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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2026

OR

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

For the transition period from to

Commission file number 001-42282

BKV CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**85-0886382**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1200 17th Street, Suite 2100 **Denver, Colorado**	**80202**
(Address of Principal Executive Offices)	(Zip Code)

(720) 375-9680
Registrant’s telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value	BKV	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes x No o

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	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	x

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

x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes o No x

As of July 31, 2026, 109,437,830 shares of the registrant's common stock were outstanding.

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Glossary of Commonly Used Terms

"***2025 Equity Offering***" refers to the underwritten public offering of 6,900,000 shares of our common stock completed on December 3, 2025 for net proceeds of $170.1 million.

"***2026 Equity Offering***" refers to the underwritten public offering of 7,003,813 shares of our common stock offered by the Company and 4,142,089 shares of our common stock offered by Bedrock as the selling stockholder completed on March 12, 2026 for net proceeds to the Company of $186.2 million.

"***2030 Senior Notes***" refers to the $500.0 million aggregate principal amount of 7.50% senior unsecured notes due 2030 issued by BKV Upstream Midstream.

"***ABR***" refers to the alternative borrowing rate.

"***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, BNAC, 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 91.1% of Banpu Power as of June 30, 2026.

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

"***Barnett Zero Project***" refers to BKV dCarbon Barnett Zero, LLC, a Delaware limited liability company and, as of May 8, 2025, a wholly-owned subsidiary of the BKV-CIP Joint Venture.

"***Bbl***" refers to one stock tank barrel, of 42 U.S. gallons liquid volume, used in this Quarterly Report on Form 10-Q 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.

"***Bedrock***" refers to Bedrock Energy Partners, LLC.

"***Bedrock Acquisition***" refers to the acquisition by BKV Upstream Midstream of 100% of the equity interests of BKV Barnett II (formerly known as Bedrock Production, LLC) from Bedrock, which closed on September 29, 2025.

"***Bedrock Purchase Agreement***" refers to that certain Membership Interest Purchase Agreement entered into on August 7, 2025, with an economic effectiveness date of July 1, 2025 by and among BKV Upstream Midstream and Bedrock and, solely for certain limited purposes set forth therein, the Company and certain subsidiaries of Bedrock.

"***BKV Barnett II***" refers to BKV Barnett II, LLC (formerly known as Bedrock Production, LLC), a Texas limited liability company and, following its acquisition on September 29, 2025, a wholly-owned subsidiary of BKV Upstream Midstream. BKV Barnett II and its subsidiaries own certain oil and gas producing properties and midstream assets in the Barnett Shale, including approximately 96,000 net acres, 1,121 operated wells, and related natural gas upstream, midstream, and other assets.

"***BKV-BPP Cotton Cove***" or "***BKV-BPP Cotton Cove Joint Venture***" refers to BKV-BPP Cotton Cove, LLC, a Delaware limited liability company and the joint venture between BKV dCarbon Ventures and BPPUS, in which we currently own a 51% interest.

"***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 owned a 50% interest as of December 31, 2025. Following the closing of the BKV-BPP Power Joint Venture Transaction on January 30, 2026, the BKV-BPP Power Joint Venture is owned 75% by BKV and 25% by BPPUS.

"***BKV-BPP Power Joint Venture Transaction***" refers to BKV's acquisition of an additional 25% interest in the BKV-BPP Power Joint Venture from BPPUS, which closed on January 30, 2026.

"***BKV-BPP Power Purchase Agreement***" refers to that certain Membership Interest Purchase Agreement, dated as of October 29, 2025, by and between the Company and BPPUS.

"***BKV-BPP Retail***" refers to BKV-BPP Retail, LLC, a Delaware limited liability company and wholly-owned subsidiary of the BKV-BPP Power Joint Venture.

"***BKV-CIP Joint Venture***" refers to BKV dCarbon Project, LLC, a Delaware limited liability company and the joint venture between BKV dCarbon Ventures and C Squared Solutions, Inc., in which we currently own a 51% interest.

"***BKV-CIP JV Agreement***" refers to the Limited Liability Company Agreement of BKV dCarbon Project, LLC, entered into on May 8, 2025, by BKV dCarbon Ventures, C Squared Solutions, Inc. and, for the limited purposes specified therein, BKV Corporation.

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

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

"***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 and a 49% interest in the BKV-BPP Cotton Cove Joint Venture as of December 31, 2025. Following the closing of the BKV-BPP Power Joint Venture Transaction on January 30, 2026, BPPUS owns a 25% interest in the BKV-BPP Power Joint Venture.

"***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.

"***Carbon Sequestered Gas***" refers to a Scope 1, 2, and 3 carbon neutral natural gas product.

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

"***Class B Member***" refers to C Squared Solutions, Inc., a subsidiary of the Energy Transition Fund managed by Copenhagen Infrastructure Partners (CIP).

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

"***CO_{2e}***" refers to carbon dioxide equivalent.

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

*"**Corporate and Other**"* refers to the Company's operating segment, which is an "All Other" category that includes the CCUS business line.

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

"***Devon Barnett Acquisition***" refers to our acquisition of more than 289,000 net acres, 3,850 producing operated wells and related upstream assets in the Barnett from Devon Energy Corporation, which closed in October 2020.

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

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

"ESPP" refers to the Company's Employee Stock Purchase Plan.

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

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

"***GWh***" refers to gigawatt hour.

"***HRCO***" refers to a heat rate call option, which is 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.

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

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

"***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.

"***MW***" refers to megawatt.

"***MWh***" refers to megawatt hour.

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

"n***et 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 zero***" refers to the full elimination and/or offset of Scope 1, Scope 2, and/or Scope 3 emissions, as applicable, from our owned and operated upstream businesses.

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

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

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

"***OPIS***" refers to a Dow Jones Company that surveys and collects price information and publishes benchmarks for various energy commodities.

"***Pad of the Future***" refers to our program of converting natural gas-powered instrument pneumatics to compressed air or electric power instruments on existing pads, combined with emission and leak surveys.

"***Power segment***" refers to the Company's reportable segment that includes the power generation business line.

"***proved developed producing reserves***" or "***PDP reserves***" refers to quantities of proved developed reserves expected to be recovered from completion intervals that are open and producing at the effective date of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.

"***proved reserves***" refers to quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. The area of the reservoir considered as proved includes: (i) the area identified by drilling and limited by fluid contacts, if any, and (ii) adjacent undrilled portions of the reservoir that can, with reasonable certainty, be judged to be continuous with it and to contain economically producible oil or gas on the basis of available geoscience and engineering data. In the absence of data on fluid contacts, proved quantities in a reservoir are limited by the lowest known hydrocarbons (LKH) as seen in a well penetration unless geoscience, engineering, or performance data and reliable technology establishes a lower contact with reasonable certainty. Where direct observation from well penetrations has defined highest known oil (HKO) elevation and the potential exists for an associated gas cap, proved oil reserves may be assigned in the structurally higher portions of the reservoir only if geoscience, engineering, or performance data and reliable technology establish the higher contact with reasonable certainty. Reserves which can be produced economically through application of improved recovery techniques (including, but not limited to, fluid injection) are included in the proved classification when: (a) successful testing by a pilot project in an area of the reservoir with properties no more favorable than in the reservoir as a whole, the operation of an installed program in the reservoir or an analogous reservoir, or other evidence using reliable technology establishes the reasonable certainty of the engineering analysis on which the project or program was based; and (b) the project has been approved for development by all necessary parties and entities, including governmental entities. Existing economic conditions include prices and costs at which economic producibility from a reservoir is to be determined. The price shall be the average price during the 12-month period prior to the ending date of the period covered by the report, determined as an unweighted arithmetic average of the first-day-of-the-month price for each month within such period, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions.

"***RBL Credit Agreement***" refers to that certain reserve-based lending agreement dated as of June 11, 2024, as amended from time to time, among BKV Corporation, BKV Upstream Midstream, Citibank, N.A., as administrative agent, and the financial institutions party thereto.

"***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 estimated per Category 11 (Use of Sold Product), 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.

"***Section 45I tax credits***" refers to tax credits provided under Section 45I of the Code.

"***Section 45Q tax credits***" refers to tax credits provided under Section 45Q of the Code.

"***SOFR***" refers to the secured overnight financing rate.

"***Temple Credit Facilities***" refers to, collectively, the Temple Revolving Facility and Temple Term Loan Facility.

"***Temple Generation I***" refers to Temple Generation I, LLC, a subsidiary of Temple Intermediate II.

"***Temple Generation II***" refers to Temple Generation II, LLC, a subsidiary of Temple Intermediate II.

"***Temple Generation SF***" refers to Temple Generation SF LLC, an indirect subsidiary of BKV-BPP Power in which Temple Generation I and Temple Generation II each own a 50% interest.

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

"***Temple I Loan Agreements***" refers to, collectively, the $141 Million Banpu Loan Agreement and $141 Million BPPUS Loan Agreement, each as defined herein.

"***Temple II***" refers to a second combined gas turbine and steam turbine power plant located in Temple, Texas, which power plant sits on the same site as Temple I and is owned by the BKV-BPP Power Joint Venture.

"***Temple Intermediate II***" refers to Temple Generation Intermediate Holdings II, LLC, an indirect subsidiary of BKV-BPP Power.

"***Temple Plants***" refers to Temple I and Temple II, collectively.

"***Temple Revolving Facility***" refers to the senior secured revolving credit facility associated with the Beal Credit Agreement with a maximum aggregate principal amount of $60.0 million.

"***Temple Term Loan Facility***" refers to the senior secured term loan facility associated with the Beal Credit Agreement with an aggregate principal amount of $500.0 million.

"***undeveloped reserves***" refers to reserves of any category 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. Reserves on undrilled acreage shall be limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances. Undrilled locations can be classified as having undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time. Under no circumstances shall estimates for undeveloped reserves be attributable to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir or by other evidence using reliable technology establishing reasonable certainty.

"***Upstream/Midstream segment***" refers to the Company's reportable segment that includes its natural gas production and natural gas midstream business lines.

"***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.

"***WTI***" refers to West Texas Intermediate light sweet crude oil.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact contained in this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q, 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 terms and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. Such forward-looking statements include, but are not limited to, the anticipated benefits, opportunities and results with respect to the BKV-BPP Power Joint Venture Transaction, including any expected value creation from the BKV-BPP Power Joint Venture Transaction, and any anticipated efficiencies, power plant reliability, and strategic growth and power purchase agreement opportunities relating to the BKV-BPP Power Joint Venture and the BKV-BPP Power Joint Venture Transaction, as well as guidance, projected or forecasted financial and operating results, future liquidity, leverage, results in certain basins, objectives, project timing, utility of reporting segment changes, expectations and intentions, regulatory and governmental actions, and other statements that are not historical facts. 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.

Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements about:

- our business strategy;
- our reserves;
- our financial strategy, liquidity, and capital required for our development programs;
- our relationship with our sponsor, Banpu and its affiliates, including future agreements with Banpu;
- actual and potential conflicts of interest relating to Banpu, its affiliates, and other entities in which members of our officers and directors are or may become involved;
- volatility in natural gas, NGL, and oil prices;
- our dividend policy;
- our drilling plans and the timing and amount of future production of natural gas, NGL, and oil;
- our hedging strategy and results;
- competition and government regulation;
- changes in trade regulation, including tariffs and other market factors;
- legal, regulatory, or environmental matters;
- marketing of natural gas, NGL, and oil;
- business or leasehold acquisitions and integration of acquired businesses, including the Bedrock Acquisition, with our business;
- 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 the Temple Plants;
- our plans to continue to build out our power generation and retail power businesses and enter into one or more power purchase agreements applicable to the power generated by the Temple Plants;
- our ability to develop, produce, and sell Carbon Sequestered Gas;
- our ability to effectively operate and grow our CCUS business;

- our ability to forecast annual CO_2 sequestration rates for our CCUS projects;
- our ability to reach final investment decision and execute and complete any of our pipeline of identified CCUS projects;
- our ability to identify and complete additional CCUS projects as we expand our upstream operations;
- our ability to effectively operate and grow our retail power business;
- our anticipated Scope 1, 2, and 3 emissions from our owned and operated upstream and natural gas midstream businesses and our sustainability plans and goals, including our plans to offset our Scope 1, 2, and 3 emissions from our owned and operated upstream and natural gas midstream businesses;
- our ESG strategy and initiatives, including those relating to the generation and marketing of environmental attributes or new products seeking to benefit from ESG-related activities, and the continuation of government tax incentives applicable thereto;
- 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 Bedrock Acquisition and the anticipated benefits thereof;
- the BKV-BPP Power Joint Venture Transaction and the anticipated benefits thereof;
- the impact of the One Big Beautiful Bill Act of 2025 (the “OBBBA”); and
- our plans, objectives, expectations, and intentions.

When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under “*Risk Factors*” in our Annual Report on Form 10-K for the year ended December 31, 2025 (“2025 Annual Report on Form 10-K”). 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. Any forward-looking statement speaks only as of the date on which such statement is made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

BKV Corporation
Condensed Consolidated Balance Sheets
(in thousands, except par value)
(Unaudited)

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	June 30, 2026	December 31, 2025 [1]
Assets		
Current assets		
Cash and cash equivalents	$ 152,192	$ 248,427
Restricted cash	16,067	15,846
Accounts receivable, net	141,125	129,077
Accounts receivable, related parties	10,328	11,196
Prepaid expenses	10,030	14,720
Inventory	17,967	20,039
Commodity derivative assets, current	99,388	63,900
Other current assets	10,736	8,150
Total current assets	457,833	511,355
Natural gas properties and equipment		
Developed properties	3,057,987	2,965,638
Undeveloped properties	13,361	13,182
Midstream assets	279,554	277,974
Accumulated depreciation, depletion, and amortization	(922,083)	(849,464)
Total natural gas properties, net	2,428,819	2,407,330
Other property, plant, and equipment, net	1,096,116	944,412
Deposits	171,867	14,247
Goodwill	18,417	18,417
Commodity derivative assets	45,749	26,432
Other noncurrent assets	16,379	17,064
Total assets	$ 4,235,180	$ 3,939,257
Liabilities, mezzanine equity, and equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 194,823	$ 229,487
Commodity derivative liabilities, current	9,698	8,469
Income taxes payable to related party	—	810
Payable to BPPUS for the BKV-BPP Power Joint Venture Transaction	—	115,136
Current portion of Temple I Loan Agreements	176,000	191,000
Current portion of long-term debt, net	9,387	9,387
Other current liabilities	8,797	10,302
Total current liabilities	398,705	564,591
Asset retirement obligations	200,604	230,372
Commodity derivative liabilities	—	5,767
Deferred tax liability, net	160,290	128,839
Long-term debt, net	1,064,454	937,724
Other noncurrent liabilities	7,857	5,223
Total liabilities	1,831,910	1,872,516
Commitments and contingencies (Note 11)		
Mezzanine equity		
Noncontrolling interest	30,224	12,951
Stockholders' equity		
Common stock, $0.01 par value; 500,000 authorized shares; 109,417 and 96,872 shares issued and outstanding as of June 30, 2026 and December 31, 2025, respectively	1,760	1,635
Treasury stock, shares at cost; 214 shares as of June 30, 2026 and December 31, 2025	(6,663)	(6,663)
Additional paid-in capital	1,875,615	1,681,785
Retained earnings	426,391	309,051
Total stockholders' equity	2,297,103	1,985,808
Noncontrolling interest	75,943	67,982

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

Total equity	2,373,046	2,053,790
Total liabilities, mezzanine equity, and equity	$ 4,235,180	$ 3,939,257

[1] The financial information presented in this Quarterly Report on Form 10-Q has been retrospectively adjusted for the BKV-BPP Power Joint Venture Transaction, which was accounted for as a transaction between entities under common control, with prior periods recast as if the transaction had occurred at the beginning of the earliest period presented. See *Note 2 - Acquisition* for further information.

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

BKV Corporation
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)
(Unaudited)

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025 [1]	2026	2025 [1]
Revenues and other operating income				
Natural gas, NGL, and oil sales	$ 221,928	$ 199,729	$ 509,603	$ 415,855
Power revenues	74,362	61,924	143,352	105,788
Derivative gains, net	143,255	187,026	196,364	88,643
Marketing revenues	26,162	6,968	46,043	19,425
Section 45Q tax credits	3,048	2,574	6,108	5,881
Other	(3,220)	140	(3,088)	(1,165)
Total revenues and other operating income	465,535	458,361	898,382	634,427
Operating expenses				
Lease operating and workover	44,482	34,176	89,557	69,231
Fuel commodity costs	42,832	39,852	99,953	86,215
Purchased power	29,502	29,494	56,857	48,161
Marketing expense	23,262	4,868	29,310	8,788
Taxes other than income	15,900	18,042	36,102	32,832
Gathering and transportation	68,095	63,026	135,897	118,819
Depreciation, depletion, amortization, and accretion	52,877	47,580	105,818	97,177
Power operating and maintenance	17,185	18,252	36,864	38,465
General and administrative	42,125	30,479	82,236	58,778
Other operating expenses	7,619	11,244	18,106	14,710
Total operating expenses	343,879	297,013	690,700	573,176
Income from operations	121,656	161,348	207,682	61,251
Other income (expense)				
Interest expense	(24,881)	(16,384)	(47,711)	(32,433)
Interest expense, related parties	(3,978)	(5,023)	(8,247)	(10,099)
Interest income	2,198	737	3,696	1,486
Other income	2,485	1,040	5,373	4,074
Income before income taxes	97,480	141,718	160,793	24,279
Income tax benefit (expense)	(20,150)	(29,243)	(31,619)	1,425
Net income	77,330	112,475	129,174	25,704
Less: net income (loss) attributable to noncontrolling interest	1,524	4,707	9,293	(85)
Net income attributable to BKV	$ 75,806	$ 107,768	$ 119,881	$ 25,789
Net income per common share attributable to BKV:				
Basic	$ 0.68	$ 1.27	$ 1.11	$ 0.30
Diluted	$ 0.67	$ 1.27	$ 1.11	$ 0.30
Weighted average number of common shares outstanding:				
Basic	109,395	84,710	105,727	84,708
Diluted	109,772	84,834	106,058	84,789

[1] The financial information presented in this Quarterly Report on Form 10-Q has been retrospectively adjusted for the BKV-BPP Power Joint Venture Transaction, which was accounted for as a transaction between entities under common control, with prior periods recast as if the transaction had occurred at the beginning of the earliest period presented. See *Note 2 - Acquisition* for further information.

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

BKV Corporation
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

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	Six Months Ended June 30,	
	2026	2025 [1]
Cash flows from operating activities:		
Net income	$ 129,174	$
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization, and accretion	108,253	
Equity-based compensation expense	10,306	
Deferred income tax expense (benefit)	31,619	
Unrealized (gains) losses on derivatives, net	(59,343)	
Impairment of asset held for sale	3,516	
Settlement of contingent consideration	—	(
Payments for the purchase of put options	—	(
Other, net	3,348	
Changes in operating assets and liabilities:		
Accounts receivable, net	(13,001)	(
Accounts receivable, related party	868	
Accounts payable and accrued liabilities	(32,479)	(
Other changes in operating assets and liabilities	(530)	
Net cash provided by operating activities	181,731	1
Cash flows from investing activities:		
Asset acquisition	(118,746)	
Deposits on fixed asset purchases	(158,507)	
Capital expenditures	(193,365)	(1
Proceeds from sales of assets	473	
Other investing activities, net	264	
Net cash used in investing activities	(469,881)	(1
Cash flows from financing activities:		
Proceeds from issuance of common stock, net of underwriting discounts and commissions	185,504	
Acquisition of additional interest in BKV-BPP Power	(115,136)	
Payment of debt issuance costs	(892)	
Payments on Temple Term Loan Facility	(19,885)	
Proceeds from Promissory Note	46,000	
Payments on Temple I Loan Agreements	(15,000)	
Proceeds under RBL Credit Agreement	570,000	3
Payments on RBL Credit Agreement	(470,000)	(3
Net share settlements, equity-based compensation	(2,132)	
Contributions from noncontrolling interest	13,400	
Common stock issued from employee purchase plan	277	
Net cash provided by financing activities	192,136	
Net increase (decrease) in cash, cash equivalents, and restricted cash	(96,014)	
Cash, cash equivalents, and restricted cash, beginning of period	264,273	
Cash, cash equivalents, and restricted cash, end of period	$ 168,259	$ 1

[1] The financial information presented in this Quarterly Report on Form 10-Q has been retrospectively adjusted for the BKV-BPP Power Joint Venture Transaction, which was accounted for as a transaction between entities under common control, with prior periods recast as if the transaction had occurred at the beginning of the earliest period presented. See *Note 2 - Acquisition* for further information.

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

BKV Corporation
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

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Supplemental cash flow information:	**Six Months Ended June 30,**	
	2026	**2025 [1]**
Cash payments for:		
Interest	$ 44,801	$ 30,627
Interest, related parties	$ 8,555	$ 10,208
Income tax	$ —	$ 197
Income tax, related party	$ 978	$ —
Non-cash investing and financing activities:		
Increase (decrease) in accrued capital expenditures	$ (2,373)	$ 12,965
Additions to asset retirement obligations	$ 109	$ 80
Lease liabilities arising from obtaining right-of-use assets	$ 5,685	$ —
Modification of lease contracts	$ (1,783)	$ —
Revision of asset retirement obligations	$ (35,172)	$ —
Accretion of Class B Units to redemption value	$ 2,541	$ 281
Distributions payable to noncontrolling interest	$ —	$ 6,870

[1] The financial information presented in this Quarterly Report on Form 10-Q has been retrospectively adjusted for the BKV-BPP Power Joint Venture Transaction, which was accounted for as a transaction between entities under common control, with prior periods recast as if the transaction had occurred at the beginning of the earliest period presented. See *Note 2 - Acquisition* for further information.

