative Agent and any other Person related to or in connection with the provision of service under this Agreement or any other Loan Document, (b) for notification, communication, examination or response to any inquiries or complaints related to the use of the service under this Agreement or any other Loan Document at the request of the Borrower or any other Person related to the provision of service under this Agreement or any other Loan Document, (c) for analysis, processing, management or use of information obtained from the utilization of the Administrative Agent's or any Lender's products or services in order to facilitate such utilization by the Borrower and for advertisement, granting or offering privileges, benefits, rewards and products or services likely to be suitable to, or meet requirements of, the Borrower, as well as for assessment, development and improvement of the products and services of the Administrative Agent or any Lender, (d) for operations relating to information technology, (e) for compliance, risk management and any audit related to the service provision of the Administrative Agent including business management of the Administrative Agent, companies within the Administrative Agent's financial group and the Administrative Agent's affiliates or business partners and (f) for compliance with laws, regulations, orders or procedures prescribed by government agencies or regulatory authorities as well as for debt collection, exercise of claims or enforcement of legal rights.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by electronic mail, as follows:

(i) if to the Borrower, to

BKV Corporation
1200 17th Street, Suite 2100
Denver CO 80202
Attention: Chief Executive Officer
Email: chriskalnin@bkvcorp.com

With a copy to:
BKV Corporation
1200 17th Street, Suite 2100
Denver CO 80202
Attention: General Counsel
Email: legal@bkvcorp.com

With a copy to (which copy shall not constitute notice):

Fox Rothschild, LLP
1225 17th Street, Suite 2200
Denver, CO 80202
Attn: Gregory Brown
Email: gbrown@foxrothschild.com

(ii) if to the Administrative Agent and the sole Lender (as of the Effective Date), to

Bangkok Bank Public Company Limited (New York Branch)
Address: 29 Broadway, 19th Floor
New York, NY 10016
Attention: Sirivan Chuaypradit
Email: sirivan.chu@bangkokbank.com

With a copy to (which copy shall not constitute notice):

Sidley Austin LLP
1000 Louisiana, Suite 5900
Houston, TX 77002
Attn: Herschel T. Hamner III
Email: hhamner@sidley.com

(iii) if to any other Lender, to it at its address or e-mail address set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent;

provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. Each of the Administrative Agent and the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Any party hereto may change its address or e-mail address for notices and other communications hereunder by notice to the other parties hereto.

SECTION 9.02. Waivers; Amendments.

(a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Revolving Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof nor any other Loan Document nor any provision thereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by (x) in the case of this Agreement, the Borrower and the Required Lenders (with a copy to the Administrative Agent), the Borrower and the Administrative Agent with the consent of the Required Lenders, and (y) in the case of any other Loan Document, each Loan Party that is a party thereto and the Required Lenders, or each Loan Party that is a party thereto and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Revolving Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Revolving Loan (including by way of extension of the Maturity Date), or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.15(b) or 2.15(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender, (vi) release all of substantially all of the Guarantors from their guarantee obligations under the Guaranty Agreement(other than as provided in Section 9.14 below) without the written consent of each Lender, (vii) release the Borrower from its obligations under the Loan Documents without the written consent of each Lender, (viii) contractually subordinate any Obligations in contractual right of payment to any other debt or other obligations, including any other Revolving Loans hereunder*,* without the consent of each Lender directly and adversely affected thereby (provided, however, in no event shall this clause (viii) restrict any "debtor in possession" financing) or (ix) waive any condition set forth in Section 4.01 or 4.02 without the written consent of each applicable Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent. Notwithstanding the foregoing, no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (i), (ii) or (iii) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be directly affected by such amendment, waiver or other modification.

(c) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender directly affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a "Non-Consenting Lender"), then the Borrower may elect to replace a Non-Consenting Lender as a Lender party to this Agreement in accordance with Section 2.16(b).