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

BKV Corporation
Condensed Consolidated Statements of Equity and Mezzanine Equity
(in thousands)
(Unaudited)

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	Equity								Mezzanine Equity
	Common Stock		Treasury		Additional Paid-In Capital	Retained Earnings	Noncontrolling Interest	Total Equity	Noncontrolling Interest
	Shares	Amount	Shares	Amount					
Balance, December 31, 2025 [1]	96,872	$ 1,635	214	$ (6,663)	$1,681,785	$ 309,051	$ 67,982	$ 2,053,790	$ 12,951
Net income	—	—	—	—	—	44,075	7,039	51,114	730
Contributions from noncontrolling interest	—	—	—	—	—	—	—	—	4,200
Accretion of Class B Units to redemption value	—	—	—	—	—	(741)	—	(741)	741
Issuance of common stock, net	7,004	70	—	—	186,104	—	—	186,174	—
Issuance of common stock to BPPUS	5,315	53	—	—	(53)	—	—		—
Issuance of common stock under equity incentive plans, net	16	—	—	—	277	—	—	277	—
Common stock issued upon vesting of restricted stock units, net of shares withheld for income taxes	178	2	—	—	(2,057)	—	—	(2,055)	—
Equity-based compensation	—	—	—	—	3,907	—	—	3,907	—
Balance, March 31, 2026	109,385	$ 1,760	214	$ (6,663)	$1,869,963	$ 352,385	$ 75,021	$ 2,292,466	$ 18,622
Net income	—	—	—	—	—	75,806	922	76,728	602
Contributions from noncontrolling interest	—	—	—	—	—	—	—	—	9,200
Accretion of Class B Units to redemption value	—	—	—	—	—	(1,800)	—	(1,800)	1,800
Additional offering costs	—	—	—	—	(670)	—	—	(670)	—
Common stock issued upon vesting of restricted stock units, net of shares withheld for income taxes	32	—	—	—	(77)	—	—	(77)	—
Equity-based compensation	—	—	—	—	6,399	—	—	6,399	—
Balance, June 30, 2026	109,417	$ 1,760	214	$ (6,663)	$1,875,615	$ 426,391	$ 75,943	$ 2,373,046	$ 30,224

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

BKV Corporation
Condensed Consolidated Statements of Equity and Mezzanine Equity
(in thousands)
(Unaudited)

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	Equity								Mezzanine Equity
	Common Stock		Treasury		Additional Paid-In Capital	Retained Earnings	Noncontrolling Interest	Total Equity[1]	Noncontrolling Interest
	Shares	Amount	Shares	Amount					
Balance, December 31, 2024	84,600	$ 1,512	214	$ (6,663)	$ 1,374,525	$ 131,317	$ 51,829	$ 1,552,520	$ —
Net loss	—	—	—	—	—	(81,979)	(4,792)	(86,771)	—
Common stock issued upon vesting of restricted stock units, net of shares withheld for income taxes	108	1	—	—	(1,182)	—	—	(1,181)	—
Equity-based compensation	—	—	—	—	2,067	—	—	2,067	—
Balance, March 31, 2025	84,708	$ 1,513	214	$ (6,663)	$ 1,375,410	$ 49,338	$ 47,037	$ 1,466,635	$ —
Net income	—	—	—	—	—	107,768	4,544	112,312	163
Contributions from noncontrolling interest	—	—	—	—	—	—	—	—	4,353
Accretion of Class B Units to redemption value					—	(281)	—	(281)	281
Distribution declared to noncontrolling interest	—	—	—	—	—	—	—	—	(6,870)
Common stock issued upon vesting of restricted stock units, net of shares withheld for income taxes	3	—	—	—	(23)	—	—	(23)	—
Equity-based compensation	—	—	—	—	4,069	—	—	4,069	—
Balance, June 30, 2025	84,711	$ 1,513	214	$ (6,663)	$ 1,379,456	$ 156,825	$ 51,581	$ 1,582,712	$ (2,073)

[1] The financial information presented in this Quarterly Report on Form 10-Q has been retrospectively adjusted for the BKV-BPP Power Joint Venture Transaction, which was accounted for as a transaction between entities under common control, with prior periods recast as if the transaction had occurred at the beginning of the earliest period presented. See *Note 2 - Acquisition* for further information.

BKV Corporation
Notes to the Condensed Consolidated Financial Statements
(Unaudited)

Note 1 - Business and Basis of Presentation

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 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 BNAC. BKV Corp’s ultimate parent company is Banpu Public Company Limited ("Banpu"), a public company listed in the Stock Exchange of Thailand. As of July 31, 2026, Banpu, the ultimate parent company of BNAC and BPPUS, indirectly owned an aggregate 62.8% of BKV Corp's shares. The remaining 37.2% of shares of common stock of BKV Corp were owned by non-controlling members of management, members of the board of directors, and employee and non-employee shareholders.

Basis of Presentation of the Unaudited Condensed Consolidated Financial Statements and Principles of Consolidation

These condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the accounts for BKV Corp’s wholly-owned subsidiaries and majority-owned subsidiaries in which BKV Corp has a controlling interest. The condensed consolidated financial statements are unaudited and should be read in conjunction with the Company’s 2025 Annual Report on Form 10-K, as certain disclosures and information required by GAAP for complete consolidated financial statements have been condensed or omitted. The condensed consolidated 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, results of operations, and cash flows for the periods presented herein. The interim results are not necessarily indicative of results to be expected for the year ending December 31, 2026 or for any other future annual or interim period. The December 31, 2025 condensed consolidated balance sheet was derived from the Company's 2025 Annual Report on Form 10-K; however, it has been retrospectively recast to reflect the historical results of BKV-BPP Power LLC, a Delaware limited liability company (“BKV-BPP Power” or the “BKV-BPP Power Joint Venture”), as described below. Accordingly, amounts as of December 31, 2025 and for the three and six months ended June 30, 2025 differ from those previously reported.

In addition, as discussed further in *Note 14 - Reportable Segments*, certain prior period amounts have been recast to reflect the Company's change in reportable segments from one reportable segment and one operating segment to two reportable segments consisting of Upstream/Midstream and Power, and one operating segment consisting of Corporate and Other.

Together, BKV Corp, its wholly-owned subsidiaries, and its majority-owned subsidiaries where BKV Corp has a controlling interest and is the primary beneficiary, 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. Current and deferred income taxes and related tax expense have been determined based on the stand-alone results of BKV by applying the separate return method to BKV’s operations as if it were a separate taxpayer.

Common Control Transaction

On January 30, 2026, the Company completed the previously announced acquisition of an additional 25% interest in the BKV-BPP Power Joint Venture (the "BKV-BPP Power Joint Venture Transaction"), pursuant to that certain membership interest purchase agreement, dated as of October 29, 2025, by and between the Company and BPPUS, an affiliate under common control (the "BKV-BPP Power Purchase Agreement"). In connection with such closing, the Company and BPPUS entered into an Amended and Restated Limited Liability Company Agreement (the "BKV-BPP Power LLC Agreement"), which governs BKV-BPP Power. Banpu indirectly holds the controlling financial interests in both the Company and BPPUS, and as such, the BKV-BPP Power Joint Venture Transaction was accounted for as a transfer of assets between entities under common control in accordance with Accounting Standards Codification ("ASC") 805-50, *Business Combinations - Related Issues.* Transfers of net assets between entities under common control are accounted for at the historical carrying values of the transferring entity as of the date of transfer, and no gain or loss is recognized. The Company recognized the difference between the consideration transferred and the historical carrying value of the net assets received as an adjustment to equity. Because the BKV-BPP Power Joint Venture

Transaction represents a common-control transfer, the Company retrospectively recast its condensed consolidated financial statements for periods prior to January 30, 2026, to include the historical results of the BKV-BPP Power Joint Venture for all periods during which the Company and BKV-BPP Power were under common control. The Company and BKV-BPP Power first came under common control upon the formation of the BKV-BPP Power Joint Venture on July 30, 2021. As a result of the BKV-BPP Power Joint Venture Transaction, the Company is considered the primary beneficiary of BKV-BPP Power and consolidated BKV-BPP Power's financial results in accordance with ASC 810, *Consolidation*. See *Note 2 - Acquisition* and *Note 10 - Investments* for further information.

Reclassification

Certain prior period amounts have been reclassified in order to conform to the current period presentation. These reclassifications had no impact on previously reported balance sheets, net income (loss), net cash flows, or stockholders' equity. In addition, the Company recast its prior period condensed consolidated financial statements as further described in *Note 2 - Acquisition* and *Note 10 - Investments.* The recast impacted previously reported financial statement line items.

Liquidity

As of June 30, 2026, the Company held $152.2 million of cash and cash equivalents. The Company's working capital as of June 30, 2026, was $59.1 million, and for the six months ended June 30, 2026, cash flows provided by operating activities was $181.7 million. The Company intends to make the payments related to its debt and investments in capital expenditures with cash flows from operations.

Restricted Cash

As of June 30, 2026, restricted cash included amounts to fund the debt service reserve account, or the quarterly portion due on the Temple Term Loan Facility (as defined below) plus accrued interest and cash collateral held in connection with certain retail customers.

(in thousands)	**June 30, 2026**	**December 31, 2025**
Cash and cash equivalents	$ 152,192	$ 248,427
Restricted cash	16,067	15,846
Cash, cash equivalents, and restricted cash	$ 168,259	$ 264,273

Significant Judgments and Accounting Estimates

The preparation of these condensed consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and the accompanying notes. In connection with the consolidation of the BKV-BPP Power Joint Venture during the period, management has made significant judgments and estimates related to (i) the valuation of commodity derivative instrument and (ii) estimates of revenues earned and not yet billed and costs incurred and not yet billed. Actual results could differ from these estimates, and such differences may be material to the Company's financial position and results of operations.

Other than the items described above, there have been no significant changes to the Company's accounting estimates from those disclosed in the Company's 2025 Annual Report on Form 10-K.

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, 2025, which are disclosed in the 2025 Annual Report on Form 10-K. There have been no significant changes in accounting policies during the six months ended June 30, 2026 and 2025.

In connection with the consolidation of the BKV-BPP Power Joint Venture during the period, the Company evaluated BKV-BPP Power's accounting policies and determined they are consistent with the Company's accounting policies as disclosed in the Company's 2025 Annual Report on Form 10-K. Accordingly, no adjustments to conform accounting policies were required upon consolidation.

Common Shares Issued and Outstanding

As of June 30, 2026 and December 31, 2025, the Company had common shares issued and outstanding of 109,417,022 and 96,871,868, respectively.

Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, *Disaggregation of Income Statement Expenses*. This standard requires that entities (i) disclose amounts of purchases of inventory, employee compensation, and depreciation, depletion, and amortization, including those recognized as part of oil and gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption, (ii) include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements, (iii) disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and (iv) disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. This standard is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted as of the beginning of a fiscal year. Management is currently evaluating the impact this standard will have on the Company's disclosures.

In September 2025, the FASB issued ASU 2025-06, *Targeted Improvements to the Accounting for Internal-Use Software*. Under the new standard, companies may capitalize eligible costs when (i) management has authorized and committed to funding the software project, and (ii) it is probable that the project will be completed and the software will be used to perform the function intended. The standard is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2027, with early adoption permitted as of the beginning of a fiscal year. The standard may be applied prospectively, retrospectively or using a modified transition approach. The Company is currently evaluating the impact that this standard will have on the Company's consolidated operating results, cash flows, financial condition, and related disclosures.

In May 2026, the FASB issued ASU 2026-02, *Environmental Credits and Environmental Credit Obligations (Topic 818)*, which establishes guidance for the recognition, measurement, presentation, and disclosure of certain environmental credits and environmental credit obligations. This standard is effective for fiscal years beginning after December 15, 2027, including interim reporting periods within those annual reporting periods, with early adoption permitted as of the beginning of a fiscal year. Management is currently evaluating the impact this standard will have on the Company's consolidated operating results, financial condition, and related disclosures.

Note 2 - Acquisition

BKV-BPP Power Joint Venture Transaction

On January 30, 2026, pursuant to the BKV-BPP Power Purchase Agreement, the Company completed the BKV-BPP Power Joint Venture Transaction, which consisted of $115.1 million in cash and 5,315,390 shares of Company common stock. The shares were subject to a 180-day lock-up that expired on July 29, 2026. The aggregate purchase price was equal to (x) $376.0 million, less (y) 25% of BKV-BPP Power's net indebtedness at closing, payable 50% in cash and 50% in shares of the Company's common stock. BKV-BPP Power's net indebtedness was $582.9 million as of the closing date and the number of shares issued was determined by dividing the 50% of the aggregate purchase price by $21.6609, which represents the volume-weighted average price of the Company's common stock during the 20 consecutive trading day period ended October 28, 2025. The Company funded the cash consideration for the transaction with a combination of cash on hand and the net proceeds from the 2025 Equity Offering. Following the closing of the transaction, the Company and BPPUS own 75% and 25% of the BKV-BPP Power Joint Venture, respectively.

The Company's condensed consolidated financial statements include $17.3 million of costs associated with the BKV-BPP Power Joint Venture Transaction. Of this amount, $9.3 million related to the 2025 Equity Offering, and was recorded as a reduction of additional paid-in capital. Transaction costs of $4.3 million and $8.0 million were expensed during the three and six months ended June 30, 2026, respectively, and included in other operating expenses on the condensed consolidated statements of income.

The BKV-BPP Power Joint Venture Transaction was accounted for as an acquisition of a business under common control (see *Note 1 - Business and Basis of Presentation* for further information). Accordingly, the consolidated financial statements prior to the acquisition date were retrospectively recast to include the BKV-BPP Power Joint Venture's historical results, including reflecting BPPUS's interest as a noncontrolling interest of 25%. The Company previously accounted for BKV-BPP Power as an equity method investment and recognized 50% of its earnings.

The following table represents a summary of the retrospective adjustments to the statements of income for the three and six months ended June 30, 2025 to conform to the current presentation due to the BKV-BPP Power Joint Venture Transaction.

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(in thousands)	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
Increase to net income				
Income from operations	$	32,950	$	26,556
Net income (loss)	$	7,739	$	(365)
Less: net income (loss) attributable to noncontrolling interest	$	4,544	$	(248)
Net income (loss) attributable to BKV	$	3,195	$	(117)
Net income per common share attributable to BKV:				
Basic	$	0.04	$	—
Diluted	$	0.04	$	—
Weighted average number of common shares outstanding:				
Basic		84,710		84,708
Diluted		84,834		84,789

This retrospective presentation is an accounting convention and does not alter the legal ownership interests in the BKV-BPP Power, or the related rights to BKV-BPP Power's income and net assets that existed before the closing date of the BKV-BPP Power Joint Venture Transaction.

The retrospective combination of BKV-BPP Power therefore does not imply that the Company or the holders of its common shares other than Banpu and its affiliates had legal or economic rights to the additional 25% interest before January 30, 2026. Prior to the closing date of the BKV-BPP Power Joint Venture Transaction, Banpu's indirect economic interest in the additional 25% interest was held through BPPUS rather than through the Company. Accordingly, for periods before January 30, 2026, the BKV-BPP Power Joint Venture's net income and net assets were attributed based on the legal ownership interests in effect during those periods. For purposes of the retrospective earnings per share presentation, the per share amounts applicable to common shares held, directly or indirectly, by Banpu reflect Banpu's historical economic interest in the transferred 25% interest. The per share amounts applicable to the Company's other common shareholders reflect only the economic interests held through the Company during those periods.

Accordingly, for the three months ended June 30, 2025, both basic and diluted earnings per common share were $1.29 for common shares held by Banpu and $1.22 for common shares held by the Company's other shareholders. For the six months ended June 30, 2025, both basic and diluted earnings per common share were $0.30 for common shares held by Banpu and $0.31 for common shares held by the Company's other shareholders. Beginning on January 30, 2026, earnings associated with the acquired 25% interest are available to all of the Company's common shares. The tables below summarize these attribution principles.

(in thousands)	December 31, 2025	
Noncontrolling interest in BKV-BPP Power	$	64,277
BKV's interest in BKV-BPP Power		192,830
Net assets attributable to common shareholders		43,785
Net assets attributable to Banpu		127,153

(in thousands, except per share amounts)	Three Months Ended June 30, 2025		Six Months Ended June 30, 2025	
BKV-BPP Power net income (loss) attributable to noncontrolling interest	$	4,544	$	(248)
BKV-BPP Power net income (loss) attributable to BKV	$	13,632	$	(746)
BKV-BPP Power net income (loss) attributable to common shareholders	$	2,235	$	(122)
BKV-BPP Power net income (loss) attributable to Banpu	$	10,279	$	(562)
Net income attributable to common shareholders	$	25,387	$	6,404
Net income attributable to Banpu	$	82,381	$	19,385
Net income per common share attributable to common shareholders:				
Basic	$	1.22	$	0.31
Diluted	$	1.22	$	0.31
Net income per common share attributable to Banpu:				
Basic	$	1.29	$	0.30
Diluted	$	1.29	$	0.30
Weighted average number of common shares outstanding attributable to common shareholders:				
Basic		20,833		20,833
Diluted		20,864		20,853
Weighted average number of common shares outstanding attributable to Banpu:				
Basic		63,877		63,875
Diluted		63,970		63,936

As a result of the consolidation of BKV-BPP Power, the Company determined that the manner in which its Chief Executive Officer, identified as the Chief Operating Decision Maker ("CODM"), evaluates operating performance and allocates resources has changed. Accordingly, BKV-BPP Power, the Company's power generation business, meets the criteria to be presented as a reportable segment. See *Note 14 - Reportable Segments*.

Asset Acquisition

On July 1, 2025, the Company entered into an agreement to acquire approximately 6,200 acres of land and related assets in the state of Texas for a total consideration of $94.3 million, with a deposit of $0.9 million paid in July 2025. The acquisition closed on February 26, 2026. On March 18, 2026, the Company entered into another agreement to acquire approximately 120 acres of land and related assets in the state of Texas for a total consideration of $25.3 million, with a deposit of $0.3 million paid in March 2026. The acquisition closed on June 18, 2026. The assets acquired were accounted for as an asset acquisition as the fair value of substantially all the assets acquired were concentrated in a group of similar assets. The Company evaluated the related assets, including structures, easements, and mineral rights and determined that they were not material, individually or in the aggregate, to the total purchase price. Accordingly, the total consideration, including transaction costs was allocated to land. No goodwill was recognized. The Company partially funded the purchase of the 6,200 acres with $46.0 million in proceeds from the Advance (as defined below), with the remainder funded through the Company's cash from operations. See *Note 3 - Debt* for further information on the Advance.

Bedrock Acquisition

On September 29, 2025, BKV Upstream Midstream acquired 100% of the equity interests of Bedrock Production, LLC (now known as BKV Barnett II, LLC ("BKV Barnett II")), a Texas limited liability company (such transaction, the "Bedrock Acquisition") from Bedrock pursuant to a membership interest purchase agreement (the "Bedrock Purchase Agreement"). The Bedrock Acquisition was accounted for as an asset acquisition. The purchase price allocation was finalized on December 31,

2025. See *Note 3 - Acquisitions and Dispositions* on the Company's 2025 Annual Report on Form 10-K for additional information, including the allocation of consideration to the assets acquired and liabilities assumed.

During the first quarter of 2026, half of the $37.0 million purchase price holdback was released in accordance with the terms of the Bedrock Purchase Agreement. As of June 30, 2026, the remaining half of holdback balance continues to be held in escrow for potential indemnification claims. In accordance with the terms of the Bedrock Purchase Agreement, the balance remaining in escrow is expected to be released upon the expiration of the 14-month indemnification period following the closing date of September 29, 2025, subject to the resolution of any outstanding claims.

Note 3 - Debt

The following table summarizes the debt balances (refer to the Company's 2025 Annual Report on Form 10-K for definitions and further description of the Company's debt instruments):

	June 30, 2026		December 31, 2025	
(in thousands)	**Principal Value**	**Carrying Value**	**Principal Value**	**Carrying Value**
Current portion of Temple I Loan Agreements	$ 176,000	$ 176,000	$ 191,000	$ 191,000
Current portion of Temple Term Loan Facility	10,000	9,387	10,000	9,387
Total current portion of long-term debt, net	186,000	185,387	201,000	200,387
RBL Credit Agreement	100,000	100,000	—	—
2030 Senior Notes (7.50%)	500,000	487,085	500,000	486,777
Promissory Note	46,000	46,000	—	—
Temple Term Loan Facility	371,998	371,369	391,883	390,947
Temple Revolving Facility	60,000	60,000	60,000	60,000
Total debt, net	1,263,998	1,249,841	1,152,883	1,138,111
Less: current portion of long-term debt	(186,000)	(185,387)	(201,000)	(200,387)
Total long-term debt, net	$ 1,077,998	$ 1,064,454	$ 951,883	$ 937,724

RBL Credit Agreement

On June 11, 2024, BKV Corporation, as a guarantor, and BKV Upstream Midstream, as borrower, entered into the RBL Credit Agreement with Citibank, N.A., as the administrative agent, and the financial institutions party thereto. The RBL Credit Agreement includes a maximum credit commitment of $1.5 billion. On May 20, 2026, BKV Corporation, BKV Upstream Midstream, the lenders, and the administrative agent amended the RBL Credit Agreement to, among other things, redetermine and reaffirm the borrowing base at $1.0 billion in connection with the scheduled semiannual borrowing base redetermination. As of June 30, 2026, the borrowing base and elected commitment remained unchanged at $1.0 billion, and $800.0 million, respectively.

The loans under the RBL Credit Agreement may be borrowed, repaid, and reborrowed during the term of the RBL Credit Agreement. The RBL Credit Agreement will mature on June 12, 2028. The obligations under the RBL Credit Agreement are secured and guaranteed on a senior secured basis by BKV Upstream Midstream and all of BKV Upstream Midstream’s current and future material restricted subsidiaries. BKV Upstream Midstream is obligated to pay certain fees to the lenders and administrative agent under the RBL Credit Agreement, including commitment fees on the average daily amount of the undrawn portion of the commitments. During the three and six months ended June 30, 2026, BKV Upstream Midstream recognized $0.8 million and $1.7 million, respectively, of commitment fees, which are included in interest expense on the condensed consolidated statements of income. During the three and six months ended June 30, 2025, BKV Upstream Midstream recognized $0.5 million, and $1.0 million, respectively, of commitment fees, which are included in interest expense on the condensed consolidated statements of income.

The RBL Credit Agreement contains various restrictive covenants that, among other things, limit BKV Upstream Midstream's ability and the ability of its restricted subsidiaries to, subject to certain exceptions: (i) incur indebtedness; (ii) incur liens; (iii) acquire or merge with any other company; (iv) sell assets or equity interests of their subsidiaries; (v) make investments; (vi) pay dividends or make other restricted payments; (vii) change their lines of business; (viii) enter into certain hedge agreements; (ix) enter into transactions with affiliates; (x) own any subsidiary that is not organized in the United States; (xi) prepay any unsecured senior or subordinated indebtedness; (xii) engage in certain marketing activities; and (xiii) allow, on a net basis, gas imbalances, take-or-pay, or other prepayments with respect to their proved oil and gas properties.

The RBL Credit Agreement requires BKV Upstream Midstream and its restricted subsidiaries to always hedge not less than 50% of reasonably anticipated projected production from their proved developed producing reserves for the subsequent 24 calendar month period immediately following the date financial statements are required to be delivered under the RBL Credit Agreement for each fiscal quarter.

The RBL Credit Agreement also includes financial covenants that require BKV Upstream Midstream to maintain:

• on a quarterly basis, a minimum Current Ratio (as defined in the RBL Credit Agreement) of no less than 1.00 to 1.00; and

• on a quarterly basis, a Net Leverage Ratio (as defined in the RBL Credit Agreement) of no greater than 3.25 to 1.00.

The RBL Credit Agreement includes customary equity cure rights that will enable BKV Upstream Midstream to cure certain breaches of the minimum current ratio covenant or the maximum net leverage ratio covenant (subject to certain limitations in the RBL Credit Agreement). As of June 30, 2026, BKV Upstream Midstream was in compliance with such covenants in the RBL Credit Agreement.

Financing costs related to the RBL Credit Agreement are deferred and capitalized as debt issuance costs and are included within other assets on the condensed consolidated balance sheets. As of June 30, 2026 and December 31, 2025, $5.6 million and $6.9 million, respectively, of unamortized debt issuance costs remained outstanding.

As of August 6, 2026, $120.0 million of borrowings and $15.5 million of letters of credit were outstanding under the RBL Credit Agreement, leaving $664.5 million of available capacity thereunder for future borrowings and letters of credit.

Promissory Note

On March 3, 2026, in accordance with the terms of a real estate option agreement entered into on February 27, 2026, by and between a wholly-owned subsidiary of BKV Corporation, as seller, and an unaffiliated third party, as buyer, BKV Corporation, as borrower, received $46.0 million, representing an advance of a portion of the purchase price set forth in the real estate option agreement (the "Advance"). The Advance is evidenced by a promissory note (the "Promissory Note") and secured by a first-priority security interest in the real property that is the subject of the real estate option agreement.

Pursuant to the Promissory Note, the principal amount of the Advance bears interest at a fixed rate of 5.0% per annum and will mature on the earliest of (i) the occurrence of specified credit events, (ii) certain repayment events, and (iii) February 25, 2036. Upon the occurrence of a credit event, including the closing of the underlying property acquisition or the execution of a power purchase agreement, the outstanding principal (or an applicable portion thereof) of the Advance shall be applied as a credit against the purchase payable by the counterparty to the real estate option agreement, or the counterparty's obligations under an executed power purchase agreement, as applicable. The Advance may be prepaid, in whole or in part, without penalty beginning on the third anniversary of the effective date of the real estate option agreement, subject to 30 days' notice. The Promissory Note contains customary covenants and events of default, upon which the lender may accelerate repayment.

BKV-BPP Power Loan Agreements and Credit Facilities

Temple I 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 under the $141 Million Banpu Loan Agreement 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 “Temple I 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 under the $141 Million BPPUS Loan Agreement (and in addition to the $141.0 million borrowed under the $141 Million Banpu Loan Agreement) for the purpose of acquiring Temple I and working capital.

BKV-BPP Power’s payment obligations under the Temple I Loan Agreements are senior unsecured indebtedness. The Temple I Loan Agreements bear interest at 6-month SOFR plus 5.25% per annum. Interest on the loans is payable on a semi-annual basis, and the loans will mature on November 1, 2026. BKV-BPP Power is permitted to prepay the loans at any time, with no prepayment premium. The Temple I Loan Agreements include covenants that, among other things, prohibit BKV-BPP Power from merging, incurring liens or incurring any additional indebtedness or guarantees. The Temple I Loan Agreements include financial covenants that require BKV-BPP Power to maintain a minimum net worth (as defined in the Temple I 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 Temple I Loan Agreements, BNAC and BPPUS have no recourse to BKV Corporation with respect to any amounts owed to them thereunder and BKV Corporation is not liable in any manner (and is not required to provide security) for any obligations owed to BNAC or BPPUS thereunder. As of June 30, 2026 and December 31, 2025, the outstanding principal balance of the Temple I Loan Agreements for each affiliate was $88.0 million and $95.5 million, respectively.

Temple Credit Facilities

On July 10, 2023, Temple Generation Intermediate Holdings II, LLC ("Temple Intermediate II"), an indirect subsidiary of BKV-BPP Power, as borrower, Temple Generation I, LLC ("Temple Generation I"), Temple Generation II, LLC (previously, CXA Temple 2, LLC) ("Temple Generation II"), each of Temple Generation I and Temple Generation II being a subsidiary of Temple Intermediate II, and Temple Generation SF LLC ("Temple Generation SF"), a joint subsidiary of Temple Generation I and Temple Generation II, each as subsidiary guarantors, entered into a credit agreement (the "Beal Credit Agreement") with Beal Bank USA and the other lenders from time to time party thereto that provides the following credit facilities (collectively, the "Temple Credit Facilities"): (i) a senior secured term loan facility with an aggregate principal amount of $500.0 million (the "Temple Term Loan Facility"), which was fully drawn in an amount equal to $500.0 million on the closing date, and (ii) a senior secured revolving credit facility in the aggregate principal amount not to exceed $60.0 million (the "Temple Revolving Facility"), which was fully drawn in an amount equal to $60.0 million on the closing date. The interest is payable annually for the Temple Credit Facilities at a rate equal to SOFR plus an interest rate margin of 4.60%.

The Temple Term Loan Facility requires a quarterly repayment at a minimum of $2.5 million per quarter, beginning on September 30, 2023. The final aggregate principal installment for the Temple Term Loan Facility is due and payable on July 10, 2028 (subject to extension by up to two additional one-year periods), and the Temple Revolving Facility terminates five business days prior to the Temple Term Loan Facility maturity date. On the closing date, Temple Intermediate II applied the proceeds of the Temple Term Loan Facility to fund a portion of the Temple II acquisition and applied the proceeds of the Temple Revolving Facility for general corporate purposes, including working capital and operating expenses. Any prepayment of the Temple Term Loan Facility prior to the third anniversary of the closing date thereof is subject to a prepayment penalty. Amounts repaid by Temple Intermediate II with respect to the Temple Term Loan Facility may not be reborrowed. Amounts repaid by Temple Intermediate II with respect to the Temple Revolving Facility may be reborrowed upon satisfaction of customary conditions.

The obligations under the Temple Credit Facilities are secured by (i) all of the assets of Temple Intermediate II, Temple Generation I, Temple Generation II and Temple Generation SF, including the Temple Plants and all other personal property and real property of such entities and (ii) 100.0% of the equity interests in each of Temple Generation I, Temple Generation II, Temple Generation SF, and Temple Intermediate II. This collateral will remain pledged to Beal Bank until all secured obligations under the Temple Credit Facilities have been satisfied in full. Upon the occurrence and continuation of an event of default under either of the Temple Credit Facilities, Beal Bank has customary secured creditor remedies, including the right to foreclose upon the pledged collateral.

As of June 30, 2026 and December 31, 2025, the weighted average effective interest rate on the outstanding balances under the RBL Credit Agreement, the Temple I Loan Agreements, and the Temple Credit Facilities was 8.13% and 8.86%, respectively.

Note 4 - Natural Gas Properties & Other Property, Plant, and Equipment

As of June 30, 2026 and December 31, 2025, accumulated depreciation, depletion, and amortization for developed natural gas properties was $895.1 million and $825.7 million, respectively. Depreciation, depletion, and amortization expense for developed natural gas properties was $35.9 million and $30.7 million for the three months ended June 30, 2026 and 2025, respectively, and $69.4 million and $62.5 million for the six months ended June 30, 2026 and 2025, respectively.

As of June 30, 2026 and December 31, 2025, accumulated depreciation for midstream assets was $27.0 million and $23.8 million, respectively. Depreciation expense on midstream assets was $1.6 million for both the three months ended June 30, 2026 and 2025, and $3.3 million and $3.2 million for the six months ended June 30, 2026 and 2025, respectively.

Other property, plant, and equipment consisted of the following:

(in thousands)	June 30, 2026	December 31, 2025
Plant facility	$ 928,987	$ 926,092
Carbon capture, utilization, and sequestration	138,746	114,261
Buildings	6,746	6,746
Furniture, fixtures, equipment, and vehicles	26,446	27,643
Computer software	8,637	8,461
Leasehold improvements	1,685	1,685
Land	127,766	8,090
Construction in process	35,570	6,350
Total	1,274,583	1,099,328
Accumulated depreciation	(178,467)	(154,916)
Other property, plant, and equipment, net	$ 1,096,116	$ 944,412

Depreciation expense for other property, plant, and equipment was $11.2 million and $11.1 million for the three months ended June 30, 2026 and 2025, respectively, and $24.4 million and $22.4 million for the six months ended June 30, 2026 and 2025, respectively. During the three months ended June 30, 2026 and 2025, the Company received proceeds on the sales of other properties of $0.3 million and $0.2 million, respectively and recognized a gain on sale of these properties of $0.3 million and $0.1 million, respectively. During the six months ended June 30, 2026 and 2025, the Company received proceeds on the sale of other properties of $0.5 million and $1.3 million, respectively, and recognized a gain on sale of these properties of $0.4 million and $1.2 million, respectively. The gain on sale of other property, plant, and equipment is included in other in the condensed consolidated statements of income.

Impairment of Asset Held for Sale

During the six months ended June 30, 2025, the Company classified its field office in Bridgeport, Texas as held for sale and recognized an impairment of $2.4 million based on an estimated selling price of $5.5 million, which was included in other within total revenues and other operating income in the condensed consolidated statements of income. The Company completed the sale of the field office in the third quarter of 2025 for proceeds of $5.5 million, resulting in no further gain or loss.

During the three months ended June 30, 2026, the Company entered into an agreement with a third party to sell its CO_2 storage lease interests located in Liberty and Chambers Counties, Texas and classified these assets as held for sale within other current assets on the condensed consolidated balance sheets. The Company recognized an impairment on the assets of $3.5 million using an estimated selling price of $2.6 million, which was included in other within total revenues and other operating income in the condensed consolidated statements of income.

Asset Retirement Obligations

The following table summarizes the activities of the Company's asset retirement obligations:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2026	2025	2026	2025
Balance, beginning of period	$ 201,774	$ 204,186	$ 233,339	$ 201,158
Liabilities incurred	69	45	109	80
Liabilities settled	(374)	(180)	(822)	(803)
Revisions of estimates[(1)]	—	—	(35,172)	—
Accretion of discount	3,642	3,671	7,657	7,287
Balance, end of period	205,111	207,722	205,111	207,722
Less current portion	(4,507)	(3,391)	(4,507)	(3,391)
Asset retirement obligations, long-term	$ 200,604	$ 204,331	$ 200,604	$ 204,331

(1) Revisions of estimates are due to reductions of expected plugging and abandonment cost per well for all Barnett operated properties.

Note 5 - Fair Value Measurements

As the Company uses the market approach to determine the fair value of its derivative instruments, these fair values are also compared to the values given by counterparties for reasonableness. Since natural gas and NGL swaps, fixed-price power sales, and fixed price power purchases are based on measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid, they are classified as Level 2 within the fair value hierarchy. The heat rate call options are classified as Level 3 within the fair value hierarchy because their valuation relies on significant unobservable inputs. These inputs include correlation between the underlying power and natural gas commodities and volatility assumptions for non-liquid delivery periods, which require management judgment and are not directly observable in the market.

The Company factors its own non-performance risk into the valuation of derivatives using current published credit default swap rates. As of June 30, 2026 and December 31, 2025, the impact of the non-performance risk adjustment to the Company's fair value of commodity derivative liabilities was $0.1 million and $1.6 million, respectively.

The following tables set forth by level within the fair value hierarchy, the financial assets and liabilities that were accounted for at fair value on a recurring basis:

	June 30, 2026		
	Fair Value Measurements Using:		
(in thousands)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Financial assets			
Derivative instruments			
Natural gas derivatives	$ 106,473	$ —	$ 106,473
NGL derivatives	7,054	—	7,054
Natural gas basis swaps	9,382	—	9,382
Power derivatives	8,337	13,891	22,228
Financial liabilities			
Derivative instruments			
Natural gas derivatives	2,818	—	2,818
Power derivatives	6,880	—	6,880

(in thousands)	December 31, 2025 Fair Value Measurements Using: Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Financial assets			
Derivative instruments			
Natural gas derivatives	$ 57,135	$ —	$ 57,135
NGL derivatives	13,807	—	13,807
Natural gas basis swaps	17,272	—	17,272
Power derivatives	1,347	771	2,118
Financial liabilities			
Derivative instruments			
Natural gas derivatives	6,572	—	6,572
NGL derivatives	407	—	407
Natural gas basis swaps	1,328	—	1,328
Power derivatives	3,514	2,415	5,929

The following table is the quantitative information regarding significant unobservable inputs used in the measurement of Level 3 positions:

June 30, 2026

Valuation Technique	Significant Unobservable Input	Range		Weighted Average	Description
Kirk Spread Option Model	Power and natural gas price correlation	92.7 %		92.7 %	Estimated correlation between underlying commodities
Kirk Spread Option Model	Power volatility (non-liquid hours)	53.4 %	65.2 %	59.3 %	Extrapolated from observable 5x16 implied volatilities and shaped for delivery periods (2x16 and 7x8)

December 31, 2025

Valuation Technique	Significant Unobservable Input	Range		Weighted Average	Description
Kirk Spread Option Model	Power and natural gas price correlation	92.7 %		92.7 %	Estimated correlation between underlying commodities
Kirk Spread Option Model	Power volatility (non-liquid hours)	42.9 %	52.4 %	47.7 %	Extrapolated from observable 5x16 implied volatilities and shaped for delivery periods (2x16 and 7x8)

Realized and unrealized gains and losses related to the Company’s Level 3 HRCOs are recognized in derivative gains, net in the condensed consolidated statements of income. The table below sets forth the changes in the Company's Level 3 fair value measurements:

(in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Balance, beginning of period	$ 25,827	$ (20,678)	$ (1,644)	$ (3,595)
Settlements	(30,227)	(14,936)	(99,558)	(30,227)
Total realized gains	30,227	14,936	99,558	30,227
Total unrealized gains (losses)	(11,936)	9,797	15,535	(7,286)
Balance, end of period	$ 13,891	$ (10,881)	$ 13,891	$ (10,881)

There were no transfers in or out of Level 3 during the three and six months ended June 30, 2026 and 2025.

Other Fair Value Measurements

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, net, and accounts payable and accrued liabilities approximate their fair values due to the short-term maturities of these instruments. Long-term debt obligations under the RBL Credit Agreement, the Temple I Loan Agreements, and the Temple Credit Facilities also approximate fair value because the variable rates of interest are market-based. The fair value of the 2030 Senior Notes as of June 30, 2026, was approximately $502.0 million based on quoted market prices from banks and are classified Level 2 in the fair value hierarchy. The 2030 Senior Notes are carried on the condensed consolidated balance sheets at their principal amount, net of unamortized debt issuance costs, which are amortized to interest expense over the term of such notes.

Note 6 - Derivative Instruments

The Company may utilize derivative contracts in connection with its natural gas, NGL and power operations to provide an economic hedge of the Company's exposure to commodity price risk associated with anticipated future natural gas and NGL production, as well as to manage the Company's exposure to delivery risk, optimize physical and contractual assets in the Company's portfolio, and manage working capital requirements.

The derivative contracts outstanding as of June 30, 2026 consisted of commodity swaps, basis swaps, put and call options, producer collar agreements, fixed-price natural gas forwards, fixed-price power forwards, and HRCOs, subject to master netting agreements with each individual counterparty. The following table presents gross commodity derivative balances prior to applying netting adjustments recorded in the condensed consolidated balance sheets:

		June 30, 2026		
(in thousands)	Balance Sheet Location	Gross Amounts of Assets and Liabilities	Offset Adjustments	Net Amounts of Assets and Liabilities
Current derivative assets	Commodity derivative assets, current	$ 112,440	$ (13,052)	$ 99,388
Noncurrent derivative assets	Commodity derivative assets	52,084	(6,335)	45,749
Current derivative liabilities	Commodity derivative liabilities, current	22,750	(13,052)	9,698
Noncurrent derivative liabilities	Commodity derivative liabilities	6,335	(6,335)	—

(in thousands)	Balance Sheet Location	December 31, 2025 Gross Amounts	Offset Adjustments	Net Amounts of Assets and Liabilities
Current derivative assets	Commodity derivative assets, current	$ 66,787	$ (2,887)	$ 63,900
Noncurrent derivative assets	Commodity derivative assets	34,116	(7,684)	26,432
Current derivative liabilities	Commodity derivative liabilities, current	11,356	(2,887)	8,469
Noncurrent derivative liabilities	Commodity derivative liabilities	13,451	(7,684)	5,767

Derivative Contracts

Collar, Commodity Swap, and Basis Swap Contracts

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. 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. Basis swaps provide a guaranteed price differential for natural gas from two different specified delivery points over a specified period. The fair value of open collar, commodity swap, and basis 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.

Fixed-Price Power Forwards and HRCOs

For the power generated out of the Temple Plants, the Company enters into fixed-price power sales contracts in which energy is delivered to the ERCOT north hub at a fixed-price per MWh. The contracts contain an agreed upon quantity of total MW and total MWh. The Company enters into fixed-price power purchase contracts to hedge BKV-BPP Retail power purchases for its retail customers.

The Company also enters into bilateral HRCO agreements under which counterparties obtain the right to receive specified quantities of power at the Temple Plants, subject to the contractual terms of each agreement. As of June 30, 2026 and December 31, 2025, the Company had four outstanding HRCO contracts with two counterparties. The contracts become effective on January 1 of each calendar year and, as of both June 30, 2026 and December 31, 2025, represented 600 MW of contracted capacity. Under the agreements, the Company receives fixed monthly capacity premiums from the counterparties. If exercised, the counterparties receive specified quantities of power from the Temple Plants with settlement based on contractually specified prices that incorporate the applicable heat rate, natural gas index pricing, and other contractual charges. Premiums received under the Company’s HRCO agreements are recognized within derivative gains, net as realized gains (losses), net on the condensed consolidated statements of income. Fuel costs incurred to satisfy exercised HRCO obligations are recognized within fuel commodity costs on the condensed consolidated statements of income. Outstanding HRCO agreements are remeasured at fair value, with changes in fair value recognized within derivative gains, net as unrealized gains (losses), net on the condensed consolidated statements of income.

The following tables present realized and unrealized gains and losses on derivative instruments, including amounts recognized in derivative gains, net and purchased power on the condensed consolidated statements of income:

(in thousands)	Income Statement Location	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Realized gains (losses) on derivatives (natural gas)	Derivative gains, net	$ 31,609	$ 6,689	$ 2,358	$ (3,685)
Realized gains (losses) on derivatives (NGL)	Derivative gains, net	5,857	(43)	8,220	(5,139)
Realized gains on derivatives (power sales)	Derivative gains, net	60,507	65,939	123,077	133,037
Realized losses on derivatives (purchased power)	Purchased power	(11,516)	(9,201)	(20,973)	(16,619)
Total realized gains on derivatives, net		$ 86,457	$ 63,384	$ 112,682	$ 107,594

(in thousands)	Income Statement Location	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Unrealized gains (losses) on derivatives (natural gas)	Derivative gains, net	$ 25,676	$ 67,218	49,595	(43,178)
Unrealized gains (losses) on derivatives (NGL)	Derivative gains, net	31,922	17,789	(9,411)	9,727
Unrealized gains (losses) on derivatives (power sales)	Derivative gains, net	(12,316)	29,434	22,525	(2,119)
Unrealized gains (losses) on derivatives (purchased power)	Purchased power	205	(3,324)	(3,366)	(348)
Total unrealized gains (losses) on derivatives, net		$ 45,487	$ 111,117	$ 59,343	$ (35,918)

During the first quarter in 2025, the Company entered into agreements to buy put options and subsequently paid a net premium of $16.2 million for contracts that settle in 2026 and 2027. The put options have an established floor of $3.00 per MMBtu. If at the time of settlement the contracted settlement price falls below the floor, the counterparties pay the Company an amount equal to the difference between the contracted settlement price and the floor multiplied by the contract volumes. The premium paid was recorded as an asset and is subsequently adjusted to the current fair value of the purchased put option. During the fourth quarter of 2025, the Company terminated a portion of the put option contracts scheduled to settle in 2026 in exchange for natural gas fixed-price swap contracts that will settle in 2026. No realized gain or loss was recognized on this transaction.

Derivative Contract Volumes and Fair Values

The following tables summarize the Company's outstanding derivative positions as of June 30, 2026 by commodity and contract type, including volume, pricing indices, or reference points, and associated fair values.