(d) Notwithstanding anything to the contrary herein, (i) the Administrative Agent may, with the consent of the Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency and (ii) the Administrative Agent and the Borrower (or other applicable Loan Party) may enter into any amendment, modification or waiver of this Agreement or any other Loan Document or as required by any Governmental Requirement to give effect to, protect or otherwise enhance the rights or benefits of any Lender under the Loan Documents without the consent of any other party to this Agreement.

SECTION 9.03. Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable and documented fees, charges and disbursements of Sidley Austin LLP, counsel for the Administrative Agent, in connection with the syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks) of the credit facilities provided for herein, the preparation, execution and delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out-of-pocket expenses incurred by the Administrative Agent or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement and any other Loan Document, including its rights under this Section, or in connection with the Revolving Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Revolving Loans.

(b) THE BORROWER SHALL INDEMNIFY THE ADMINISTRATIVE AGENT, ANY SUB-AGENT OF THE ADMINISTRATIVE AGENT, EACH LENDER AND EACH RELATED PARTY OF ANY OF THE FOREGOING PERSONS (EACH SUCH PERSON BEING CALLED AN "INDEMNITEE") AGAINST, AND HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES, INCLUDING THE FEES, CHARGES AND DISBURSEMENTS OF ANY COUNSEL FOR ANY INDEMNITEE, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF (I) THE EXECUTION OR DELIVERY OF ANY LOAN DOCUMENT OR ANY AGREEMENT OR INSTRUMENT CONTEMPLATED THEREBY, THE PERFORMANCE BY THE PARTIES HERETO OF THEIR RESPECTIVE OBLIGATIONS THEREUNDER OR THE CONSUMMATION OF THE TRANSACTIONS OR ANY OTHER TRANSACTIONS CONTEMPLATED HEREBY, (II) ANY LOAN OR THE USE OF THE PROCEEDS THEREFROM, (III) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS MATERIALS ON OR FROM ANY PROPERTY OWNED OR OPERATED BY THE BORROWER OR ANY OF ITS SUBSIDIARIES, OR ANY ENVIRONMENTAL LIABILITY RELATED IN ANY WAY TO THE BORROWER OR ANY OF ITS SUBSIDIARIES, OR (IV) ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER OR NOT SUCH CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING IS BROUGHT BY THE BORROWER OR ANY OTHER LOAN PARTY OR ITS OR THEIR RESPECTIVE EQUITY HOLDERS, AFFILIATES, CREDITORS OR ANY OTHER THIRD PERSON AND WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO, AND TO REIMBURSE EACH INDEMNITEE WITHIN THIRTY (30) DAYS AFTER RECEIPT OF WRITTEN DEMAND FOR ANY REASONABLE AND DOCUMENTED OUT-OF-POCKET LEGAL OR OTHER EXPENSES INCURRED IN CONNECTION WITH INVESTIGATING OR DEFENDING ANY OF THE FOREGOING (BUT LIMITED, IN THE CASE OF LEGAL FEES AND EXPENSES, TO ONE EXTERNAL COUNSEL FOR THE INDEMNITEES, TAKEN AS A WHOLE, AND, IF REASONABLY NECESSARY (AS REASONABLY DETERMINED BY THE APPLICABLE INDEMNITEES), ONE FIRM OF LOCAL COUNSEL IN EACH RELEVANT JURISDICTION, AND, SOLELY IN THE CASE OF AN ACTUAL OR POTENTIAL CONFLICT OF INTEREST (AS REASONABLY DETERMINED BY ANY INDEMNITEE) WHERE THE AFFECTED INDEMNITEE INFORMS THE BORROWER OF SUCH CONFLICT, ONE ADDITIONAL EXTERNAL COUNSEL FOR ALL AFFECTED INDEMNITEES SIMILARLY SITUATED, TAKEN AS A WHOLE, AND, IF REASONABLY NECESSARY (AS REASONABLY DETERMINED BY THE AFFECTED INDEMNITEES SIMILARLY SITUATED), ONE FIRM OF LOCAL COUNSEL IN EACH RELEVANT JURISDICTION FOR THE AFFECTED INDEMNITEES SIMILARLY SITUATED, TAKEN AS A WHOLE); PROVIDED THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES (X) ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NONAPPEALABLE JUDGMENT TO HAVE RESULTED FROM THE BAD FAITH, GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE OR (Y) HAVE NOT RESULTED FROM AN ACT OR OMISSION BY THE BORROWER OR ANY OF ITS AFFILIATES AND HAVE BEEN BROUGHT BY AN INDEMNITEE AGAINST ANY OTHER INDEMNITEE (OTHER THAN ANY CLAIMS AGAINST ANY INDEMNITEE IN ITS CAPACITY AS AGENT OR ANY SIMILAR ROLE HEREUNDER). THIS SECTION 9.03(b) SHALL NOT APPLY WITH RESPECT TO TAXES OTHER THAN ANY TAXES THAT REPRESENT LOSSES, CLAIMS OR DAMAGES ARISING FROM ANY NON-TAX CLAIM.