The following table summarizes the Company's power derivatives:

Instrument	Units	Quantity	Pricing Index	Fair Value as of June 30, 2026 (in thousands)
2026				
Swap	MMBtu	3,066,000	HSC Gas Daily	$ (2,752)
Power forwards - sales	MWh	438,000	ERCOT North	$ 5,959
Heat rate call option	MMBtu	2,628,000	Various	$ 13,891
Power forwards - purchases	MWh	344,030	Various	$ (6,145)
2027				
Swap	MMBtu	12,264,000	HSC Gas Daily	$ 507
Power forwards - sales	MWh	1,752,000	ERCOT North	$ 2,378
Power forwards - purchases	MWh	87,600	Various	$ (735)

The following table summarizes the Company's natural gas commodity derivatives indexed to NYMEX Henry Hub pricing:

Instrument	MMBtu	Weighted Average Price (USD)	Weighted Average Price Floor	Weighted Average Price Ceiling	Fair Value as of June 30, 2026 (in thousands)
2026					
Swap	75,768,006	$ 3.88			$ 34,725
2027					
Swap	98,958,854	$ 3.99			$ 49,421
Collars	37,662,319		$ 3.57	$ 4.00	$ 9,378
Call options	36,500,000			$ 5.00	$ (6,038)
Put options	36,500,000		$ 3.00		$ 10,398
2028					
Swap	94,085,323	$ 3.79			$ 12,469
2029					
Swap	35,587,500	$ 3.60			$ (29)

The following table summarizes the Company's natural gas basis derivatives by reference price:

Instrument	Basis Reference Price	MMBtu	Weighted Average Basis Differential	Fair Value as of June 30, 2026 (in thousands)
2026				
Swap	Transco Leidy Basis	25,526,433	$ (0.79)	$ 132
Swap	HSC Basis	27,600,000	$ (0.32)	$ 5,796
Swap	Transco St 85 (Z4) Basis	18,400,000	$ 0.62	$ (2,384)
Swap	NGPL TXOK Basis	23,943,741	$ (0.40)	$ 2,463
2027				
Swap	Transco Leidy Basis	10,950,000	$ (0.76)	$ (1,308)
Swap	HSC Basis	7,300,000	$ (0.25)	$ 1,194
Swap	NGPL TXOK Basis	16,965,270	$ (0.31)	$ 1,593
2028				
Swap	Transco Leidy Basis	7,320,000	$ (0.76)	$ (693)
Swap	HSC Basis	10,980,000	$ (0.17)	$ 1,229

The following table summarizes the Company's natural gas liquids derivatives position by product and reference price:

Instrument	Commodity Reference Price	Gallons	Weighted Average Price (USD)	Fair Value as of June 30, 2026 (in thousands)
2026				
Swap	OPIS Purity Ethane Mont Belvieu	68,220,796	$ 0.25	$ 591
Swap	OPIS IsoButane Mont Belvieu Non-TET	7,128,934	$ 0.86	$ (497)
Swap	OPIS Normal Butane Mont Belvieu Non-TET	11,719,147	$ 0.83	$ (938)
Swap	OPIS Propane Mont Belvieu Non-TET	40,975,148	$ 0.70	$ (586)
Swap	OPIS Natural Gasoline Mont Belvieu Non-TET	18,268,618	$ 1.39	$ (1,563)
2027				
Swap	OPIS Purity Ethane Mont Belvieu	79,965,970	$ 0.28	$ 3,841
Swap	OPIS IsoButane Mont Belvieu Non-TET	13,846,327	$ 0.87	$ 324
Swap	OPIS Normal Butane Mont Belvieu Non-TET	20,203,274	$ 0.83	$ 246
Swap	OPIS Propane Mont Belvieu Non-TET	76,415,634	$ 0.70	$ 1,412
Swap	OPIS Natural Gasoline Mont Belvieu Non-TET	34,754,781	$ 1.39	$ 1,160

Note 7 - Revenue from Contracts with Customers

All of the Company's revenues from contracts with customers are generated in the states of Pennsylvania and Texas. Revenues consist of the following:

(in thousands)	Three Months Ended June 30, 2026 Pennsylvania	Texas	Total
Natural gas	$ 15,990	$ 140,111	$ 156,101
NGLs	—	60,960	60,960
Oil	—	4,867	4,867
Total natural gas, NGL, and oil sales	15,990	205,938	221,928
Merchant energy sales and other	—	70,828	70,828
Energy retail sales	—	40,551	40,551
Solar revenue	—	111	111
Physical power purchased	—	(37,128)	(37,128)
Revenue from contracts with customers - power	—	74,362	74,362
Marketing revenues	—	26,162	26,162
Total	$ 15,990	$ 306,462	$ 322,452

(in thousands)	Three Months Ended June 30, 2025 Pennsylvania	Texas	Total
Natural gas	$ 15,035	$ 140,527	$ 155,562
NGLs	—	41,630	41,630
Oil	—	2,537	2,537
Total natural gas, NGL, and oil sales	15,035	184,694	199,729
Merchant energy sales and other	—	55,715	55,715
Energy retail sales	—	38,868	38,868
Solar revenue	—	107	107
Physical power purchased	—	(32,766)	(32,766)
Revenue from contracts with customers - power	—	61,924	61,924
Marketing revenues	—	6,968	6,968
Other[(1)]	—	22	22
Total	$ 15,035	$ 253,608	$ 268,643

(in thousands)	Six Months Ended June 30, 2026 Pennsylvania	Texas	Total
Natural gas	$ 46,898	$ 349,354	$ 396,252
NGLs	—	105,720	105,720
Oil	—	7,631	7,631
Total natural gas, NGL, and oil sales	46,898	462,705	509,603
Merchant energy sales and other	—	165,659	165,659
Energy retail sales	—	70,352	70,352
Solar revenue	—	203	203
Physical power purchased	—	(92,862)	(92,862)
Revenue from contracts with customers - power	—	143,352	143,352
Marketing revenues	—	46,043	46,043
Total	$ 46,898	$ 652,100	$ 698,998

(in thousands)	Six Months Ended June 30, 2025 Pennsylvania	Texas	Total
Natural gas	$ 39,607	$ 283,938	$ 323,545
NGLs	—	86,313	86,313
Oil	—	5,997	5,997
Total natural gas, NGL, and oil sales	39,607	376,248	415,855
Merchant energy sales and other	—	115,246	115,246
Energy retail sales	—	68,528	68,528
Solar revenue	—	193	193
Physical power purchased	—	(78,179)	(78,179)
Revenue from contracts with customers - power	—	105,788	105,788
Marketing revenues	—	19,425	19,425
Other[(1)]	—	73	73
Total	$ 39,607	$ 501,534	$ 541,141

[(1)] Excludes gains (losses) on sales of assets.

Accounts Receivable and Revenue from Contracts with Customers

Substantially all of the Company’s accounts receivable, net result from the sale of natural gas, joint interest billings, and power sales. The Company sells the significant majority of its 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 sells power to retail and wholesale customers on the ERCOT power grid. As of June 30, 2026 and December 31, 2025, the Company’s accounts receivable, net consisted of the following:

(in thousands)	June 30, 2026	December 31, 2025
Accounts receivable - contracts with customers[1]	$ 75,624	$ 97,307
Accounts receivable - derivative instruments	39,566	11,384
Accounts receivable - other	26,774	21,656
Allowance for credit losses	(839)	(1,270)
Total accounts receivable, net	$ 141,125	$ 129,077

[1]As of June 30, 2026, there was no significant concentration of customers, and as of December 31, 2025, one customer accounted for 62% of accounts receivable - contracts with customers. For the three months ended June 30, 2026, three customers each accounted for approximately 31%, 14%, and 10% of the Company's revenue from contracts with customers, totaling $101.0 million, $46.6 million, and $33.7 million, respectively, and for the six months ended June 30, 2026, the same three customers accounted for 48.3%, 11.4%, and 10.4% of the Company's revenue from contracts with customers, totaling $337.7 million, $79.7 million, and $72.8 million, respectively. For the three months ended June 30, 2025, two customers accounted for 57% and 14% of revenue, totaling $152.1 million and $38.4 million, respectively, and during the six months ended June 30, 2025, the same two customers accounted for 59% and 15% of revenue, totaling $319.5 million and $79.1 million, respectively, of the Company's revenue from contracts with customers.

Note 8 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities included in current liabilities consist of the following:

(in thousands)	June 30, 2026	December 31, 2025
Accounts payable	$ 114,038	$ 100,432
Revenues payable	23,208	36,310
Interest payable	9,041	10,104
Accrued payroll	21,384	31,069
Oil, gas, and power production and other taxes payable	13,144	21,604
Commodity derivative settlements payable	1,642	24,705
Other accrued liabilities	12,366	5,263
Total	$ 194,823	$ 229,487

Note 9 - Stockholders' Equity

2026 Equity Offering

On March 12, 2026, the Company completed its underwritten public offering of 7,003,813 shares of common stock offered by the Company and 4,142,089 shares offered by Bedrock as the selling stockholder (the "2026 Equity Offering"), and the Company received net proceeds of $186.2 million. The proceeds from the 2026 Equity Offering were used for general corporate purposes, including working capital, operating expenses and capital expenditures.

Equity-Based Compensation

2024 Equity and Incentive Compensation Plan

The Company's 2024 Equity and Incentive Compensation Plan (the “2024 Plan”) became effective immediately prior to the consummation of the Company's IPO in September 2024, and in December 2025, the Company's board of directors approved an amendment and restatement of the 2024 Plan to increase the number of shares of common stock available for grant and issuance under the 2024 Plan by 2,500,000 shares, effective March 5, 2026 (the 2024 Plan, as so amended and restated, the “A&R 2024 Plan”). As of June 30, 2026, 4,126,599 shares were available for future grants under the A&R 2024 Plan. See *Note 12 - Equity-Based Compensation* in the Company's 2025 Annual Report on Form 10-K for further discussion on the A&R 2024 Plan.

Performance-Based Restricted Stock Units

The table below summarizes the activity of the performance-based restricted stock units ("PRSUs") for the six months ended June 30, 2026:

(in thousands, except per share amounts)	Shares	Weighted Average Grant Date Fair Value
Unvested PRSUs as of January 1, 2026	1,185	$ 16.06
Granted	615	$ 30.68
Vested	(6)	$ 17.23
Forfeited	(33)	$ 19.16
Unvested PRSUs as of June 30, 2026	1,761	$ 21.10

As of June 30, 2026, there was $31.1 million of unrecognized compensation expense related to the PRSU awards, which will be amortized over a weighted average period of 1.5 years.

Equity-based compensation related to PRSUs was $4.0 million and $2.9 million for the three months ended June 30, 2026 and 2025, respectively, and equity-based compensation related to PRSUs was $6.3 million and $4.1 million for the six months ended June 30, 2026 and 2025, respectively. Equity compensation related to PRSUs is included in general and administrative expenses in the condensed consolidated statements of income.

Time-Based Restricted Stock Units

The table below summarizes the activity of the time-based restricted stock units ("TRSUs") for the six months ended June 30, 2026:

(in thousands, except per share amounts)	Shares	Weighted Average Grant Date Fair Value
Unvested TRSUs as of January 1, 2026	689	$ 19.39
Granted	445	$ 28.56
Vested	(274)	$ 19.31
Forfeited	(17)	$ 22.80
Unvested TRSUs as of June 30, 2026	843	$ 24.19

As of June 30, 2026, there was $17.1 million of unrecognized compensation expense related to the A&R 2024 Plan TRSU awards, which will be amortized over a weighted average period of 2.0 years.

Equity-based compensation related to the TRSUs was $2.3 million and $1.2 million for the three months ended June 30, 2026 and 2025, respectively, and equity-based compensation related to TRSUs was $3.9 million and $2.1 million for the six months ended June 30, 2026 and 2025, respectively, which is included in general and administrative expenses in the condensed consolidated statements of income.

Employee Stock Purchase Plan

For both the three and six months ended June 30, 2026, the Company recognized equity-based compensation expense related to the ESPP of $0.1 million, which is included in general and administrative expenses in the condensed consolidated statements of income. There was no equity-based compensation related to the ESPP for the three and six months ended June 30, 2025.

Note 10 - Investments

Joint Ventures

BKV-BPP Power Joint Venture

In 2021, the BKV-BPP Power Joint Venture was formed to own and operate combined-cycle natural gas-fired power generation facilities and a retail electricity marketing business in Temple, Texas. BKV-BPP Power generates revenues primarily through the sale of electricity and related products in the ERCOT market and through retail customer contracts, which allows the Company to integrate its upstream natural gas production with downstream power generation and marketing activities.

BKV-CIP Joint Venture

On May 8, 2025, BKV dCarbon Ventures, together with C Squared Solutions, Inc. (the "Class B Member"), a subsidiary of the Energy Transition Fund managed by Copenhagen Infrastructure Partners (CIP), and for the limited purposes specified therein, BKV Corporation, entered into the BKV-CIP JV Agreement forming BKV dCarbon Project, LLC (the "BKV-CIP Joint Venture") for the purpose of developing CCUS projects. On May 8, 2025, BKV dCarbon Ventures contributed to the BKV-CIP Joint Venture $40.3 million of CCUS assets that included the BKV dCarbon Barnett Zero, LLC and BKV dCarbon Las Tiendas, LLC and related assets (including the Barnett Zero and Eagle Ford CCUS projects), and $4.1 million of Section 45Q accrued receivables at carrying value, and committed to future contributions of certain CCUS projects, related assets, and/or cash in exchange for an interest in the BKV-CIP Joint Venture and 4,796,421 Class A Units at $10.00 per share. On May 9, 2026, BKV dCarbon contributed to the BKV-CIP Joint Venture $4.5 million of CCUS assets, increasing BKV dCarbon's total contributions to $48.8 million. In exchange for BKV dCarbon's additional contribution to the BKV-CIP Joint Venture, BKV dCarbon received 448,395 Class A Units at $10.00 per share, for a total of 5,244,816 Class A Units. The Class B Member committed up to an initial $500.0 million in cash for use by the BKV-CIP Joint Venture in construction and operating new CCUS projects across the United States in exchange for no more than a 49% interest in the BKV-CIP Joint Venture. Through June 30, 2026, the Class B Member contributed $31.3 million, and during the three and six months ended June 30, 2026, contributed $9.2 million and $13.4 million, respectively. In exchange for the Class B Member's contribution to the BKV-CIP Joint Venture, the Class B Member has received a total of 3,131,155 of the BKV-CIP Joint Venture's Class B Units at $10.00 per share.

Net income (loss) is allocated to each member pursuant to the BKV-CIP JV Agreement's liquidation provisions. For the three months ended June 30, 2026, BKV dCarbon Ventures and the Class B Member's allocation in BKV-CIP Joint Venture's net income (loss) was 48% and 52%, respectively, and for the six months ended June 30, 2026, it was 50% and 50%, respectively. For both the three and six months ended June 30, 2025, BKV dCarbon Ventures and the Class B Member's allocation in BKV-CIP Joint Venture's net income (loss) was 58% and 42%, respectively.

BKV-BPP Cotton Cove Joint Venture

On June 26, 2025, BKV dCarbon Ventures and BPPUS amended and restated the BKV-BPP Cotton Cove, LLC Agreement whereby on July 9, 2025, BKV dCarbon Ventures contributed $3.3 million to BKV-BPP Cotton Cove, net of $0.1 million of expenditures paid by BKV dCarbon Ventures on behalf of BKV-BPP Cotton Cove, and on July 10, 2025, BPPUS received $5.4 million of its initial capital contribution of $8.6 million from BKV-BPP Cotton Cove. On July 31, 2025, BKV dCarbon Ventures and BPPUS contributed an additional $3.8 million and $3.6 million, respectively. As a result of these transactions, BKV dCarbon Ventures owns a 51% controlling interest in BKV-BPP Cotton Cove, with BPPUS retaining a 49% interest.

Both the BKV-CIP Joint Venture and BKV-BPP Cotton Cove Joint Venture were formed to advance the Company's CCUS strategy and do not represent a material business combination under ASC 805, *Business Combinations*, as the assets acquired and liabilities assumed were not significant to the Company's condensed consolidated financial statements, and no goodwill or a bargain purchase gain was recognized.

Variable Interest Entities

The Company determined that the BKV-BPP Power Joint Venture, the BKV-CIP Joint Venture, and the BKV-BPP Cotton Cove Joint Venture are variable interest entities ("VIE") in accordance with ASC 810, *Consolidation* and the Company is the primary beneficiary of these joint ventures. Generally, a VIE is an entity with at least one of the following conditions: (i) the total equity investment at risk is insufficient to allow the entity to finance its activities without additional subordinated financial support, or (ii) the holders of the equity investment at risk, as a group, lack the characteristics of having a controlling financial interest. The primary beneficiary of a VIE is an entity that has a variable interest or a combination of variable interests that provide such entity with a controlling financial interest in the VIE. An entity is deemed to have a controlling financial interest in a VIE if it has both of the following characteristics: (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company's control over BKV-BPP Power is derived from its governance rights and its role in directing the day-to-day operational activities through its participation on a 12-member board of managers (the "BKV-BPP Power Board"), nine of whom are appointed by the Company and three of whom are appointed by BPPUS. The BKV-BPP Power Board has overall management and oversight of BKV-BPP Power, including approval of budgets, business plans, and key commercial and financing decisions. The Company directs plant operations, commercial optimization, fuel procurement, and marketing and risk management activities, through its operational role and participation in the governance of BKV-BPP Power. The Company's economic exposure is primarily based on its 75% ownership interest, which entitles it to a majority of distributions and results of operations and exposes it to a majority of potential losses. In addition, the Company is generally required to fund its proportionate share of capital contributions in accordance with the BKV-BPP Power LLC Agreement.

The assets of BKV-BPP Power may only be used to settle its obligations, and the liabilities of BKV-BPP Power do not have recourse to the general credit of the Company, except to the extent of the Company's investment and any contractual commitments. In addition, distributions from BKV-BPP Power may be subject to restrictions under its debt agreements or other contractual arrangements.

The Company's control over the BKV-CIP Joint Venture is derived from its ability to direct the development and execution of CCUS projects that most significantly impact the economic performance of this joint venture, including project development, capital deployment, and operational execution of CCUS projects through its management and oversight of these activities. The Company's economic exposure is based on its ownership interest and its obligation to absorb losses, or the right to receive benefits from the BKV-CIP Joint Venture.

The Company's control over BKV-BPP Cotton Cove is derived from its majority ownership interest and governance rights, which provide the Company with the ability to direct the activities that most significantly impact the joint venture's economic and operational performance, including the development and operation of CCUS-related assets. The Company's economic exposure is based on its ownership interest, including its potential earnings and losses, including funding its proportionate share of capital contributions in accordance with the respective agreements.

The assets and liabilities of these consolidated VIEs are included within the respective line items of the Company's condensed consolidated balance sheets. The assets of the consolidated VIEs may only be used to settle obligations of the respective VIEs, and the liabilities of the consolidated VIEs do not have recourse to the general credit of the Company, except to the extent of the Company's investment and any contractual commitments. The BKV-BPP Power Joint Venture, the BKV-CIP Joint Venture, and BKV-BPP Cotton Cove are exposed to similar operational risks as the Company, and are each monitored and evaluated on a similar basis by management. The carrying amounts and classification of the consolidated VIE assets and liabilities included in the condensed consolidated balance sheets are as follows (excluding intercompany balances):

	June 30, 2026		
(in thousands)	**BKV-BPP Power**	**BKV-CIP Joint Venture**	**BKV-BPP Cotton Cove**
Assets			
Current assets			
Cash and cash equivalents	$ 58,444	$ 8,545	$ 2,061
Restricted cash	16,067	—	—
Accounts receivable, net	35,834	17,285	573
Other current assets	46,550	307	—
Total current assets	156,895	26,137	2,634
Other property, plant, and equipment, net	786,343	67,937	17,126
Other assets	10,530	—	—
Total assets	$ 953,768	$ 94,074	$ 19,760
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 37,225	$ 6,406	$ 465
Other current liabilities	20,829	—	—
Total current liabilities	58,054	6,406	465
Other liabilities	607,369	30	30
Total liabilities	$ 665,423	$ 6,436	$ 495

(in thousands)	As of December 31, 2025 BKV-BPP Power	BKV-CIP Joint Venture	BKV-BPP Cotton Cove
Assets			
Current assets			
Cash and cash equivalents	$ 49,015	$ 1,331	$ 3,744
Restricted cash	15,846	—	—
Accounts receivable, net	28,618	11,749	568
Other current assets	30,360	654	—
Total current assets	123,839	13,734	4,312
Other property, plant, and equipment, net	806,673	55,452	16,606
Other assets	9,469	—	—
Total assets	$ 939,981	$ 69,186	$ 20,918
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	$ 22,553	$ 4,880	$ 2,269
Other current liabilities	18,374	—	—
Total current liabilities	40,927	4,880	2,269
Other liabilities	641,947	—	—
Total liabilities	$ 682,874	$ 4,880	$ 2,269

Noncontrolling Interests

Noncontrolling interests held by BPPUS of 25% and 49% in BKV-BPP Power and BKV-BPP Cotton Cove, respectively, are presented as noncontrolling interest within equity on the condensed consolidated balance sheets.

Pursuant to the BKV-CIP JV Agreement, the Class B Units are not mandatorily redeemable or currently redeemable, but become exercisable by the Class B Member with the passage of time beginning on May 8, 2027. The Company determined that there is an embedded put option in the Class B Units, which contains redemption features that are not solely within the control of the Company. Therefore, the shares of the BKV-CIP Joint Venture's Class B Units have been classified as noncontrolling interest within mezzanine equity on the Company's condensed consolidated balance sheets. The redemption value of the Class B Units is based on a 1.65x multiple of invested capital, reduced by cumulative distributions made to the Class B Member. The contributions from the Class B Member are accreted to the redemption value over a period from issuance to the earliest redemption date (using the effective interest method) with the accretion accounted for as a dividend paid to the Class B Member. As of June 30, 2026, the carrying value of the Class B Units was $30.2 million, compared to an estimated redemption value of approximately $50.4 million.

As of June 30, 2026, the distribution payable to the Class B Member was $6.9 million, which represents 49% of the Section 45Q tax credits generated by BKV dCarbon Ventures in 2024. The distribution payable is included in accounts payable and accrued liabilities on the condensed consolidated balance sheets.

Note 11 - Commitments and Contingencies

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. The Company accrues for a loss contingency when it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. If a loss is probable or reasonably possible, but the loss or range of loss cannot be reasonably estimated, the Company discloses the nature of the contingency, but does not accrue for the loss until a reasonable estimate or range becomes available. As of June 30, 2026, the

Company has recorded an aggregate accrual for loss contingencies of approximately $0.6 million, which is included in other current liabilities in the condensed consolidated balance sheets.

While the outcome and impact on the Company cannot be predicted with certainty, results may change in future periods. For the periods presented in the condensed consolidated financial statements, 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 position, 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.

As a part of the consideration paid for the Devon Barnett Acquisition, additional cash consideration was paid by the Company when certain thresholds were met for average Henry Hub natural gas and WTI crude oil prices for each of the calendar years during the period beginning January 2021 through December 31, 2024. As of December 31, 2024, the final portion of the arrangement was considered to be settled, resulting in a settlement of $20.0 million, which was paid on January 8, 2025.

The Company has volume commitments in the form of gathering, processing, and transportation agreements with various third parties that require delivery of 758,715,797 dekatherms of natural gas. The significant majority of the agreements terminate by 2029, with one agreement extending through 2036. As of June 30, 2026, the aggregate undiscounted future payments required under these contracts total $224.8 million.

BKV-BPP Power has commitment agreements to support the operation, fuel supply, and commercialization of its power generation assets. These agreements include energy management, fuel transportation and storage, operations and maintenance, and administrative service arrangements with terms expiring through 2028.

On January 14, 2026, the Company entered into a manufacturing reservation agreement related to a planned power generation project. Under the agreement, the Company is committed to pay up to an aggregate of $80.0 million in reservation fees, scheduled in phases during 2026, to secure future manufacturing capacity through 2028 for turbines with up to approximately 1,230 MW in total generation capacity. During the six months ended June 30, 2026, the Company paid $60.0 million of the reservation fees. Amounts paid are generally non-refundable and will be credited against the purchase price if a definitive supply agreement is executed.

On March 25, 2026 and May 15, 2026, the Company entered into two separate equipment supply contracts related to a planned power generation project. Under the agreements, the Company is committed to pay up to an aggregate of $248.2 million in purchase payments, scheduled in phases from 2026 through 2027, to secure the manufacture of modular power generation equipment. During the six months ended June 30, 2026, the Company paid $96.8 million of the purchase payments, and on July 17, 2026, made an additional purchase payment on each contract, each in the amount of $24.8 million, for aggregate payments of $49.6 million. If the Company terminates the contracts before manufacturing of the equipment begins, the Company would be required to pay 60% of the contract price, and if the Company terminates the contracts after manufacturing of the equipment begins, the Company would be required to pay 100% of the contract price.

On February 4, 2026 and June 19, 2026, the Company entered into two separate parental guarantees for certain wholly-owned subsidiaries under commercial agreements with third-party counterparties. The aggregate maximum potential future payments under these guarantees are $1.5 million, excluding certain enforcement costs under one agreement. As of June 30, 2026, no amounts had been drawn under the guarantees. In addition, the Company evaluated the guarantees under ASC 460, *Guarantees,* and determined that the fair value of its obligations was immaterial as of June 30, 2026.

On June 22, 2026, the Company entered into a master agreement for software licensing, maintenance, and hosting services for a term of 48 months. As of June 30, 2026, the aggregate undiscounted future payments required under these contracts total $3.8 million.

A summary of the Company's commitments as of June 30, 2026, is provided in the following table:

(in thousands)	2026	2027	2028	2029	2030	Thereafter	Total
RBL Credit Agreement	$ —	$ —	$ 100,000	$ —	$ —	$ —	$ 100,000
2030 Senior Notes (7.50%)	—	—	—	—	500,000	—	500,000
Promissory Note	—	—	—	—	—	46,000	46,000
Temple Term Loan Facility	10,000	10,000	361,998	—	—	—	381,998
Temple Revolving Facility	—	—	60,000	—	—	—	60,000
Interest payable	9,041	—	—	—	—	—	9,041
BKV-BPP Power commitment agreements	2,789	4,891	401	—	—	—	8,081
Temple I Loan Agreements	176,000	—	—	—	—	—	176,000
Interest payable on Temple I Loan Agreements	2,662	—	—	—	—	—	2,662
Manufacturing reservation agreement	20,000	—	—	—	—	—	20,000
Equipment supply contract	81,354	70,012	—	—	—	—	151,366
Operating lease payments	3,373	1,816	1,383	1,303	1,345	5,627	14,847
Transportation commitments	35,433	62,224	53,909	34,257	5,913	33,032	224,768
Software commitments	950	950	950	950	—	—	3,800
Total	$ 341,602	$ 149,893	$ 578,641	$ 36,510	$ 507,258	$ 84,659	$ 1,698,563

Note 12 - Income Taxes

For the three and six months ended June 30, 2026 and 2025, the Company calculated its provision for income taxes using the estimated annual effective income tax rate applied to year-to-date ordinary income (loss) before income taxes. The provision for income taxes also includes the tax effects of discrete items recognized in the period in which they occur.

The Company's effective tax rates for the three months ended June 30, 2026 and 2025 were 20.7% and 20.6%, respectively, and for the six months ended June 30, 2026 and 2025 were 19.7% and (5.9)%, respectively. For the three and six months ended June 30, 2026, the effective tax rate differed from the U.S. federal statutory rate of 21.0% due to the benefit of Section 45Q tax credits from the injection of captured CO_2 waste for secure geologic storage, the noncontrolling interests related to the Company's investment in joint venture partnerships, and Section 45I tax credits from marginal production. These tax benefits were partially offset by tax expense associated with the limitation on deductible executive compensation. For the three and six months ended June 30, 2025, the effective tax rate differed from the U.S. federal statutory rate of 21.0% primarily due to the Company benefiting from certain Section 45Q tax credits from the injection of CO_2 waste in the Barnett Zero CCUS project well, from Section 45I tax credits from marginal well production, and deferred tax balance remeasurement for Pennsylvania, partially offset by tax expense associated with the limitation on deductible executive compensation.

Note 13 - Earnings Per Share

Basic net income (loss) per common share attributable to BKV for each period is calculated by dividing net income (loss) attributable to BKV, adjusted for accretion to redemption value of the Class B Units, by the basic weighted average number of common shares outstanding during the period. Diluted net income (loss) per common share attributable to BKV is calculated by dividing net income (loss) attributable to BKV, adjusted for accretion to redemption value of the Class B Units, by the diluted weighted average number of common shares outstanding for the respective period. Any remeasurement of the accretion to redemption value of the Class B Units subject to possible redemption was considered to be dividends paid to the Class B Member. Accordingly, accretion is deducted from net income (loss) in the calculation of earnings per share. Diluted weighted average number of common shares outstanding and the dilutive effect of potential common shares is calculated using the treasury method. The Company includes potential shares of common stock for PRSUs and TRSUs 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 the calculation of basic and diluted net income (loss) per common share attributable to BKV for the three and six months ended June 30, 2026 and 2025:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except per share amounts)	**2026**	**2025**	**2026**	**2025**
Net income attributable to BKV	$ 75,806	$ 107,768	$ 119,881	$ 25,789
Accretion of Class B Units to redemption value	(1,800)	(281)	(2,541)	(281)
Net income including accretion of Class B Units to redemption value	$ 74,006	$ 107,487	$ 117,340	$ 25,508
Basic weighted average common shares outstanding	109,395	84,710	105,727	84,708
Add: dilutive effect of TRSUs	187	124	170	81
Add: dilutive effect of PRSUs	190	—	161	—
Diluted weighted average of common shares outstanding	109,772	84,834	106,058	84,789
Net income per common share attributable to BKV:				
Basic	$ 0.68	$ 1.27	$ 1.11	$ 0.30
Diluted	$ 0.67	$ 1.27	$ 1.11	$ 0.30

Note 14 - Reportable Segments

Prior to the consolidation of the BKV-BPP Power Joint Venture in the first quarter of 2026, the Company was organized, managed, and identified as one operating segment and one reportable segment. Thereafter, as a result of changes to the Company's internal reporting structure, the Company’s CODM changed the manner in which resource allocation decisions are made and performance is assessed. As such, commencing in the first quarter of 2026, the Company's natural gas production, natural gas midstream, and power generation business lines, all of which are located within the United States, are now organized into two reportable segments for financial reporting purposes: (i) Upstream/Midstream and (ii) Power. In addition, the Company has an "All Other" category, which includes its Corporate and Other operating segment. The Corporate and Other operating segment includes the Company's remaining non-reportable segment operations consisting primarily of its CCUS business line and general corporate expenses not allocated to its reportable segments. Prior period segment information has been recast to reflect the current reportable segment structure.

The Company’s CODM evaluates the financial results of each of the reportable segments, primarily segment revenues, significant segment expenses, and other segment items, and allocates resources, manages liquidity, and assesses overall Company performance relative to budget. The CODM also monitors total assets and capital expenditures by segment.

The Company's Upstream/Midstream segment is engaged in the acquisition, operation, exploration, development, and production of natural gas, NGLs, and oil in the Barnett and NEPA, and the commercial and midstream services such as gathering and transportation, marketing services, and commodity risk management activities.

The Company's Power segment is engaged in electricity generation, wholesale energy sales and purchases, and retail marketing operations. These activities are conducted through the BKV-BPP Power Joint Venture in which the Company holds a 75% ownership interest. Subsidiaries of the BKV-BPP Power Joint Venture own the Temple Plants, which are modern combined-cycle gas and steam turbine power plants located in the ERCOT North Zone in Temple, Texas, and operate a retail marketing business throughout the deregulated portions of Texas.

The Company's Corporate and Other operating segment includes BKV Corp, shared services, and the results of the Company's carbon capture and sequestration business, which focuses on reducing GHG emissions by capturing CO_2 from Company-owned and third-party operations, as well as other energy and industrial sources. Transactions between reportable segments are primarily related to administrative services provided under intercompany service agreements and are recorded based on the costs specified in those agreements. Intercompany eliminations are included within the Corporate and Other segment for purposes of segment reporting.

The following tables present the Company's segment revenues and other operating income, significant segment operating expenses, and segment income (loss) from operations:

	Three Months Ended June 30, 2026				
(in thousands)	**Upstream/Midstream**	**Power**	**Total Reportable Segments**	**Corporate and Other**	**Total**
Revenues and other operating income					
Natural gas, NGL, and oil sales	$ 221,928	$ —	$ 221,928	$ —	$ 221,928
Power revenues	—	74,362	74,362	—	74,362
Derivative gains, net	95,284	47,971	143,255	—	143,255
Marketing revenues	26,162	—	26,162	—	26,162
Section 45Q tax credits	—	—	—	3,048	3,048
Other	328	—	328	(3,548)	(3,220)
Total revenues and other operating income	$ 343,702	$ 122,333	$ 466,035	$ (500)	$ 465,535
Operating expenses					
Lease operating and workover	44,482	—	44,482	—	44,482
Fuel commodity costs	—	42,832	42,832	—	42,832
Purchased power	—	29,502	29,502	—	29,502
Marketing expense	22,516	685	23,201	61	23,262
Taxes other than income	11,583	4,303	15,886	14	15,900
Gathering and transportation	68,095	—	68,095	—	68,095
Depreciation, depletion, amortization, and accretion	42,821	9,552	52,373	504	52,877
Power operating and maintenance	—	17,185	17,185	—	17,185
General and administrative	22,747	7,625	30,372	11,753	42,125
Other operating expenses	1,420	4,891	6,311	1,308	7,619
Total operating expenses	213,664	116,575	330,239	13,640	343,879
Income (loss) from operations	$ 130,038	$ 5,758	$ 135,796	$ (14,140)	$ 121,656
Capital expenditures	$ 61,750	$ 5,371	$ 67,121	$ 19,717	$ 86,838

(in thousands)	Three Months Ended June 30, 2025 Upstream/Midstream	Power	Total Reportable Segments	Corporate and Other	Total
Revenues and other operating income					
Natural gas, NGL, and oil sales	$ 199,729	$ —	$ 199,729	$ —	$ 199,729
Power revenues	—	61,924	61,924	—	61,924
Derivative gains, net	112,208	74,818	187,026	—	187,026
Marketing revenues	6,968	—	6,968	—	6,968
Section 45Q tax credits	—	—	—	2,574	2,574
Other	140	—	140	—	140
Total revenues and other operating income	$ 319,045	$ 136,742	$ 455,787	$ 2,574	$ 458,361
Operating expenses					
Lease operating and workover	34,176	—	34,176	—	34,176
Fuel commodity costs	—	39,852	39,852	—	39,852
Purchased power	—	29,494	29,494	—	29,494
Marketing expense	4,321	547	4,868	—	4,868
Taxes other than income	13,404	4,638	18,042	—	18,042
Gathering and transportation	63,026	—	63,026	—	63,026
Depreciation, depletion, amortization, and accretion	37,644	9,536	47,180	400	47,580
Power operating and maintenance	—	18,252	18,252	—	18,252
General and administrative	14,782	4,267	19,049	11,430	30,479
Other operating expenses	3,403	434	3,837	7,407	11,244
Total operating expenses	170,756	107,020	277,776	19,237	297,013
Income (loss) from operations	$ 148,289	$ 29,722	$ 178,011	$ (16,663)	$ 161,348
Capital expenditures	$ 56,159	$ 55	$ 56,214	$ 10,276	$ 66,490

(in thousands)	Six Months Ended June 30, 2026 Upstream/Midstream	Power	Total Reportable Segments	Corporate and Other	Total
Revenues and other operating income					
Natural gas, NGL, and oil sales	$ 509,603	$ —	$ 509,603	$ —	$ 509,603
Power revenues	—	143,352	143,352	—	143,352
Derivative gains, net	52,808	143,556	196,364	—	196,364
Marketing revenues	45,985	—	45,985	58	46,043
Section 45Q tax credits	—	—	—	6,108	6,108
Other	460	—	460	(3,548)	(3,088)
Total revenues and other operating income	$ 608,856	$ 286,908	$ 895,764	$ 2,618	$ 898,382
Operating expenses					
Lease operating and workover	89,557	—	89,557	—	89,557
Fuel commodity costs	—	99,953	99,953	—	99,953
Purchased power	—	56,857	56,857	—	56,857
Marketing expense	27,656	1,563	29,219	91	29,310
Taxes other than income	27,545	8,536	36,081	21	36,102
Gathering and transportation	135,897	—	135,897	—	135,897
Depreciation, depletion, amortization, and accretion	83,512	21,356	104,868	950	105,818
Power operating and maintenance	—	36,864	36,864	—	36,864
General and administrative	43,585	13,980	57,565	24,671	82,236
Other operating expenses	6,251	9,047	15,298	2,808	18,106
Total operating expenses	414,003	248,156	662,159	28,541	690,700
Income (loss) from operations	$ 194,853	$ 38,752	$ 233,605	$ (25,923)	$ 207,682
Capital expenditures	$ 140,720	$ 22,221	$ 162,941	$ 30,424	$ 193,365

(in thousands)	Six Months Ended June 30, 2025 Upstream/Midstream	Power	Total Reportable Segments	Corporate and Other	Total
Revenues and other operating income					
Natural gas, NGL, and oil sales	$ 415,855	$ —	$ 415,855	$ —	$ 415,855
Power revenues	—	105,788	105,788	—	105,788
Derivative gains (losses), net	(39,983)	128,626	88,643	—	88,643
Marketing revenues	19,425	—	19,425	—	19,425
Section 45Q tax credits	—	—	—	5,881	5,881
Other	(1,165)	—	(1,165)	—	(1,165)
Total revenues and other operating income	$ 394,132	$ 234,414	$ 628,546	$ 5,881	$ 634,427
Operating expenses					
Lease operating and workover	69,231	—	69,231	—	69,231
Fuel commodity costs	—	86,215	86,215	—	86,215
Purchased power	—	48,161	48,161	—	48,161
Marketing expense	7,645	1,143	8,788	—	8,788
Taxes other than income	23,626	9,206	32,832	—	32,832
Gathering and transportation	118,819	—	118,819	—	118,819
Depreciation, depletion, amortization, and accretion	77,135	19,163	96,298	879	97,177
Power operating and maintenance	—	38,465	38,465	—	38,465
General and administrative	27,978	10,169	38,147	20,631	58,778
Other operating expenses	3,689	824	4,513	10,197	14,710
Total operating expenses	328,123	213,346	541,469	31,707	573,176
Income (loss) from operations	$ 66,009	$ 21,068	$ 87,077	$ (25,826)	$ 61,251
Capital expenditures	$ 110,423	$ 293	$ 110,716	$ 13,386	$ 124,102

The following table reconciles total segment income (loss) from operations to consolidated income before income taxes:

(in thousands)	Three Months Ended June 30, 2026	Three Months Ended June 30, 2025	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Total segment operating income	$ 135,796	$ 178,011	$ 233,605	$ 87,077
Unallocated amounts:				
Corporate and Other revenues and other operating income	(500)	2,574	2,618	5,881
Corporate and Other marketing expense	(61)	—	(91)	
Corporate and Other taxes other than income	(14)	—	(21)	—
Corporate and Other depreciation, depletion, amortization, and accretion	(504)	(400)	(950)	(879)
Corporate and Other general and administrative	(11,753)	(11,430)	(24,671)	(20,631)
Corporate and Other other operating expenses	(1,308)	(7,407)	(2,808)	(10,197)
Interest expense, net	(26,661)	(20,670)	(52,262)	(41,046)
Other income	2,485	1,040	5,373	4,074
Income before income taxes	$ 97,480	$ 141,718	$ 160,793	$ 24,279

The following table presents total assets by reportable segment reconciled to total consolidated assets:

(in thousands)	June 30, 2026	June 30, 2025
Upstream/Midstream	$ 2,742,960	$ 2,063,723
Power	1,255,502	976,983
Total reportable segments	3,998,462	3,040,706
Corporate and Other	236,718	125,670
Total consolidated assets	$ 4,235,180	$ 3,166,376

Item 2. 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 unaudited condensed consolidated financial statements and related notes included in Item 1 of Part I, Financial Statements in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and related notes, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2025 included in our 2025 Annual Report on Form 10-K filed on March 6, 2026. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs, and expectations. 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 - Business and Basis of Presentation to our condensed consolidated financial statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Recent Developments

- **Initial injection at Cotton Cove and Eagle Ford CCUS Projects.** The Cotton Cove project owned by our BKV-BPP Cotton Cove Joint Venture commenced commercial CO_2 sequestration operations on April 2, 2026, and the Eagle Ford project owned by our BKV-CIP Joint Venture commenced commercial CO_2 sequestration operations on June 10, 2026. The Cotton Cove facility receives CO_2 waste from BKV's co-located, owned and operated gas processing plant, while the Eagle Ford facility receives CO_2 waste from a nearby gas processing plant owned and operated by a diversified midstream energy company. We estimate that the Cotton Cove project will geologically sequester up to approximately 32,000 metric tons of CO_2 per year and that the Eagle Ford project will geologically sequester up to approximately 90,000 metric tons of CO_2 per year.

Operational and Financial Highlights

Below are some highlights of our operating and financial results for the three and six months ended June 30, 2026:

- Production of natural gas, NGLs, and oil was 89.0 Bcfe, or 978.3 MMcfe/d and 172.3 Bcfe, or 951.8 MMcfe/d, respectively.
- Average realized product prices, excluding the impact of settled derivatives, were $2.49 per Mcfe and $2.96 per Mcfe, respectively.
- Power generation of 2,222 GWh and 4,203 GWh, respectively, from the Temple Plants and capacity factors of 69.6% and 66.0%, respectively.
- Upstream/Midstream production revenues were $221.9 million and $509.6 million, respectively, and Power revenues were $74.4 million and $143.4 million respectively.
- Net income attributable to BKV was $75.8 million and $119.9 million, respectively.
- Net cash provided by operating activities for the six months ended June 30, 2026 was $181.7 million.
- Accrued capital expenditures for the six months ended June 30, 2026 were $191.0 million.

Factors That Affect Comparability of Our Financial Condition and Results of Operations

Our business depends on many factors, including, but not limited to: (i) commodity prices, (ii) market supply and demand for natural gas, NGLs, and power, and (iii) upstream and power capital and operating costs. We continually monitor domestic and global factors which may cause our actual results of operations to differ from historical results or expected outlook.

Commodity Pricing. The natural gas, NGL, and power industries are each cyclical and seasonal, and commodity prices are highly volatile, and we expect these prices to continue to remain volatile in the near future. In order to manage our market exposure to price volatility, we utilize derivative contracts in connection with our operations to provide an economic hedge of our exposure to commodity price risks associated with anticipated future natural gas and NGL production and power generation. However, there are still market risks beyond our control that may impact our financial condition, results of operations, and cash flows.

Supply, Demand, Market Risk, and the Impact on Natural Gas, NGLs, and Power Prices. Natural gas, NGL, and power prices are subject to large fluctuations in response to relatively minor changes in the demand for natural gas, NGLs, and power. Natural gas and NGL prices are affected by current and expected supply and demand dynamics, including the level of drilling, completion, and production activities by other natural gas production companies, industry-wide supply chain disruptions, widespread shortages of labor, material, and services. Other factors impacting supply and demand include weather conditions (including severe weather events), pipeline capacity constraints, basis differentials, export capacity, supply chain quality and availability. Power prices in the ERCOT market are subject to large fluctuations in response to relatively minor changes in the weather, time of day and generation mix, along with current and expected supply and demand dynamics in the ERCOT market. The majority of the factors noted above are outside of our control.

Power Business. The consolidated financial statements include the results of our power business for all periods presented, reflecting the retrospective recast of prior periods, as the BKV-BPP Power Joint Venture Transaction was accounted for as a transfer between entities under common control. However, the power business has historically operated separately from our other operations and has a different operating profile. Businesses engaged in power generation are subject to seasonal, daily, and hourly fluctuations in demand, periods of peak load, and changes in supply and demand dynamics, which can result in variability in revenues and operating costs. In addition, the power business is more capital intensive, requiring ongoing investments in land, modular generation equipment, and turbine generators, and its growth is dependent on access to capital and the ability to obtain necessary commercial agreements. As a result, our consolidated results may not be fully comparable across periods and may not be indicative of the results that would have been achieved if the power business had been operated as part of our company during those periods or of our future performance.

Upstream Capital Costs. 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.

Production Volumes and Power Data

The following table presents our historical production volumes for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Production Data				
Natural gas (MMcf)	72,785	58,328	140,863	112,451
NGLs (MBbls)	2,650	2,535	5,139	4,877
Oil (MBbls)	56	44	96	97
Total volumes (MMcfe)	89,021	73,802	172,273	142,295
Average daily total volumes (MMcfe/d)	978.3	811.0	951.8	786.2
Power Data				
Power generation (GWh)	2,222	1,913	4,203	3,500
Fuel consumption (MMBtu)	15,973	13,595	29,989	24,827

Impact of Acquisition and Joint Venture Transactions. Our financial condition and results of operations for the periods presented were impacted by acquisitions and joint venture transactions completed during 2025, which changed the scale, composition, and ownership structure of our operations.

In May 2025, as part of our CCUS business strategy, we partnered with the Class B Member to form the BKV-CIP Joint Venture, and beginning in the third quarter of 2025, we consolidated the BKV-BPP Cotton Cove Joint Venture. These transactions resulted in changes to the accounting treatment of certain assets and results, including the recognition of noncontrolling interests and fair value adjustments, further affecting comparability across periods.

In September 2025, we completed the Bedrock Acquisition, with an economic effective date of July 1, 2025. The acquisition significantly expanded our asset base in the Barnett with low-decline proved developed producing reserves, resulting in higher production volumes, revenues, operating expenses, depreciation, depletion and amortization, and asset retirement obligations beginning in the third quarter of 2025. Because the acquired assets were not owned for a full period of 2025, results for 2026 are not comparable to prior periods. In addition, the consideration paid, including cash, common stock, and repayment of indebtedness, affected our liquidity, leverage, and weighted average shares outstanding.

As a result of these transactions, our historical operating, financial, and reserve data may not be comparable between periods presented in this Quarterly Report on Form 10-Q.

Sources of Revenues

Our core businesses are the production of natural gas and the generation of natural gas-fired power from our owned and operated assets. Currently, a significant portion of our revenues are derived from the sale of our natural gas production and the NGLs that are extracted from processing our natural gas, as well as from the sale of our power generated out of the Temple Plants and sold to a third party at either market or negotiated contract terms. A smaller portion of our revenues are generated from the sale of crude oil, midstream and surface operations, 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.