(c) Each Lender severally agrees to pay any amount required to be paid by the Borrower under paragraph (a) or (b) of this Section 9.03 to the Administrative Agent and each Related Party of the Administrative Agent (each, an "Agent Indemnitee") (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Applicable Percentage in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Revolving Loans shall have been paid in full, ratably in accordance with such Applicable Percentage immediately prior to such date), from and against any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Revolving Loans) be imposed on, incurred by or asserted against such Agent Indemnitee in any way relating to or arising out of the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent Indemnitee under or in connection with any of the foregoing; *provided* that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent Indemnitee's gross negligence or willful misconduct. The agreements in this Section shall survive the termination of this Agreement and the payment of the Revolving Loans and all other amounts payable hereunder.

(d) To the extent permitted by applicable law, each party to this Agreement agrees not to assert, and hereby waives, any claim against any other party to this Agreement or any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions or any Revolving Loan or the use of the proceeds thereof; provided that nothing contained herein shall limit the obligation of the Borrower to indemnify any Indemnitee in accordance with this Section 9.03 against any such special, indirect, consequential or punitive damages that may be awarded to any third person against such Indemnitee. No Indemnitee shall be liable for any direct or indirect damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including, without limitation, the Internet, email or similar electronic transmission systems); provided that this sentence shall not, as to any Indemnitee, apply to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnitee.

(e) All amounts due under this Section shall be paid promptly (but in any event not later than thirty (30) days) after written demand therefor.

SECTION 9.04. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the sub-agents and Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Revolving Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower (provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof); provided that no consent of the Borrower shall be required for any assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Revolving Loans, the amount of the Commitments or Revolving Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent; provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement; provided that this clause (B) shall not prohibit any Lender from assigning all or a proportionate part of its rights and obligations in respect of Commitments or Revolving Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent (x) an Assignment and Assumption or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the USA PATRIOT Act and an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 9.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender or its Lender Parent, (c) the Borrower, any of its Subsidiaries or any of its Affiliates, (d) any Permitted Holder or any portfolio company thereof or (e) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof. Notwithstanding anything to the contrary contained in this Agreement, (i) the Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Ineligible Institutions and (ii) the Borrower (on behalf of itself and the other Loan Parties) and the Lenders acknowledge and agree that the Administrative Agent shall have no responsibility or obligation to determine whether any Lender or potential Lender is an Ineligible Institution and that the Administrative Agent shall have no liability with respect to any assignment or participation made to an Ineligible Institution.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective or recordation date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.14 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Revolving Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior written notice.