Realized Commodity Prices

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. In addition, we are exposed to fluctuations in wholesale electricity prices, primarily in the ERCOT market, related to our power generation and marketing activities. Power prices are influenced by several factors, including natural gas prices, weather, and market supply and demand. As such, our revenues are sensitive to the price of the underlying commodity to which they relate. For further discussion on our derivative contracts, see *Note 6 - Derivative Instruments* to the unaudited condensed consolidated financial statements. The following is a comparison of average pricing excluding and including the effects of derivatives:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Average prices:				
Natural gas ($/Mcf)				
Average NYMEX Henry Hub price	$ 2.90	$ 3.44	$ 3.97	$ 3.55
Average natural gas realized price (excluding derivatives)	$ 2.14	$ 2.67	$ 2.81	$ 2.88
Average natural gas realized price (including derivatives)	$ 2.60	$ 2.83	$ 2.85	$ 2.84
Differential	$ (0.76)	$ (0.77)	$ (1.16)	$ (0.67)
NGLs ($/Bbl)				
Average NGL realized price (excluding derivatives)	$ 23.00	$ 16.42	$ 20.57	$ 17.70
Average NGL realized price (including derivatives)	$ 25.21	$ 16.41	$ 22.17	$ 16.64
Oil ($/Bbl)				
Average oil realized price	$ 86.91	$ 57.66	$ 79.49	$ 61.82
High and low daily spot prices				
Natural gas ($/Mcf)				
High NYMEX Henry Hub	$ 3.34	$ 4.21	$ 30.72	$ 9.86
Low NYMEX Henry Hub	$ 2.54	$ 2.65	$ 2.54	$ 2.65
Oil ($/Bbl)				
High NYMEX WTI	$ 114.58	$ 75.89	$ 114.58	$ 80.73
Low NYMEX WTI	$ 70.30	$ 58.50	$ 56.01	$ 58.50
Power				
Average power price ($/MWh) (excluding derivatives)	$ 31.88	$ 29.13	$ 39.41	$ 32.92
Average power price ($/MWh) (including derivatives)	$ 41.59	$ 45.10	$ 46.04	$ 48.63
Average natural gas cost ($/Mcf)	$ 2.68	$ 2.93	$ 3.33	$ 3.47

Business Segment Results of Operations

The following sections present our results of operations for our two reportable segments, which include Upstream/Midstream and Power. Management believes this information is useful to investors in understanding the Company's financial condition, results of operations, and trends and uncertainties. See *Note 14 - Reportable Segments* to our condensed consolidated financial statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Upstream/Midstream Segment

Comparison of the Three Months Ended June 30, 2026 and 2025:

	Three Months Ended June 30,			
(in thousands, other than percentages)	**2026**	**2025**	**Change**	**% Change**
Production volume				
Total production volumes (MMcfe)	89,021	73,802	15,219	21 %
Average daily production (MMcfe/d)	978.3	811.0	167.3	21 %
Average realized price (excluding derivatives)	$ 2.49	$ 2.71	$ (0.22)	(8)%
Average realized price (including derivatives)	$ 2.93	$ 2.83	$ 0.10	4 %
Revenues and other operating income				
Natural gas revenues	$ 156,101	$ 155,562	$ 539	— %
NGL revenues	60,960	41,630	19,330	46 %
Oil revenues	4,867	2,537	2,330	92 %
Derivative gains, net	95,284	112,208	(16,924)	(15)%
Marketing revenues	26,162	6,968	19,194	*
Other	328	140	188	*
Total revenues and other operating income	343,702	319,045	24,657	
Operating expenses				
Lease operating and workover	44,482	34,176	10,306	30 %
Marketing expense	22,516	4,321	18,195	*
Taxes other than income	11,583	13,404	(1,821)	(14)%
Gathering and transportation	68,095	63,026	5,069	8 %
Depreciation, depletion, amortization, and accretion	42,821	37,644	5,177	14 %
General and administrative	22,747	14,782	7,965	54 %
Other operating expenses	1,420	3,403	(1,983)	(58)%
Total operating expenses	213,664	170,756	42,908	
Income from operations	$ 130,038	$ 148,289	$ (18,251)	
Per unit costs				
Lease operating and workover	$ 0.50	$ 0.46	$ 0.04	9 %
Marketing expense	$ 0.25	$ 0.06	$ 0.19	*
Taxes other than income	$ 0.13	$ 0.18	$ (0.05)	(28)%
Gathering and transportation	$ 0.76	$ 0.85	$ (0.09)	(11)%
Depreciation, depletion, amortization, and accretion	$ 0.48	$ 0.51	$ (0.03)	(6)%
General and administrative	$ 0.26	$ 0.20	$ 0.06	30 %
Other operating expenses	$ 0.02	$ 0.05	$ (0.03)	(60)%

Total	$ 2.40	$ 2.31	$ 0.09

**Percentage not meaningful*

Natural Gas Revenues

Our natural gas revenues slightly increased by $0.5 million, to $156.1 million for the three months ended June 30, 2026, from $155.6 million for the three months ended June 30, 2025. The increase was due to higher production volumes during the three months ended June 30, 2026, which accounted for a $38.6 million increase in period-over-period revenues (calculated as the change in period-to-period volumes times the prior period average price). The increase was offset by commodity price decreases, excluding the effect of derivative settlements, which provided a $38.0 million decrease 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 $19.3 million, or 46%, to $61.0 million for the three months ended June 30, 2026, from $41.6 million for the three months ended June 30, 2025. The increase was due to commodity price increases, excluding the effect of derivative settlements, which accounted for a $17.4 million increase in period-over-period revenues (calculated as the change in the period-to-period average price times current period production volumes). The increase was also due to slightly higher production volumes during the three months ended June 30, 2026, which accounted for a $1.9 million increase in period-over-period revenues (calculated as the change in period-to-period volumes times the prior period average price).

Oil Revenues

Our oil revenues increased by approximately $2.3 million, or 92%, to $4.9 million for the three months ended June 30, 2026, from $2.5 million for the three months ended June 30, 2025. The increase was primarily due to the impact of commodity price increases, excluding the effect of derivative settlements, which accounted for a $1.6 million increase in period-over-period revenues (calculated as the change in the period-to-period average price times current period production volumes). The increase was also due to higher production volumes during the three months ended June 30, 2026, which accounted for a $0.7 million increase in period-over-period revenues (calculated as the change in period-to-period volumes times the prior period average price).

Derivative Gains, Net

For the three months ended June 30, 2026, our Upstream/Midstream segment had net realized and unrealized gains on derivative contracts of $95.3 million compared to $112.2 million for the same period in 2025. The decrease in gains for the three months ended June 30, 2026, was primarily attributable to our open derivative positions, which were in an unrealized gain position of $56.0 million, compared to an unrealized gain position of $102.9 million for the same period in 2025. The current period primarily reflects slight decreases in the forward curve of natural gas prices relative to the previous quarter, whereas the prior year period reflected significant decreases in future natural gas prices compared to March 31, 2025. Offsetting the decrease in derivative gains, net was our realized gains of $39.3 million, compared to $9.3 million for the three months ended June 30, 2025, which were due to lower natural gas prices settled in the current period compared to the same period in the prior year.

Marketing Revenues

Our marketing revenues were derived under our marketing agreement with a third party pursuant to which we received a fixed percentage of all net income realized in the resale of our and other producers' hydrocarbons. During the three months ended June 30, 2026, we began marketing all of our own natural gas production, causing our marketing revenues to increase by approximately $19.2 million to $26.2 million for the three months ended June 30, 2026, from $7.0 million for the three months ended June 30, 2025.

Other Revenues

Other revenues include the gain (loss) on sale of assets, which was a gain of $0.3 million for the three months ended June 30, 2026, compared to $0.1 million for the same period in 2025.

Lease Operating and Workover

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

	Three Months Ended June 30,					
	2026		2025		$ Change	% Change
(in thousands, other than percentages and average costs)	Amount	Per Mcfe	Amount	Per Mcfe		
Lease operating expenses	$ 41,076	$ 0.46	$ 32,677	$ 0.44	$ 8,399	26 %
Workover expenses	3,406	0.04	1,499	0.02	1,907	*
Total lease operating and workover expense	$ 44,482	$ 0.50	$ 34,176	$ 0.46	$ 10,306	30 %

Lease operating and workover expenses were $44.5 million, or $0.50 per Mcfe, for the three months ended June 30, 2026, which was an increase of approximately $10.3 million, or 30%, from $34.2 million, or $0.46 per Mcfe, for the three months ended June 30, 2025. The increase in lease operating and workover expenses during the three months ended June 30, 2026, compared to the same period in 2025, was primarily attributable to $10.2 million of lease operating and workover expenses associated with BKV Barnett II, which was acquired in connection with the Bedrock Acquisition in September 2025.

Marketing Expense

During the three months ended June 30, 2026, we began marketing all of our own natural gas production, causing our marketing expense to increase by approximately $18.2 million to $22.5 million, or $0.25 per Mcfe for the three months ended June 30, 2026, from $4.3 million, or $0.06 per Mcfe for the three months ended June 30, 2025.

Taxes Other Than Income

Taxes other than income were $11.6 million, or $0.13 per Mcfe, for the three months ended June 30, 2026, which was a decrease of approximately $1.8 million, or 14%, from $13.4 million, or $0.18 per Mcfe, for the three months ended June 30, 2025. The decrease was primarily driven by a $2.9 million production tax refund and a $0.3 million reduction in production taxes. These decreases were offset by a $1.0 million increase in production taxes attributable to BKV Barnett II. Ad valorem and property taxes also increased by $0.5 million, primarily due to a $0.9 million increase attributable to BKV Barnett II, partially offset by lower assessed values reflecting lower natural gas prices.

Gathering and Transportation

Gathering and transportation expenses were $68.1 million, or $0.76 per Mcfe, for the three months ended June 30, 2026, which was an increase of approximately $5.1 million, or 8%, from $63.0 million, or $0.85 per Mcfe, for the three months ended June 30, 2025. This increase was primarily driven by $11.6 million and $0.8 million of higher costs associated with natural gas and NGL production volumes, respectively and $0.4 million of NGL rate increases. These increases were offset by $8.1 million of natural gas rate decreases.

Depreciation, Depletion, Amortization, and Accretion

Depreciation, depletion, amortization, and accretion was $42.8 million, or $0.48 per Mcfe, for the three months ended June 30, 2026, which was an increase of approximately $5.2 million, or 14%, from $37.6 million, or $0.51 per Mcfe, for the three months ended June 30, 2025. The increase was primarily attributable to an additional $3.4 million of expense related to BKV Barnett II, which was acquired in connection with the Bedrock Acquisition in September 2025. The remainder of the increase was driven by higher production volumes, partially offset by a lower depletion rate resulting from an increase in our proved reserves.

General and Administrative

General and administrative expenses were $22.7 million, or $0.26 per Mcfe, for the three months ended June 30, 2026, which was an increase of approximately $8.0 million, from $14.8 million, or $0.20 per Mcfe, for the three months ended June 30, 2025. The increase was primarily attributable to higher information technology costs, employee and office, and consulting and contracting costs, which resulted in increased corporate allocations to the Upstream/Midstream segment.

Other Operating Expenses

Other operating expenses were $1.4 million, or $0.02 per Mcfe, for the three months ended June 30, 2026, which was a decrease of approximately $2.0 million, from $3.4 million, or $0.05 per Mcfe, for the three months ended June 30, 2025. The decrease in other operating expenses during the three months ended June 30, 2026, compared to the same period in 2025, was attributable to a $2.1 million deficiency payment incurred in the prior year.

Power Segment

Comparison of the Three Months Ended June 30, 2026 and 2025:

	Three Months Ended June 30,			
(in thousands, other than percentages)	**2026**	**2025**	**Change**	**% Change**
Temple I capacity factor	69.2 %	64.0 %	5.2 %	8 %
Temple II capacity factor	69.9 %	54.8 %	15.1 %	28 %
Total power generation (GWh)	2,222	1,913	309	16 %
Fuel consumption (MMBtu)	15,973	13,595	2,378	17 %
Average generation price (excluding derivatives)	$ 31.88	$ 29.13	$ 2.75	9 %
Average generation price (including derivatives)	$ 41.59	$ 45.10	$ (3.51)	(8)%
Average natural gas cost	$ 2.68	$ 2.93	$ (0.25)	(9)%
Average spark spread	$ 22.31	$ 24.27	$ (1.96)	(8)%
Revenues and other operating income				
Power revenues	$ 74,362	$ 61,924	$ 12,438	20 %
Derivative gains, net	47,971	74,818	(26,847)	(36)%
Total revenues and other operating income	122,333	136,742	(14,409)	
Operating expenses				
Fuel commodity costs	42,832	39,852	2,980	7 %
Purchased power	29,502	29,494	8	— %
Marketing expense	685	547	138	25 %
Taxes other than income	4,303	4,638	(335)	(7)%
Depreciation, depletion, amortization, and accretion	9,552	9,536	16	— %
Power operating and maintenance	17,185	18,252	(1,067)	(6)%
General and administrative	7,625	4,267	3,358	79 %
Other operating expenses	4,891	434	4,457	*
Total operating expenses	116,575	107,020	9,555	
Income from operations	$ 5,758	$ 29,722	$ (23,964)	
**Percentage not meaningful*				

Power Revenues

During the three months ended June 30, 2026, our Power revenues were $74.4 million, which was an increase of $12.4 million, or 20%, from $61.9 million for the three months ended June 30, 2025, which include merchant energy sales and revenue from our retail business. The increase was primarily due to the increase in merchant energy sales, which was attributable to higher power generation and capacity at the Temple Plants.

Derivative Gains, Net

For the three months ended June 30, 2026, our Power segment had net realized and unrealized gains on derivative contracts of $48.0 million, compared to net realized and unrealized gains of $74.8 million for the same period in 2025, representing a decrease of $26.8 million. The decrease was primarily attributable to a $39.5 million unfavorable change in net realized gains on our power derivatives driven by higher realized market power prices relative to contracted prices between periods, and a $41.8 million unfavorable change in unrealized results on our power derivatives and HRCOs, primarily due to changes in forward power prices and related valuation assumptions. These unfavorable changes were partially offset by a $34.1 million favorable change in realized gains on HRCO settlements, a $19.5 million favorable change in unrealized results on our natural gas hedges, primarily due to decreases in the forward natural gas price curve during the current period compared with increases during the prior-year period and a $0.8 million favorable change in realized results on our natural gas hedges.

Fuel Commodity Costs

Fuel commodity costs were $42.8 million for the three months ended June 30, 2026, which was an increase of $3.0 million, or 7%, from $39.9 million for the three months ended June 30, 2025. The increase was due to higher fuel consumption compared to the same period in 2025.

Purchased Power

Purchased power costs for the retail business were $29.5 million for both the three months ended June 30, 2026 and 2025. Purchased power costs include power derivatives, which were in a net gain position of $0.2 million, compared to a net loss position of $3.3 million. As the retail power derivatives are in a long position, decreases in market prices relative to fixed contract prices result in gains. This was offset by an increase in purchased power due to slightly higher sales from our retail business.

Marketing Expense

During the three months ended June 30, 2026, we began marketing all of our own natural gas production, causing our marketing expense to increase by approximately $0.1 million to $0.7 million for the three months ended June 30, 2026, from $0.5 million for the three months ended June 30, 2025.

Taxes Other Than Income

Taxes other than income were $4.3 million for the three months ended June 30, 2026, which was a decrease of approximately $0.3 million, or 7%, from $4.6 million for the three months ended June 30, 2025. The decrease was driven by BKV-BPP Power's property tax reassessment.

Depreciation, Depletion, Amortization, and Accretion

Depreciation, depletion, amortization, and accretion was $9.6 million and $9.5 million for the three months ended June 30, 2026 and 2025, respectively, which was consistent between periods.

Power Operating and Maintenance

Power operating and maintenance expenses are costs incurred to run the Temple Plants. These expenses were $17.2 million for the three months ended June 30, 2026, which was a decrease of approximately $1.1 million, or 6%, from $18.3 million for the three months ended June 30, 2025. The decrease was primarily due to a $1.3 million decrease in planned maintenance period-over-period.

General and Administrative

General and administrative expenses were $7.6 million for the three months ended June 30, 2026, which was an increase of approximately $3.4 million, from $4.3 million for the three months ended June 30, 2025. The increase was primarily attributable to higher allocations of corporate general and administrative costs and higher administrative service expenses charged by BKV under the administrative services agreement due to an increase in contracted rates. These increases were partially offset by lower credit loss expense.

Other Operating Expenses

Other operating expenses were $4.9 million for the three months ended June 30, 2026, which was an increase of approximately $4.5 million, from $0.4 million for the three months ended June 30, 2025. The increase was due to $4.3 million in transaction costs related to the BKV-BPP Power Joint Venture Transaction.

Other Income Statement Line Items

Other Revenues

For the three months ended June 30, 2026, other revenues reflected a loss of $3.5 million, which included the impairment of our asset held for sale.

Section 45Q Tax Credits

Our Section 45Q tax credits increased by approximately $0.5 million, or 18%, to $3.0 million during the three months ended June 30, 2026, from $2.6 million during the three months ended June 30, 2025. Our Section 45Q tax credits related to CO_2 waste sequestration activities under our Barnett Zero, Cotton Cove and Eagle Ford projects. The increase period-over-period was due to more CO_2 waste sequestered in 2026 due to Cotton Cove and Eagle Ford injections beginning in the first half of 2026.

General and Administrative

General and administrative expenses were $11.8 million, for the three months ended June 30, 2026, which was an increase of approximately $0.3 million, from $11.4 million, for the three months ended June 30, 2025. The increase was primarily due to higher payroll, legal, and contract labor costs. The increase also reflected changes in the administrative service agreement allocated to the Power segment, with the corresponding intercompany amounts eliminated within Corporate and Other for segment reporting purposes. These increases were partially offset by lower employee and office, information technology, and consulting expenses.

Other Operating Expenses

Other operating expenses were $1.3 million for the three months ended June 30, 2026, which was a decrease of approximately $6.1 million, from $7.4 million for the three months ended June 30, 2025. The decrease was due to prior year's $3.1 million of costs related to the CCUS equity raise, $1.6 million in CCUS transaction fees and $1.1 million in a project write-off and a $0.4 million decrease in emissions monitoring period-over-period.

Other Income (Expense)

Interest expense. Interest expense was $24.9 million for the three months ended June 30, 2026, which was an increase of $8.5 million, from $16.4 million for the three months ended June 30, 2025. The increase in interest expense during the three months ended June 30, 2026 was primarily due to $9.3 million of interest on the 2030 Senior Notes, $0.9 million of higher debt amortization expense, $0.6 million of interest on the Promissory Note, and an increase of $0.3 million of interest on our letters of credit. These increases were partially offset by $1.4 million and $1.3 million of lower interest expense on the RBL Credit Agreement and the Temple Term Loan Facility, respectively, compared to the same period in 2025.

Interest expense, related party. Interest expense, related party was $4.0 million for the three months ended June 30, 2026, which was a decrease of $1.0 million, from $5.0 million for the three months ended June 30, 2025. The decrease was primarily due to a lower outstanding balance on the Temple I Loan Agreements period-over-period.

Interest income. Interest income was $2.2 million for the three months ended June 30, 2026, which was an increase of $1.5 million, from $0.7 million for the three months ended June 30, 2025. The increase was due to higher average cash balances during the three months ended June 30, 2026, compared to the same period in 2025.

Income tax benefit (expense). For the three months ended June 30, 2026, we had an income tax expense of $20.1 million, which was a change of $9.1 million, from a $29.2 million income tax expense for the three months ended June 30, 2025. The period-over-period change was primarily due to lower pretax earnings, which resulted in a lower income tax provision.

Business Segment Results of Operations

The following sections present our results of operations for our two reportable segments, which include Upstream/Midstream and Power. Management believes this information is useful to investors in understanding the Company's financial condition, results of operations, and trends and uncertainties. See *Note 14 - Reportable Segments* to our condensed consolidated financial statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Upstream/Midstream Segment

Comparison of the Six Months Ended June 30, 2026 and 2025:

	Six Months Ended June 30,			
(in thousands, other than percentages)	**2026**	**2025**	**Change**	**% Change**
Production volume				
Total production volumes (MMcfe)	172,273	142,295	29,978	21 %
Average daily production (MMcfe/d)	951.8	786.2	165.6	21 %
Average realized price (excluding derivatives)	$ 2.96	$ 2.92	$ 0.04	1 %
Average realized price (including derivatives)	$ 3.03	$ 2.86	$ 0.17	6 %
Revenues and other operating income				
Natural gas revenues	$ 396,252	$ 323,545	$ 72,707	22 %
NGL revenues	105,720	86,313	19,407	22 %
Oil revenues	7,631	5,997	1,634	27 %
Derivative gains (losses), net	52,808	(39,983)	92,791	*
Marketing revenues	45,985	19,425	26,560	*
Other	460	(1,165)	1,625	*
Total revenues and other operating income	608,856	394,132	214,724	
Operating expenses				
Lease operating and workover	89,557	69,231	20,326	29 %
Marketing expense	27,656	7,645	20,011	*
Taxes other than income	27,545	23,626	3,919	17 %
Gathering and transportation	135,897	118,819	17,078	14 %
Depreciation, depletion, amortization, and accretion	83,512	77,135	6,377	8 %
General and administrative	43,585	27,978	15,607	56 %
Other operating expenses	6,251	3,689	2,562	69 %
Total operating expenses	414,003	328,123	85,880	
Income from operations	$ 194,853	$ 66,009	$ 128,844	
Per unit costs				
Lease operating and workover	$ 0.52	$ 0.49	$ 0.03	6 %
Marketing expense	$ 0.16	$ 0.05	$ 0.11	*
Taxes other than income	$ 0.16	$ 0.17	$ (0.01)	(6)%
Gathering and transportation	$ 0.79	$ 0.84	$ (0.05)	(6)%
Depreciation, depletion, amortization, and accretion	$ 0.48	$ 0.54	$ (0.06)	(11)%
General and administrative	$ 0.25	$ 0.20	$ 0.05	25 %
Other operating expenses	$ 0.04	$ 0.03	$ 0.01	33 %

Total	$ 2.40	$ 2.32	$ 0.08

*Percentage not meaningful

Natural Gas Revenues

Our natural gas revenues increased by approximately $72.7 million, or 22%, to $396.3 million for the six months ended June 30, 2026, from $323.5 million for the six months ended June 30, 2025. The increase was due to higher production volumes during the six months ended June 30, 2026, which accounted for a $81.7 million increase in period-over-period revenues (calculated as the change in period-to-period volumes times the prior period average price). The impact was offset by commodity price decreases, excluding the effect of derivative settlements, which provided a $9.0 million decrease 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 $19.4 million, or 22%, to $105.7 million for the six months ended June 30, 2026, from $86.3 million for the six months ended June 30, 2025. The increase was due to $14.8 million of commodity price increases, excluding the effect of derivative settlements (calculated as the change in the period-to-period average price times current period production volumes) and higher production volumes, which accounted for a $4.6 million increase (calculated as the change in period-to-period volumes times the prior period average price).

Oil Revenues

Our oil revenues increased by approximately $1.6 million, or 27%, to $7.6 million for the six months ended June 30, 2026, from $6.0 million for the six months ended June 30, 2025. The increase was primarily due to the impact of commodity price increases, excluding the effect of derivative settlements, which accounted for a $1.7 million increase in period-over-period revenues (calculated as the change in the period-to-period average price times current period production volumes). This was slightly offset by lower production volumes during the six months ended June 30, 2026, which accounted for a $0.1 million decrease in period-over-period revenues (calculated as the change in period-to-period volumes times the prior period average price).

Derivative Gains, Net

For the six months ended June 30, 2026, our Upstream/Midstream segment had net realized and unrealized gains on derivative contracts of $52.8 million, compared to net realized and unrealized losses of $40.0 million for the same period in 2025. The favorable change during the six months ended June 30, 2026, was primarily attributable to our open derivative positions, which were in an unrealized gain position of $39.9 million, compared to an unrealized loss position of $31.1 million for the same period in 2025. The current period primarily reflects decreases in the forward curve of natural gas prices relative to December 31, 2025, whereas the prior year period reflected increases in future natural gas prices compared to December 31, 2024. In addition, we purchased put options of $16.2 million in the first quarter of 2025, limiting our 2026/2027 pricing downside. Also increasing our favorable change for the six months ended June 30, 2026 were realized gains of $12.9 million, compared to realized losses of $8.9 million for the six months ended June 30, 2025, which were due to slightly lower natural gas prices settled in the current period compared to the same period in the prior year.