(v) Upon its receipt of (x) a duly completed Assignment and Assumption executed by an assigning Lender and an assignee or (y) to the extent applicable, an agreement incorporating an Assignment and Assumption by reference pursuant to a Platform as to which the Administrative Agent and the parties to the Assignment and Assumption are participants, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.04(b), 2.15(e) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant"), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Revolving Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.12 and 2.14 (subject to the requirements and limitations therein, including the requirements under Section 2.14(f) (it being understood that the documentation required under Section 2.14(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.15 and 2.16 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.12 or 2.14, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.16(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.15(d) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Revolving Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Revolving Loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Revolving Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations or as necessary for the Borrower or the Administrative Agent to satisfy its obligations under FATCA. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Revolving Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect until Payment in Full. The provisions of Sections 2.12, 2.14, 9.03, 9.09, 9.10 and 9.16 and Section VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Revolving Loans, the expiration or termination of the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall be deemed an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of (x) this Agreement, (y) any other Loan Document and/or (z) any document, amendment, approval, consent, information, notice (including, for the avoidance of doubt, any notice delivered pursuant to Section 9.01), certificate, request, statement, disclosure or authorization related to this Agreement, any other Loan Document and/or the transactions contemplated hereby and/or thereby (each an "Ancillary Document") that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement, such other Loan Document or such Ancillary Document, as applicable. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to this Agreement, any other Loan Document and/or any Ancillary Document shall be deemed to include Electronic Signatures, deliveries or the keeping of records in any electronic form (including deliveries by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page), each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be; *provided* that nothing herein shall require the Administrative Agent to accept Electronic Signatures in any form or format without its prior written consent and pursuant to procedures approved by it; *provided further* without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept any Electronic Signature, the Administrative Agent and each of the Lenders shall be entitled to rely on such Electronic Signature purportedly given by or on behalf of the Borrower or any other Loan Party without further verification thereof and without any obligation to review the appearance or form of any such Electronic signature and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by a manually executed counterpart. Without limiting the generality of the foregoing, the Borrower and each Loan Party hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders, the Borrower and the Loan Parties, Electronic Signatures transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page and/or any electronic images of this Agreement, any other Loan Document and/or any Ancillary Document shall have the same legal effect, validity and enforceability as any paper original, (ii) the Administrative Agent and each of the Lenders may, at its option, create one or more copies of this Agreement, any other Loan Document and/or any Ancillary Document in the form of an imaged electronic record in any format, which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document (and all such electronic records shall be considered an original for all purposes and shall have the same legal effect, validity and enforceability as a paper record), (iii) waives any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement, any other Loan Document and/or any Ancillary Document based solely on the lack of paper original copies of this Agreement, such other Loan Document and/or such Ancillary Document, respectively, including with respect to any signature pages thereto and (iv) waives any claim against any Related Parties of any Lender for any liabilities arising solely from the Administrative Agent's and/or any Lender's reliance on or use of Electronic Signatures and/or transmissions by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page, including any liabilities arising as a result of the failure of the Borrower and/or any Loan Party to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower or any other Loan Party against any of and all of the Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and any dispute, claim or controversy arising out of or relating to this Agreement (whether arising in contract, tort or otherwise) shall be construed in accordance with and governed by the law of the State of New York.

(b) Except as set forth in the immediately following sentence, each party hereto irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against any other party hereto or any Related Party of any other party hereto in any way relating to this Agreement or any other Loan Document or the Transactions, in any forum other than the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, or the United States District Court for the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto hereby irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may (and any such claims, cross-claims or third party claims brought against the Administrative Agent or any of its Related Parties may only) be heard and determined in such New York State court or, to the extent permitted by applicable Requirements of Law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that any Credit Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its Properties in the courts of any jurisdiction for the purposes of enforcing a judgment, or to the extent the courts referred to in the preceding sentence do not have jurisdiction over such legal action or proceeding or the parties or property subject thereto.

(c) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in the first sentence of paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. **WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION**.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its (i) Affiliates' directors, (ii) officers, (iii) employees and agents, including accountants, legal counsel and other advisors and (iv) any insurer, insurance broker, reinsurer or provider of security and their affiliated companies, auditors, advisors and service providers, in each case in this clause (iv) arising from or in connection with the provision of credit support or insurance, (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any Governmental Authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which case the Administrative Agent or such Lender, as applicable, agrees to inform the Borrower promptly thereof (except with respect to any audit or examination conducted by bank accountants or any governmental bank regulatory or self-regulatory authority exercising examination or regulatory authority) to the extent practicable and not prohibited by law, rule or regulation and to only disclose that Information necessary to fulfill such legal requirement), (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the credit facilities provided for herein or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the credit facilities provided for herein, (h) with the consent of the Borrower or (i) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section, (ii) becomes available to the Administrative Agent any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower or (iii) is independently developed by the Administrative Agent, or any such Lender without the use of Information. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower and other than information pertaining to this Agreement routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN THE IMMEDIATELY PRECEDING PARAGRAPH FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER, THE OTHER LOAN PARTIES AND THEIR RELATED PARTIES OR THEIR RESPECTIVE SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 9.13. USA PATRIOT Act Notice. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the USA PATRIOT Act.

SECTION 9.14. Releases of Guarantors.

(a) So long as no Default or Event of Default has occurred and is continuing (or would result from such release) any Subsidiary Guarantor shall be released from its obligations under the Guaranty Agreement and the other Loan Documents if all of the Equity Interests of a Subsidiary Guarantor that is owned by the Borrower or a Subsidiary is sold or otherwise Disposed of in a transaction or transactions permitted by this Agreement. In connection with any release pursuant to this Section, the Administrative Agent shall, promptly upon receipt of a written request therefor from the Borrower (together with an certificate of a Responsible Officer of the Borrower certifying that such transaction is permitted hereunder), execute and deliver all documents and take such other action as may reasonably be requested to evidence such release of such Subsidiary Guarantor. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

(b) Upon Payment in Full, the Guaranty Agreement and all obligations (other than those expressly stated to survive such termination) of each Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

SECTION 9.15. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Revolving Loan, together with all fees, charges and other amounts which are treated as interest on such Revolving Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Revolving Loan in accordance with applicable law, the rate of interest payable in respect of such Revolving Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Revolving Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Revolving Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.16. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lenders are arm's-length commercial transactions between the Loan Parties and their respective Affiliates, on the one hand, and the Lenders and their Affiliates, on the other hand, (B) the Loan Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate, and (C) the Loan Parties are capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Lenders and their Affiliates is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for any of the Loan Parties or their Affiliates, or any other Person and (B) no Lender nor any of its Affiliates has any obligation to any of the Loan Parties or their Affiliates with respect to the transactions contemplated hereby except, in the case of a Lender, those obligations expressly set forth herein and in the other Loan Documents; and (iii) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their Affiliates, and no Lender or any of its Affiliates has any obligation to disclose any of such interests to the Loan Parties or their Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against each of the Lenders and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 9.17. Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any applicable Resolution Authority.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

BKV CORPORATION,
as the Borrower

By /s/ Christopher P. Kalnin
Name: Christopher P. Kalnin
Title: Chief Executive Officer

Signature Page to Credit Agreement
[BKV Corporation]

BANGKOK BANK PUBLIC COMPANY LIMITED,
NEW YORK BRANCH,
as Administrative Agent and as a Lender

By /s/ Thitipong Prasertsilp
Name: Thitipong Prasertsilp
Title: Vice President and Branch Manager

Signature Page to Revolving Credit Agreement
[BKV Corporation]

BKV CORPORATION
NON-EMPLOYEE DIRECTOR COMPENSATION PROGRAM

Non-employee members of the board of directors (the "**Board**") of BKV Corporation (the "**Company**") shall receive compensation as set forth in this Director Compensation Program (this "**Program**"). The compensation described in this Program shall be paid or be made, as applicable, automatically and without further action of the Board to each member of the Board who is not an employee of the Company (each, a "**Non-Employee Director**"). Each Non-Employee Director may waive all or a portion of the compensation described in this Program and such waiver may be subsequently rescinded in writing; provided, however, that following any rescindment, no compensation shall be paid in respect of the period during which such Non-Employee Directors's compensation was waived. Each member of the Board who is also an employee of the Company shall not receive additional compensation for service as a member of the Board and shall not be eligible to participate in this Program.