Marketing Revenues

Our marketing revenues were derived under our marketing agreement with a third party pursuant to which we received a fixed percentage of all net income realized in the resale of our and other producers' hydrocarbons. Beginning in the second quarter of 2026, we began marketing all of our own natural gas production, causing our marketing revenues to increase by approximately $26.6 million to $46.0 million for the six months ended June 30, 2026, from $19.4 million for the six months ended June 30, 2025.

Other Revenues

Other revenues include the gain (loss) on sale of assets, which was a gain of $0.5 million for the six months ended June 30, 2026, compared to a loss of $1.2 million for the same period in 2025. The period-over-period increase was primarily due to a gain on sale of assets of $0.4 million during the six months ended June 30, 2026, whereas the prior year period included an impairment of $2.4 million on the Bridgeport building held for sale, offset by a gain on sale of assets of $1.2 million.

Lease Operating and Workover

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

	Six Months Ended June 30,					
	2026		2025		$ Change	% Change
(in thousands, other than percentages and average costs)	Amount	Per Mcfe	Amount	Per Mcfe		
Lease operating expenses	$ 83,856	$ 0.48	$ 66,352	$ 0.47	$ 17,504	26 %
Workover expenses	5,701	0.04	2,879	0.02	2,822	98 %
Total lease operating and workover expense	$ 89,557	$ 0.52	$ 69,231	$ 0.49	$ 20,326	29 %

Lease operating and workover expenses were $89.6 million, or $0.52 per Mcfe, for the six months ended June 30, 2026, which was an increase of approximately $20.3 million, or 29%, from $69.2 million, or $0.49 per Mcfe, for the six months ended June 30, 2025. The increase in lease operating and workover expenses during the six months ended June 30, 2026, compared to the same period in 2025, was primarily attributable to $19.9 million of lease operating and workover expenses associated with BKV Barnett II, which was acquired in connection with the Bedrock Acquisition in September 2025.

Marketing Expense

During the three months ended June 30, 2026, we began marketing all of our own natural gas production, causing our marketing expenses to increase by approximately $20.0 million to $27.7 million for the six months ended June 30, 2026, from $7.6 million for the six months ended June 30, 2025.

Taxes Other Than Income

Taxes other than income were $27.5 million, or $0.16 per Mcfe, for the six months ended June 30, 2026, which was an increase of approximately $3.9 million, or 17%, from $23.6 million, or $0.17 per Mcfe, for the six months ended June 30, 2025. The increase was primarily driven by a $2.9 million increase in production taxes attributable to BKV Barnett II and $1.7 million of higher production taxes in the Barnett. This was offset by a $2.9 million production tax refund. In addition, ad valorem and property taxes increased by $2.3 million, reflecting higher gas prices, of which $1.6 million was attributable to BKV Barnett II.

Gathering and Transportation

Gathering and transportation expenses were $135.9 million, or $0.79 per Mcfe, for the six months ended June 30, 2026, which was an increase of approximately $17.1 million, or 14%, from $118.8 million, or $0.84 per Mcfe, for the six months ended June 30, 2025. This increase was primarily driven by $12.2 million of higher costs associated with natural gas production and $6.7 million and $3.6 million of NGL and natural gas rate increases, respectively. These increases were offset by a $0.9 million decrease in NGL production.

Depreciation, Depletion, Amortization, and Accretion

Depreciation, depletion, amortization, and accretion was $83.5 million, or $0.49 per Mcfe, for the six months ended June 30, 2026, which was an increase of approximately $6.4 million, or 8%, from $77.1 million, or $0.54 per Mcfe, for the six months ended June 30, 2025. The increase was primarily due to an additional $6.9 million of expense related to BKV Barnett II, which was acquired in connection with the Bedrock Acquisition in September 2025. Slightly offsetting the increase was our lower depletion rate resulting from an increase in our proved reserves.

General and Administrative

General and administrative expenses were $43.6 million, or $0.25 per Mcfe, for the six months ended June 30, 2026, which was an increase of approximately $15.6 million, from $28.0 million, or $0.20 per Mcfe, for the six months ended June 30, 2025. The increase was primarily attributable to higher information technology costs, employee and office, and consulting and contracting costs, which resulted in increased corporate allocations to the Upstream/Midstream segment.

Other Operating Expenses

Other operating expenses were $6.3 million, or $0.04 per Mcfe, for the six months ended June 30, 2026, which was an increase of approximately $2.6 million, from $3.7 million, or $0.03 per Mcfe, for the six months ended June 30, 2025. The increase was due to a $5.3 million increase in integration and transaction costs due to the Bedrock Acquisition, a $1.0 million reduction in emissions costs in 2025, and $0.8 million of project write-offs. This was offset by a $2.4 million reduction in legal and consulting fees and a $2.1 million deficiency payment incurred under our minimum volume commitments on our midstream pipeline recognized during the same period in 2025.

Power Segment

Comparison of the Six Months Ended June 30, 2026 and 2025:

(in thousands, other than percentages)	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025	Change	% Change
Temple I capacity factor	66.9 %	54.7 %	12.2 %	22 %
Temple II capacity factor	65.1 %	54.5 %	10.6 %	19 %
Total power generation (GWh)	4,203	3,500	703	20 %
Fuel consumption (MMBtu)	29,989	24,827	5,162	21 %
Average generation price (excluding derivatives)	$ 39.41	$ 32.92	$ 6.49	20 %
Average generation price (including derivatives)	$ 46.04	$ 48.63	$ (2.59)	(5)%
Average natural gas cost	$ 3.33	$ 3.47	$ (0.14)	(4)%
Average spark spread	$ 22.26	$ 24.00	$ (1.74)	(7)%
Revenues and other operating income				
Power revenues	$ 143,352	$ 105,788	$ 37,564	36 %
Derivative gains, net	143,556	128,626	14,930	12 %
Total revenues and other operating income	286,908	234,414	52,494	
Operating expenses				
Fuel commodity costs	99,953	86,215	13,738	16 %
Purchased power	56,857	48,161	8,696	18 %
Marketing expense	1,563	1,143	420	37 %
Taxes other than income	8,536	9,206	(670)	(7)%
Depreciation, depletion, amortization, and accretion	21,356	19,163	2,193	11 %
Power operating and maintenance	36,864	38,465	(1,601)	(4)%
General and administrative	13,980	10,169	3,811	37 %
Other operating expenses	9,047	824	8,223	*
Total operating expenses	248,156	213,346	34,810	
Income from operations	38,752	21,068	17,684	

**Percentage not meaningful*

Power Revenues

During the six months ended June 30, 2026, our Power revenues were $143.4 million compared to $105.8 million during the six months ended June 30, 2025, which include merchant energy sales and revenue from our retail business. The increase was primarily due to the increase in merchant energy sales, which was attributable to higher power prices, power generation, and capacity at the Temple Plants.

Derivative Gains, Net

For the six months ended June 30, 2026, our Power segment had net realized and unrealized gains on derivative contracts of $143.6 million, compared to net realized and unrealized gains of $128.6 million for the same period in 2025. The increase was primarily attributable to our open derivative positions, which were in an unrealized gain position of $22.8 million as of June 30, 2026, compared to an unrealized loss position of $4.5 million for the same period in 2025. This change is largely due to decreases in power prices relative to hedged prices and the value of optionality. We also had an increase in realized gains of $69.3 million on our HRCOs during the six months ended June 30, 2026, which was primarily due to higher contracted capacity with four contracts totaling 600 MW in 2026, compared to two contracts totaling 200 MW in the prior year period. These increases were offset by a $79.3 million decrease in net realized gains on our power derivatives driven by higher realized market power prices relative to contracted prices.

Fuel Commodity Costs

Fuel commodity costs were $100.0 million for the six months ended June 30, 2026, which was an increase of $13.7 million, or 16%, from $86.2 million for the six months ended June 30, 2025. The increase was due to higher fuel consumption compared to the same period in 2025.

Purchased Power

Purchased power costs for the retail business were $56.9 million for the six months ended June 30, 2026, which was an increase of $8.7 million, or 18%, from $48.2 million for the six months ended June 30, 2025. The increase was primarily driven by our net realized and unrealized loss position on the power derivatives, which was $13.0 million compared to a net realized and unrealized loss of $4.4 million for the same period in 2025. As the retail power derivatives are in a long position, increases in market prices reduced the spread between fixed contract prices and settlement prices, which resulted in higher realized losses.

Taxes Other Than Income

Taxes other than income were $8.5 million for the six months ended June 30, 2026, which was a decrease of approximately $0.7 million, or 7%, from $9.2 million for the six months ended June 30, 2025. The decrease was driven by BKV-BPP Power's property tax reassessment.

Depreciation, Depletion, Amortization, and Accretion

Depreciation, depletion, amortization, and accretion was $21.4 million for the six months ended June 30, 2026, which was an increase of approximately $2.2 million, or 11%, from $19.2 million for the six months ended June 30, 2025. The increase was primarily due to the true-up of depreciation on equipment during the six months ended June 30, 2026.

Power Operating and Maintenance

Power operating and maintenance expenses are costs incurred to run the Temple Plants and were $36.9 million for the six months ended June 30, 2026, which was a decrease of approximately $1.6 million, or 4%, from $38.5 million for the six months ended June 30, 2025. The decrease was primarily due to employees moving from the Power segment to Corporate and Other.

General and Administrative

General and administrative expenses were $14.0 million for the six months ended June 30, 2026, which was an increase of approximately $3.8 million, from $10.2 million for the six months ended June 30, 2025. The increase was primarily attributable to higher allocations of corporate general and administrative costs and $2.6 million of higher administrative service expenses charged by BKV under the administrative services agreement due to an increase in contracted rates. These increases were partially offset by $3.0 million of lower credit loss expense with BKV-BPP Retail customers as the prior year period included significant write-offs related to 2024 and 2025 customer balances.

Other Operating Expenses

Other operating expenses were $9.0 million for the six months ended June 30, 2026, which was an increase of approximately $8.2 million, from $0.8 million for the six months ended June 30, 2025. The increase was due to $8.0 million in transaction costs related to the BKV-BPP Power Joint Venture Transaction.

Other Income Statement Line Items

Other Revenues

For the six months ended June 30, 2026, other revenues was a loss of $3.5 million, which included the impairment of our asset held for sale.

General and Administrative

General and administrative expenses were $24.7 million, for the six months ended June 30, 2026, which was an increase of approximately $4.0 million, from $20.6 million, for the six months ended June 30, 2025. The increase was primarily due to higher payroll, legal, and contract labor costs. The increase also reflected changes in the administrative service agreement allocated to the

Power segment, with the corresponding intercompany amounts eliminated within Corporate and Other for segment reporting purposes. These increases were partially offset by lower employee and office, information technology, and consulting expenses.

Other Operating Expenses

Other operating expenses were $2.8 million for the six months ended June 30, 2026, which was a decrease of approximately $7.4 million, from $10.2 million for the six months ended June 30, 2025. The decrease was due to prior year's $3.1 million of costs related to the CCUS equity raise, $2.3 million in CCUS transaction fees, and $1.5 million in a project write-off and a $0.4 million decrease in emissions monitoring period-over-period.

Section 45Q Tax Credits

Our Section 45Q tax credits increased by approximately $0.2 million, or 4%, to $6.1 million during the six months ended June 30, 2026, from $5.9 million during the six months ended June 30, 2025. Our Section 45Q tax credits related to CO_2 waste sequestration activities under our Barnett Zero, Cotton Cove and Eagle Ford projects. The increase was due to more CO_2 waste sequestered in 2026, attributable to Cotton Cove and Eagle Ford injections beginning in the first half of 2026, offset by decreased injections at Barnett Zero due to routine fluctuations in activity levels that occur as part of our normal operations.

Other Income (Expense)

Interest expense. Interest expense was $47.7 million for the six months ended June 30, 2026, which was an increase of $15.3 million, from $32.4 million for the six months ended June 30, 2025. The increase in interest expense during the six months ended June 30, 2026 was primarily due to $18.6 million of interest on the 2030 Senior Notes, $1.5 million of higher debt amortization expense, $1.2 million of interest on the Promissory Note, and an increase of $0.7 million of interest on our letters of credit. These increases were partially offset by $4.2 million and $2.6 million of lower interest expense on the RBL Credit Agreement and the Temple Term Loan Facility, respectively, compared to the same period in 2025.

Interest expense, related party. Interest expense, related party was $8.2 million for the six months ended June 30, 2026, which was a decrease of $1.9 million, from $10.1 million for the six months ended June 30, 2025. The decrease was primarily due to a lower outstanding balance on the Temple I Loan Agreements period-over-period.

Interest income. Interest income was $3.7 million for the six months ended June 30, 2026, which was an increase of $2.2 million, from $1.5 million for the six months ended June 30, 2025. The increase was due to higher average cash balances during the six months ended June 30, 2026, compared to the same period in 2025.

Income tax benefit (expense). For the six months ended June 30, 2026, we had an income tax expense of $31.6 million, which was a change of $33.0 million, from a $1.4 million income tax benefit for the six months ended June 30, 2025. The change was primarily due to an increase in pretax earnings period-over period, and the prior year's deferred tax balance remeasurement for Pennsylvania.

Liquidity and Capital Resources

Capital Commitments

Our primary needs for cash are to fund our upstream development, midstream, power, and CCUS activities, fund operations and capital expenditures, acquisitions, and asset retirement obligations, cover any debt interest or minimum volume commitment obligations, pay down debt, and return capital to stockholders. Our primary uses of cash during the six months ended June 30, 2026 included deposits for modular power generation equipment and associated reservation fees, development of our natural gas properties, land acquisitions, and funding the BKV-BPP Power Joint Venture transaction. Our primary use of cash during the six months ended June 30, 2025 included funding the development of our natural gas properties.

Operating and Development Capital Expenditures

During the six months ended June 30, 2026 and 2025, cash paid for capital expenditures was $193.4 million and $124.1 million, respectively. Our current estimated budget for total accrued capital expenditures in 2026 is approximately $690 million to $875 million on a Company-wide basis. To help fund these capital expenditures, we expect to receive approximately $120 million to $150 million of capital contributions from our joint venture partners in our CCUS and power businesses. Expected contributions from our joint venture partners would bring our 2026 net capital expenditure range to $570 million to $725 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. In addition, the development of our power business is capital intensive, requiring ongoing investments in land, modular equipment, and turbine generators. 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.

Strategic Power Growth Commitments

On January 14, 2026, the Company entered into a manufacturing reservation agreement related to a planned power generation project. Under the agreement, the Company is committed to pay up to an aggregate of $80.0 million in reservation fees, scheduled in phases during 2026, to secure future manufacturing capacity through 2028 for turbines with up to approximately 1,230 MW in total generation capacity. During the six months ended June 30, 2026, the Company paid $60.0 million of the reservation fees. Amounts paid are generally non-refundable and will be credited against the purchase price if a definitive supply agreement is executed.

On March 25, 2026 and May 15, 2026, the Company entered into two separate equipment supply contracts related to a planned power generation project. Under the agreements, the Company is committed to pay up to an aggregate of $248.2 million in purchase payments, scheduled in phases from 2026 through 2027, to secure the manufacture of modular power generation equipment. During the six months ended June 30, 2026, the Company paid $96.8 million of the purchase payments, and on July 17, 2026, made an additional purchase payment on each contract, each in the amount of $24.8 million. If the Company terminates the contracts before manufacturing of the equipment begins, the Company would be required to pay 60% of the contract price, and if the Company terminates the contracts after manufacturing of the equipment begins, the Company would be required to pay 100% of the contract price.

Capital Resources

Historically, our primary sources of capital and liquidity have consisted of internally generated cash flows from operations, together with loans, capital contributions from our majority stockholder, BNAC, and issuances of equity or debt. We also enter into financial instruments to reduce the impact of commodity and power price volatility and provide a level of certainty and stability around cash flows. We currently believe that our cash flows from operations, cash on hand, borrowings under our RBL Credit Agreement, proceeds from the issuance of the 2026 Equity Offering, contributions from our joint venture partners, and our commodity and power hedges in place will provide sufficient liquidity to fund our operations and our capital expenditures for the remainder of 2026, excluding our CCUS business. If capital expenditures were to exceed such capital sources during the remainder of 2026, we expect to fund such excess capital expenditures through the sale of oil and natural gas producing assets, leasehold interests or mineral interests, and potential issuances of equity or debt, none of which may be available on satisfactory terms, or at all. We expect to fund the majority of our CCUS business from a variety of external sources, including contributions from our joint ventures with the Class B Member and BPPUS, project-based equity partnerships, debt financing, and federal grants, with the remaining capital needs being funded with cash flows from operations.

The following table summarizes our cash flows for the six months ended June 30, 2026 and 2025 (in thousands):

	Six Months Ended June 30,	
	2026	2025
Net cash provided by operating activities	$ 181,731	$ 105,748
Net cash used in investing activities	(469,881)	(130,087)
Net cash provided by financing activities	192,136	32,429
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ (96,014)	$ 8,090

Cash flows provided by operating activities. Net cash provided by operating activities was $181.7 million for the six months ended June 30, 2026, compared to $105.7 million for the six months ended June 30, 2025. Net cash provided by operating activities increased during the six months ended June 30, 2026, compared to the six months ended June 30, 2025 due to a $64.6 million increase in income from operations (excluding noncash items), resulting from higher natural gas and production volumes and higher power prices, power generation, and capacity at the Temple Plants. Cash from operations also increased period-over-period due to the absence of $20.0 million and $16.2 million of cash paid in 2025 for the settlement of contingent liabilities and the purchase of put options, respectively, and an increase of $2.2 million in interest income. These increases were partially offset by a $14.3 million unfavorable change in working capital and a $12.5 million increase in cash paid for interest period-over-period.

Operating cash flow fluctuations are substantially driven by realized commodity prices, production volumes, power prices, power generated, and operating expenses. Prices for natural gas, NGLs, and power 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 was $469.9 million for the six months ended June 30, 2026, compared to $130.1 million for the six months ended June 30, 2025. The increase was driven by $151.0 million of cash deposits on equipment supply and manufacturing reservations and $118.7 million of cash paid for land. The increase was also attributable to higher capital expenditures, including a $30.3 million increase in the Upstream/Midstream segment, a $21.9 million increase in the Power segment, and a $17.0 million increase in Corporate and Other, which includes a $22.0 million increase in CCUS capital expenditures. In addition, we had a $0.8 million decrease in proceeds from the sales of assets period-over-period.

The following table presents our capital expenditures (excluding leasehold costs and acquisitions) on an accrual basis for the six months ended June 30, 2026 and 2025 and reconciles to cash flows used for capital expenditures in the condensed consolidated statements of cash flows.

	Six Months Ended June 30,	
	2026	2025
Total use of cash and cash equivalents for capital expenditures	$ (193,365)	$ (124,102)
Decrease (increase) in accrued capital expenditures	2,373	(12,965)
Capital expenditures (accrued)	$ (190,992)	$ (137,067)

Cash flows provided by financing activities. Net cash provided by financing activities was $192.1 million for the six months ended June 30, 2026, which consisted of $185.5 million of net proceeds from the issuance of common stock, $100.0 million in net borrowings on the RBL Credit Agreement, proceeds of $46.0 million from the Promissory Note, $13.4 million of cash contributions from noncontrolling interest, and $0.3 million of cash received for common stock issued pursuant to the ESPP. These inflows were offset by $115.1 million of cash paid for a portion of the consideration for the BKV-BPP Power Joint Venture Transaction, $19.9 million of payments on the Temple Term Loan Facility, $15.0 million of payments on the Temple I Loan Agreements, $2.1 million of payments for taxes related to net share settlement of restricted stock units, and $0.9 million of payments on debt issuance costs. For the six months ended June 30, 2025, net cash provided by financing activities was $32.4 million, primarily consisting of $35.0 million of net borrowings under the RBL Credit Agreement and $4.4 million of cash contributions from noncontrolling interest, offset by a $5.0 million payment on the Temple Term Loan Facility, $1.2 million of payments for taxes related to net share settlement of restricted stock units, and $0.7 million of payments on debt issuance costs.

Working Capital

As of June 30, 2026, we had cash and cash equivalents of $152.2 million and restricted cash of $16.1 million, compared to $248.4 million of cash and cash equivalents and restricted cash of $15.8 million as of December 31, 2025. Our net working capital surplus was $59.1 million as of June 30, 2026, compared to a net working capital deficit of $53.2 million as of December 31, 2025.

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. Furthermore, we expect that our pace of development, production volumes, commodity prices, power prices, power generation, and differentials to NYMEX pricing for our natural gas and oil production will be the largest variables impacting our working capital.

2030 Senior Notes

On September 26, 2025, BKV Upstream Midstream issued in a private placement $500.0 million of 7.50% senior unsecured notes due October 15, 2030 (the "2030 Senior Notes"). The 2030 Senior Notes were issued at par and resulted in proceeds of $490.0 million, after deducting underwriters' discounts and commissions. The proceeds were used to repay a portion of the outstanding borrowings under the RBL Credit Agreement and fund a portion of the cash consideration for the Bedrock Acquisition, with the remainder of the purchase price being funded with shares of our common stock. In connection with the issuance of the 2030 Senior Notes, we recorded debt issuance costs of $14.5 million, which are amortized to interest expense on the condensed consolidated statements of income over the term of the 2030 Senior Notes.

Interest on the 2030 Senior Notes is payable semi-annually on April 15 and October 15 of each year, commencing on April 15, 2026. The 2030 Senior Notes are guaranteed on a senior unsecured basis by us and all of BKV Upstream Midstream's existing restricted subsidiaries and certain future subsidiaries. These guarantees are full, unconditional, joint, and several among the guarantors of the 2030 Senior Notes, subject to certain customary release provisions. The indenture governing the 2030 Senior Notes contains customary events of default, as well as cross-default provisions with other indebtedness of BKV Upstream Midstream and its restricted subsidiaries.

On or after October 15, 2027, BKV Upstream Midstream may, on any one or more occasions, redeem some or all of its 2030 Senior Notes prior to their maturity at redemption prices plus accrued and unpaid interest as described in the indenture governing the 2030 Senior Notes. BKV Upstream Midstream may redeem up to 40% of the aggregate principal amount of the 2030 Senior Notes before October 15, 2027, with an amount of cash not greater than the net cash proceeds from certain equity offerings at a redemption price described in the indenture governing the 2030 Senior Notes plus accrued and unpaid interest to, but excluding, the redemption date. In addition, prior to October 15, 2027, BKV Upstream Midstream may redeem some or all of the 2030 Senior Notes at a price equal to 100% of the principal amount thereof, plus a make-whole premium as described in the indenture governing the 2030 Senior Notes, plus accrued and unpaid interest.