This Program shall become effective on September 1, 2022 (the "**Effective Date**") and will remain in effect until it is revised or rescinded by further action of the Board. This Program may be amended, modified or terminated by the Board at any time, without advance notice, in its sole discretion.

1. Cash Compensation.

a . Board Member Annual Retainers. Each Non-Employee Director will receive an annual retainer of $75,000 (the "**Director Retainer**"). If a Non-Employee Director is also serving as the Chair of the Board as contemplated by the Company's Certificate of Incorporation, such Non-Employee Director will receive an additional annual retainer of $62,500 (which, together with the Director Retainer would be an aggregate annual retainer of $137,500) as compensation for the additional responsibilities associated with serving as the Chair of the Board (together with the Director Retainer, the "**Board Member Retainers**").

b . Committee Member Annual Retainers. Each Non-Employee Director who serves in one of the following roles will be paid the additional cash retainer set forth below (together with the Board Member Retainers, the "**Retainers**").

Committee Role	**Amount**
Chair of Audit Committee	$ 20,000
Chair of Compensation Committee	$ 15,000
Chair of Governance Committee	$ 15,000
Member of Audit Committee (other than the Chair)	$ 10,000
Member of Compensation Committee (other than the Chair)	$ 5,000
Member of Governance Committee Member (other than the Chair)	$ 5,000

c . Payment of Retainers. The Retainers shall be earned on a quarterly basis based on a calendar quarter and shall be paid in cash by the Company in arrears not later than the fifteenth (15^{th}) day following the end of the calendar quarter. In the event a Non-Employee Director does not serve as a Non-Employee Director, Chair of the Board or such other position set forth in Section 1b, for an entire calendar quarter, the Retainer paid to such Non-Employee Director will be prorated for the portion of the calendar quarter actually served as a Non-Employee Director, Chair of the Board, or such other position set forth in Section 1b.

2. Equity Compensation.

a . General. Non-Employee Directors will be granted awards of Restricted Stock Units (as defined in the Company's 2022 Equity and Incentive Compensation Plan or any other applicable Company equity incentive plan then-maintained by the Company, in each case, which is approved, adopted and becomes effective after the date this Program becomes effective (the "**Equity Plan**")) described below (each, a "**Restricted Stock Unit Award**"), subject to the approval, adoption and effectiveness of the Equity Plan. The Restricted Stock Unit Awards will be granted under and subject to the terms of the Equity Plan and award agreements in substantially the form approved by the Board. All applicable terms of the Equity Plan apply to this Program as if fully set forth herein, and all Restricted Stock Unit Awards under this Program are subject in all respects to the terms of the Equity Plan and the award agreement pursuant to which it was granted.

b . Annual Awards. Non-Employee Directors who are re-elected to serve, or will continue to serve, as a Non-Employee Director immediately following any annual meeting of the Company's stockholders will, subject to the approval, adoption and effectiveness of the Equity Plan, automatically be granted, on the date of the Company's annual stockholder meeting, that number of Restricted Stock Units calculated by dividing (i)(y) $140,000 for Non-Employee Directors other than the Chair of the Board or (z) $202,500 for each Non-Employee Director who is the Chair of the Board, by (ii) the closing price of a share of the Company's common stock as of the date of such annual meeting of the Company's stockholders and rounding down to the nearest whole number (the "**Annual RSUs**"). The Annual RSUs will vest in accordance with and subject to the terms of the Equity Plan and the award agreement pursuant to which it was granted. If an Equity Plan is not effective as of an annual stockholder meeting occurring after the Effective Date, the dollar value that factors into the Annual RSUs that would have otherwise been granted at such annual meeting shall, instead, be considered part of the Retainers and shall be payable to the Non-Employee Directors together with the Retainers, as set forth in Section 1c.

3. Expense Reimbursements. The Company will reimburse each Non-Employee Director for all reasonable, documented, out-of-pocket travel and other business expenses incurred by such Non-Employee Director in the performance of his or her duties to the Company in accordance with the Company's applicable expense reimbursement policies and procedures as in effect from time to time.