Loan Agreements and Credit Facilities

RBL Credit Agreement

On June 11, 2024, BKV Corporation, as a guarantor, and BKV Upstream Midstream, as borrower, entered into the RBL Credit Agreement with Citibank, N.A., as the administrative agent, and the financial institutions party thereto. The RBL Credit Agreement includes a maximum credit commitment of $1.5 billion. On May 20, 2026, BKV Corporation, BKV Upstream Midstream, the lenders and the administrative agent amended the RBL Credit Agreement to, among other things, redetermine and reaffirm the borrowing base at $1.0 billion in connection with the scheduled semiannual borrowing base redetermination. As of June 30, 2026, the borrowing base and elected commitment remained unchanged at $1.0 billion, and $800.0 million, respectively.

The loans under the RBL Credit Agreement may be borrowed, repaid, and reborrowed during the term of the RBL Credit Agreement. The RBL Credit Agreement will mature on June 12, 2028. The obligations under the RBL Credit Agreement are secured and guaranteed on a senior secured basis by BKV Upstream Midstream and all of BKV Upstream Midstream’s current and future material restricted subsidiaries. Loans under the RBL Credit Agreement bear interest at one, three, or six-month term SOFR or ABR, as applicable, plus a credit spread adjustment of 0.10% for SOFR borrowings, plus an applicable margin 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 RBL Credit Agreement, including commitment fees on the average daily amount of the undrawn portion of the commitments. During the three and six months ended June 30, 2026, BKV Upstream Midstream recognized $0.8 million and $1.7 million, respectively, of commitment fees, which are included in interest expense on the condensed consolidated statements of income. During the three and six months ended June 30, 2025, BKV Upstream Midstream recognized $0.5 million, and $1.0 million, respectively, of commitment fees.

The RBL Credit Agreement contains various restrictive covenants that, among other things, limit BKV Upstream Midstream’s ability and the ability of its restricted subsidiaries to, subject to certain exceptions: (i) incur indebtedness; (ii) incur liens; (iii) acquire or merge with any other company; (iv) sell assets or equity interests of their subsidiaries; (v) make investments; (vi) pay dividends or make other restricted payments; (vii) change their lines of business; (viii) enter into certain hedge agreements; (ix) enter into transactions with affiliates; (x) own any subsidiary that is not organized in the United States; (xi) prepay any unsecured senior or subordinated indebtedness; (xii) engage in certain marketing activities; and (xiii) allow, on a net basis, gas imbalances, take-or-pay, or other prepayments with respect to their proved oil and gas properties.

The RBL Credit Agreement requires BKV Upstream Midstream and its restricted subsidiaries to always hedge not less than 50% of reasonably anticipated projected production from their proved developed producing reserves for the subsequent 24 calendar month period immediately following the date financial statements are required to be delivered under the RBL Credit Agreement for each fiscal quarter.

The RBL Credit Agreement also includes financial covenants that require BKV Upstream Midstream to maintain:

- on a quarterly basis, a minimum Current Ratio (as defined in the RBL Credit Agreement) of no less than 1.00 to 1.00; and

• on a quarterly basis, a Net Leverage Ratio (as defined in the RBL Credit Agreement) of no greater than 3.25 to 1.00.

The RBL Credit Agreement includes customary equity cure rights that will enable BKV Upstream Midstream to cure certain breaches of the minimum current ratio covenant or the maximum net leverage ratio covenant (subject to certain limitations in the RBL Credit Agreement). As of June 30, 2026, BKV Upstream Midstream was in compliance with such covenants in the RBL Credit Agreement.

The RBL Credit Agreement generally includes customary events of default for a reserve-based credit facility, some of which allow for an opportunity to cure. 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. The RBL Credit Agreement is secured by substantially all of BKV Upstream Midstream's assets and those of the guarantors, and upon an event of default the agent under the RBL Credit Agreement could commence foreclosure proceedings.

Financing costs related to the RBL Credit Agreement are deferred and capitalized as debt issuance costs and are included within other assets on the condensed consolidated balance sheets. As of June 30, 2026 and December 31, 2025, $5.6 million and $6.9 million, respectively, of unamortized debt issuance costs remained outstanding.

As of August 6, 2026, $120.0 million of borrowings and $15.5 million of letters of credit were outstanding under the RBL Credit Agreement, leaving $664.5 million of available capacity thereunder for future borrowings and letters of credit.

Promissory Note

On March 3, 2026, in accordance with the terms of a real estate option agreement entered into on February 27, 2026, by and between a wholly-owned subsidiary of BKV Corporation, as seller, and an unaffiliated third party, as buyer, BKV Corporation, as borrower, received $46.0 million, representing an advance of a portion of the purchase price set forth in the real estate option agreement (the "Advance"). The Advance is evidenced by a promissory note (the "Promissory Note") and is secured by a first-priority security interest in the real property that is the subject of the real estate option agreement. For more information regarding the Advance and Promissory Note, see *Note 3 - Debt*.

BKV-BPP Power Loan Agreements and Credit Facilities

Temple I 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 under the $141 Million Banpu Loan Agreement 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 “Temple I 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 under the $141 Million BPPUS Loan Agreement (and in addition to the $141.0 million borrowed under the $141 Million Banpu Loan Agreement) for the purpose of acquiring Temple I and working capital.

BKV-BPP Power’s payment obligations under the Temple I Loan Agreements are senior unsecured indebtedness. The Temple I Loan Agreements bear interest at 6-month SOFR plus 5.25% per annum. Interest on the loans is payable on a semi-annual basis, and the loans will mature on November 1, 2026. BKV-BPP Power is permitted to prepay the loans at any time, with no prepayment premium. The Temple I Loan Agreements include covenants that, among other things, prohibit BKV-BPP Power from merging, incurring liens or incurring any additional indebtedness or guarantees. The Temple I Loan Agreements include financial covenants that require BKV-BPP Power to maintain a minimum net worth (as defined in the Temple I 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 Temple I Loan Agreements, BNAC and BPPUS have no recourse to BKV Corporation with respect to any amounts owed to them thereunder and BKV Corporation is not liable in any manner (and is not required to provide security) for any obligations owed to BNAC or BPPUS thereunder. As of June 30, 2026 and December 31, 2025, the outstanding principal balance of the Temple I Loan Agreements for each affiliate was $88.0 million and $95.5 million, respectively.

Temple Credit Facilities

On July 10, 2023, Temple Generation Intermediate Holdings II, LLC (“Temple Intermediate II”), an indirect subsidiary of BKV-BPP Power, as borrower, Temple Generation I, LLC (“Temple Generation I”), Temple Generation II, LLC (“Temple Generation II”), each of Temple Generation I and Temple Generation II being a subsidiary of Temple Intermediate II, and Temple Generation SF LLC (“Temple Generation SF”), a joint subsidiary of Temple Generation I and Temple Generation II, each as subsidiary guarantors, entered into a credit agreement (the “Beal Credit Agreement”) with Beal Bank USA and the other lenders from time to time party thereto that provides the following credit facilities (collectively, the “Temple Credit Facilities”): (i) a senior secured term loan facility with an aggregate principal amount of $500.0 million (the “Temple Term Loan Facility”), which was fully drawn in an amount equal to $500.0 million on the closing date, and (ii) a senior secured revolving credit facility in the aggregate principal amount not to exceed $60.0 million (the “Temple Revolving Facility”), which was fully drawn in an amount equal to $60.0 million on the closing date. The interest is payable annually for the Temple Credit Facilities at a rate equal to SOFR plus an interest rate margin of 4.60%.

The Temple Term Loan Facility requires a quarterly repayment at a minimum of $2.5 million per quarter, beginning on September 30, 2023. The final aggregate principal installment for the Temple Term Loan Facility is due and payable on July 10, 2028 (subject to extension by up to two additional one-year periods), and the Temple Revolving Facility terminates five business days prior to the Temple Term Loan Facility maturity date. On the closing date, Temple Intermediate II applied the proceeds of the Temple Term Loan Facility to fund a portion of the Temple II acquisition and applied the proceeds of the Temple Revolving Facility for general corporate purposes, including working capital and operating expenses. Any prepayment of the Temple Term Loan Facility prior to the third anniversary of the closing date thereof is subject to a prepayment penalty. Amounts repaid by Temple Intermediate II with respect to the Temple Term Loan Facility may not be reborrowed. Amounts repaid by Temple Intermediate II with respect to the Temple Revolving Facility may be reborrowed upon satisfaction of customary conditions.

The obligations under the Temple Credit Facilities are secured by (i) all of the assets of Temple Intermediate II, Temple Generation I, Temple Generation II, and Temple Generation SF, including the Temple Plants and all other personal property and real property of such entities and (ii) 100.0% of the equity interests in each of Temple Generation I, Temple Generation II, Temple Generation SF, and Temple Intermediate II. This collateral will remain pledged to Beal Bank until all secured obligations under the Temple Credit Facilities have been satisfied in full. Upon the occurrence and continuation of an event of default under either of the Temple Credit Facilities, Beal Bank has customary secured creditor remedies, including the right to foreclose upon the pledged collateral.

As of June 30, 2026 and December 31, 2025, the weighted average effective interest rate on the outstanding balances under the RBL Credit Agreement, the Temple I Loan Agreements, and the Temple Credit Facilities was 8.13% and 8.86%, respectively.

BKV-BPP Power and BKV-BPP Cotton Cove Joint Ventures

Under the terms of the BKV-BPP Power LLC Agreement and BKV-BPP Cotton Cove LLC Agreement, as applicable, we do not have the ability to unilaterally cause BKV-BPP Power or BKV-BPP Cotton Cove to make distributions. During the six months ended June 30, 2026 and 2025, no distributions were made by BKV-BPP Power or BKV-BPP Cotton Cove. In addition, we may be required to make additional capital contributions to one or both joint ventures to fund items approved in their respective annual budgets or other matters approved by their respective boards. Such additional capital contributions, which are not subject to any limit on the potential amount required, would reduce the amount of cash otherwise available to us. However, following the closing of the BKV-BPP Power Joint Venture Transaction on January 30, 2026, any additional capital contributions to BKV-BPP Power must be approved by a majority of BKV-BPP Power's twelve member board of managers, nine of whom are appointed by us and three of whom are appointed by BPPUS. Similarly, any additional capital contributions to BKV-BPP Cotton Cove must receive the unanimous approval of the BKV-BPP Cotton Cove Joint Venture's six-member board of managers, four of whom are appointed by us and two of whom are appointed by BPPUS. During the six months ended June 30, 2026, BKV dCarbon Ventures and BPPUS made no contributions to BKV-BPP Cotton Cove.

On January 30, 2026, we completed the previously announced BKV-BPP Power Joint Venture Transaction for aggregate consideration consisting of $115.1 million in cash and 5,315,390 shares of our common stock. We funded the cash consideration with a combination of cash on hand and the net proceeds from the 2025 Equity Offering. For additional information, see *Note 2 - Acquisition*.

Off-Balance Sheet Arrangements

We may enter into off-balance sheet arrangements and transactions that could give rise to material off-balance sheet arrangements. As of June 30, 2026, our material off-balance sheet arrangements and transactions included transportation commitments of $224.8 million and letters of credit of $15.5 million against the RBL Credit Agreement. For further information regarding these arrangements, see *Note 11 - Commitments and Contingencies* to our condensed consolidated financial statements and under *"—Liquidity and Capital Resources — RBL Credit Agreement."*

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.

Other than the items described in this Quarterly Report on Form 10-Q, there have been no material changes to our critical accounting policies and estimates from those disclosed in our 2025 Annual Report on Form 10-K. Refer to *Note 1 - Business and Basis of Presentation*.

Tariffs and Trading Relationships

In April 2025, the U.S. government announced a baseline tariff of 10% on products imported from all countries and an additional individualized reciprocal tariff on the countries with which the United States has the largest trade deficits, including China. Increased tariffs by the United States have led and may continue to lead to the imposition of retaliatory tariffs by foreign jurisdictions. Additionally, the U.S. government has announced and rescinded multiple tariffs on several foreign jurisdictions, which has increased uncertainty regarding the ultimate effect of the tariffs on economic conditions. Current uncertainties about tariffs and their effects on trading relationships may impact the demand for, and price of natural gas, NGLs, and oil, increase the costs of goods and services or the availability of raw materials that we rely on to operate our business or impact interest rates. Although we are continuing to monitor the economic effects of such announcements, as well as opportunities to mitigate their related impacts, costs and other effects associated with the tariffs remain uncertain and could adversely impact our financial position, results of operations, and liquidity.

Emerging Growth Company Status

We are an "emerging growth company" as defined in Section 2(a)(19) of the Securities Act of 1933, as amended, 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. We have elected to take advantage of certain of the reduced disclosure obligations in this Quarterly Report on Form 10-Q and may elect to take advantage of other reduced reporting requirements in our future filings with the SEC. As a result, the information that we provide to our stockholders may be different from other public reporting companies.

Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act, until such time as those standards apply to private companies. However, we have irrevocably 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 our IPO. Such fifth anniversary will occur in 2029. However, if certain events occur prior to the end of such five-year period, including if (i) we become a "large accelerated filer," which requires that the market value of our common equity held by non-affiliates be at least $700 million as of the end of the most recently completed second fiscal quarter, (ii) our gross revenues for any fiscal year equal or exceed $1.235 billion, or (iii) we issue more than $1.0 billion of non-convertible debt in any three-year period, then we will cease to be an emerging growth company prior to the end of such five-year period. We expect to lose our emerging growth company status as of December 31, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in our market risks since December 31, 2025, as set forth in our 2025 Annual Report on Form 10-K.

Commodity Price Risk and Hedging Activities

As of June 30, 2026, we did not enter into any trading market risk sensitive instruments, and our market risk sensitive instruments consisted entirely of non-trading instruments entered into for risk management purposes related to our natural gas and

NGL production and power operations. Pricing is primarily driven by spot regional market prices applicable to our U.S. natural gas production. Pricing for natural gas, NGLs and power 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 NGL production and power operations when management believes that favorable future prices can be secured.

Our financial hedging activities are intended to support natural gas, NGL, and power prices at targeted levels and to manage our exposure to natural gas, NGL and power 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, 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, 2026 consisted of commodity swaps, basis swaps, put and call options, producer collar agreements, fixed-price natural gas forwards, fixed price power forwards, and HRCOs, subject to master netting agreements with each individual counterparty.

These derivative contracts cover portions of our projected positions through 2029. Our commodity hedge position as of June 30, 2026 is summarized in *Note 6 - Derivative Instruments* to our condensed consolidated financial statements.

We may enter into single hedge transactions with settlements up to 48 months. The aggregate notional volumes of these executed hedge instruments may not exceed certain limits without board of director approval of our forecasted production volumes. During the six months ended June 30, 2026, a hypothetical increase or decrease of $0.10 per Mcf in NYMEX natural gas prices would have resulted in a $9.1 million decrease or increase in natural gas hedge revenues, respectively. During the six months ended June 30, 2026, a hypothetical increase or decrease of $1.00 per Bbl of NGL purity product price would have resulted in a $3.4 million decrease or increase in NGL hedge revenues, respectively.

Additionally, to reduce our exposure to fluctuations in the market price of power and natural gas, we enter 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 convert natural gas into power. We are exposed to basis risk in our operations when our derivative contracts are financially settled while physical power is delivered at different pricing locations or under different terms. For example, when we enter into an HRCO, we hedge our power production at an agreed price, but physical power must be delivered into the market it serves, which may result in pricing differences. Accordingly, we are exposed to basis risk between the hub price specified in the HRCO and the price received for power sales. These HRCOs are entered into to economically hedge power price and fuel cost exposures rather than for trading purposes. We attempt to hedge basis risk where possible, but hedging instruments are sometimes not economically feasible or available in the quantities that it requires. Our hedging activities do not provide us with protection for all of our basis risk and could result in economic losses and liabilities, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. 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. Moreover, in the event we are not able to satisfy our obligations under the HRCO, we must purchase power at prevailing market prices to satisfy the HRCO. Likewise, increases in power pricing could limit the benefit we receive under HRCOs and may result in losses. Either such event could have a material adverse effect on our business, financial condition, results of operations, and cash flows. During the six months ended June 30, 2026, a hypothetical increase or decrease of $0.10 per MMBtu in Houston Ship Channel (HSC) natural gas daily prices would have resulted in a $1.0 million increase or decrease in power hedge revenues, respectively.

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 condensed 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 condensed consolidated statements of income. Although these derivatives are not designated as accounting hedges for GAAP purposes, they are not entered into for trading or speculative purposes and are intended to manage commodity price and basis risk associated with our operations. We present total gains or losses on commodity derivatives (for both settled derivatives and derivative positions which remain open) within operating revenues as derivative 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, 2026, the estimated fair value of our commodity derivative instruments was a net asset of $135.4 million, comprised of current and noncurrent assets and current liabilities.

By removing price volatility from a portion of our expected production through December 2029, 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 ("ISDA") Master Agreements with each of our derivative counterparties prior to executing derivative contracts. The terms of the ISDA Master Agreements 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, historically we utilized an unaffiliated third party to market substantially all of our natural gas production. Beginning in the second quarter of 2026, we began directly marketing 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.

Interest Rate Risks

As of June 30, 2026, our primary exposure to interest rate risk was due to the balances on our Temple I Loan Agreements and the Temple Credit Facilities and our RBL Credit Agreement, which have floating interest rates. Changes in interest rates do not affect the amount of interest we pay on our fixed-rate 2030 Senior Notes, but can affect their fair values. For more information on our 2030 Senior Notes, see *Note 3 - Debt* and *Note 5 - Fair Value Measurements* to our condensed consolidated financial statements included in Item 1 of Part I of this report. As of June 30, 2026, there were $176.0 million, $442.0 million, and $100.0 million of outstanding borrowings under the Temple I Loan Agreements, the Temple Credit Facilities, and our RBL Credit Agreement, respectively. The average annualized interest rate incurred on our outstanding variable rate borrowings during the six months ended June 30, 2026, was approximately 7.48%. We estimate that a 1.0% increase in the applicable average interest rates during the six months ended June 30, 2026 would have resulted in an increase of $3.8 million in interest expense.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15(b) and 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), we have evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2026, our disclosure controls and procedures were effective.

Because of its inherent limitations, disclosure controls and procedures may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

This information is set forth in Part I, Item 1 in *Note 11 - Commitments and Contingencies* to the condensed consolidated financial statements incorporated herein.

Item 1A. Risk Factors

The Quarterly Report on Form 10-Q should be read in conjunction with the *"Risk Factors"* disclosed in our 2025 Annual Report on Form 10-K, which could materially affect our business, financial condition, or future results. There have been no material changes to the risk factors previously disclosed in the 2025 Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q.

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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

Securities Trading Plans of Directors and Executive Officers

On May 12, 2026, Ms. Lindsay Larrick, Chief Administrative Officer and Chief Legal Officer, and an officer of the Company as defined in Rule 16a-1(f) of the Exchange Act, adopted a Rule 10b5-1 Trading Plan. Ms. Larrick's Rule 10b5-1 Trading Plan, which has a plan end date of August 13, 2027, provides for the sale of up to 45,839 shares of common stock pursuant to the terms of the plan.

On May 15, 2026, Mr. Javier Hinojosa, Senior Vice President, Power, and an officer of the Company as defined in Rule 16a-1(f) of the Exchange Act, adopted a Rule 10b5-1 Trading Plan. Mr. Hinojosa's Rule 10b5-1 Trading Plan, which has a plan end date of March 25, 2027, provides for the sale of up to 49,517 shares of common stock pursuant to the terms of the plan.

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Item 6. Exhibits

Exhibit Number	Description	Incorporated by Reference: Form	SEC File Number	Exhibit	Filing Date	Filed or Furnished Herewith
2.1+‡	Membership Interest Purchase Agreement, dated as of August 7, 2025, by and among BKV Upstream Midstream, LLC, Bedrock Energy Partners, LLC, certain of its subsidiaries and, solely for certain limited purposes set forth herein, BKV Corporation.	10-Q	001-42282	2.1	11/10/25	
2.2+	Membership Interest Purchase Agreement, dated as of October 29, 2025, by and between BKV Corporation and Banpu Power US Corporation.	10-Q	001-42282	2.2	11/10/25	
3.1	Second Amended and Restated Certificate of Incorporation of BKV Corporation.	8-K	001-42282	3.1	9/27/24	
3.2	Second Amended and Restated Bylaws of BKV Corporation.	8-K	001-42282	3.2	9/27/24	
4.1	Second Supplemental Indenture, dated as of April 15, 2026, by and among BKV Upstream Midstream, LLC, BKV Marketing, LLC, the guarantors party thereto and U.S. Bank Trust Company, National Association, as trustee.	10-Q	001-42282	4.1	5/7/26	
10.1	Registration Rights Agreement, dated as of January 30, 2026, by and between BKV Corporation and Banpu Power US Corporation.	8-K	001-42282	10.1	1/30/26	
10.2+	Sixth Amendment to Credit Agreement, dated as of May 20, 2026, among BKV Corporation as guarantor, BKV Upstream Midstream, LLC, as borrower, certain subsidiaries of BKV Upstream Midstream, LLC, as guarantors, Citibank, N.A., as administrative agent, and the lenders party thereto.	8-K	001-42282	10.1	5/22/26	
31.1	Certification of Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Chief Financial Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document.					X
101.SCH	XBRL Taxonomy Extension Schema Document.					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File (embedded within the inline XBRL document).					X

+ 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.
‡ Certain portions of this exhibit have been redacted pursuant to Item 601(b)(2)(ii) or Item 601(b)(10)(iv), as applicable, of Regulation S-K. The registrant agrees to furnish supplementally an unredacted copy of this exhibit to the SEC upon request.

Signatures

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

BKV Corporation

August 6, 2026	By: /s/ David R. Tameron
	David R. Tameron
	Chief Financial Officer

BKV Corporation

August 6, 2026	By: /s/ Barry S. Turcotte
	Barry S. Turcotte
	Chief Accounting Officer

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Christopher P. Kalnin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BKV Corporation;

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

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

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

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

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: August 6, 2026

/s/ Christopher P. Kalnin

Christopher P. Kalnin

Chief Executive Officer

Principal Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, David R. Tameron, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BKV Corporation;

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

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

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

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

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

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

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

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

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

Date: August 6, 2026

/s/ David R. Tameron

David R. Tameron

Chief Financial Officer

Principal Financial Officer

Exhibit 32.1

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Christopher P. Kalnin, the Chief Executive Officer of BKV Corporation (the "Company"), hereby certify, that, to the best of my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 6, 2026

/s/ Christopher P. Kalnin

Christopher P. Kalnin

Chief Executive Officer

Principal Executive Officer

Exhibit 32.2

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, David R. Tameron, the Chief Financial Officer of BKV Corporation (the "Company"), hereby certify, that, to the best of my knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: August 6, 2026

/s/ David R. Tameron

David R. Tameron

Chief Financial Officer

Principal Financial Officer