

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2022

or

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 001-14039

Callon Petroleum Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware

State or Other Jurisdiction of
Incorporation or Organization

**One Briarlake Plaza
2000 W. Sam Houston Parkway S., Suite 2000
Houston, Texas**

Address of Principal Executive Offices

64-0844345

I.R.S. Employer Identification No.

77042

Zip Code

(281) 589-5200

Registrant's Telephone Number, Including Area Code

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report

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	CPE	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 No

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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

The Registrant had 61,608,521 shares of common stock outstanding as of October 28, 2022.

For certain industry specific terms used in this Form 10-Q, please see “Glossary of Certain Terms” in our Annual Report on Form 10-K for the year ended December 31, 2021 (“2021 Annual Report”).

Table of Contents

Part I. Financial Information	
Item 1. Financial Statements (Unaudited)	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	4
Consolidated Statements of Stockholders’ Equity	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	21
Item 3. Quantitative and Qualitative Disclosures about Market Risk	29
Item 4. Controls and Procedures	30
Part II. Other Information	
Item 1. Legal Proceedings	30
Item 1A. Risk Factors	30
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	30
Item 3. Defaults Upon Senior Securities	30
Item 4. Mine Safety Disclosures	31
Item 5. Other Information	31
Item 6. Exhibits	31

Part I. Financial Information
Item 1. Financial Statements

Callon Petroleum Company
Consolidated Balance Sheets
(In thousands, except par and share amounts)
(Unaudited)

	September 30, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$4,350	\$9,882
Accounts receivable, net	285,591	232,436
Fair value of derivatives	14,744	22,381
Other current assets	46,243	30,745
Total current assets	350,928	295,444
Oil and natural gas properties, full cost accounting method:		
Evaluated properties, net	3,789,530	3,352,821
Unevaluated properties	1,847,912	1,812,827
Total oil and natural gas properties, net	5,637,442	5,165,648
Other property and equipment, net	26,071	28,128
Deferred financing costs	13,504	18,125
Other assets, net	71,994	40,158
Total assets	\$6,099,939	\$5,547,503
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$594,279	\$569,991
Fair value of derivatives	48,697	185,977
Other current liabilities	151,021	116,523
Total current liabilities	793,997	872,491
Long-term debt	2,373,358	2,694,115
Asset retirement obligations	59,583	54,458
Fair value of derivatives	9,604	11,409
Other long-term liabilities	54,395	49,262
Total liabilities	3,290,937	3,681,735
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value, 130,000,000 and 78,750,000 shares authorized; 61,607,450 and 61,370,684 shares outstanding, respectively	616	614
Capital in excess of par value	4,018,241	4,012,358
Accumulated deficit	(1,209,855)	(2,147,204)
Total stockholders' equity	2,809,002	1,865,768
Total liabilities and stockholders' equity	\$6,099,939	\$5,547,503

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

Callon Petroleum Company
Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating Revenues:				
Oil	\$575,852	\$409,293	\$1,748,913	\$1,009,780
Natural gas	81,018	36,519	189,907	84,819
Natural gas liquids	67,548	58,097	210,696	124,079
Sales of purchased oil and gas	111,459	48,653	377,199	134,164
Total operating revenues	835,877	552,562	2,526,715	1,352,842
Operating Expenses:				
Lease operating	76,121	42,706	216,389	129,619
Production and ad valorem taxes	43,290	26,070	125,841	66,467
Gathering, transportation and processing	27,575	20,875	71,617	58,887
Cost of purchased oil and gas	111,439	49,392	378,107	139,558
Depreciation, depletion and amortization	122,833	89,890	335,221	244,005
General and administrative	14,022	9,503	42,052	37,367
Merger, integration and transaction	—	3,018	769	3,018
Total operating expenses	395,280	241,454	1,169,996	678,921
Income From Operations	440,597	311,108	1,356,719	673,921
Other (Income) Expenses:				
Interest expense, net of capitalized amounts	19,468	27,736	61,717	76,786
(Gain) loss on derivative contracts	(134,850)	107,169	305,098	512,155
(Gain) loss on extinguishment of debt	—	(2,420)	42,417	(2,420)
Other (income) expense	2,861	4,305	3,130	6,583
Total other (income) expense	(112,521)	136,790	412,362	593,104
Income Before Income Taxes	553,118	174,318	944,357	80,817
Income tax expense	(3,515)	(2,416)	(7,008)	(1,017)
Net Income	\$549,603	\$171,902	\$937,349	\$79,800
Net Income Per Common Share:				
Basic	\$8.91	\$3.71	\$15.21	\$1.77
Diluted	\$8.88	\$3.65	\$15.14	\$1.69
Weighted Average Common Shares Outstanding:				
Basic	61,703	46,290	61,624	45,063
Diluted	61,870	47,096	61,927	47,119

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

Callon Petroleum Company
Consolidated Statements of Stockholders' Equity
(In thousands)
(Unaudited)

	Common Stock		Capital in Excess of Par	Accumulated Deficit	Total Stockholders' Equity
	Shares	\$			
Balance at December 31, 2021	61,371	\$614	\$4,012,358	(\$2,147,204)	\$1,865,768
Net income	—	—	—	39,737	39,737
Restricted stock units	6	—	2,790	—	2,790
Common stock issued for Primexx Acquisition	117	1	6,294	—	6,295
Balance at March 31, 2022	61,494	\$615	\$4,021,442	(\$2,107,467)	\$1,914,590
Net income	—	—	—	348,009	348,009
Restricted stock units	244	2	(1,901)	—	(1,899)
Common stock issued for Primexx Acquisition	(22)	—	(1,363)	—	(1,363)
Balance at June 30, 2022	61,716	\$617	\$4,018,178	(\$1,759,458)	\$2,259,337
Net income	—	—	—	549,603	549,603
Restricted stock units	1	—	3,893	—	3,893
Common stock issued for Primexx Acquisition	(110)	(1)	(3,830)	—	(3,831)
Balance at September 30, 2022	61,607	\$616	\$4,018,241	(\$1,209,855)	\$2,809,002
	Common Stock		Capital in Excess of Par	Accumulated Deficit	Total Stockholders' Equity
	Shares	\$			
Balance at December 31, 2020	39,759	\$398	\$3,222,959	(\$2,512,355)	\$711,002
Net loss	—	—	—	(80,407)	(80,407)
Restricted stock units	13	—	2,609	—	2,609
Warrant exercises	6,385	64	134,754	—	134,818
Balance at March 31, 2021	46,157	\$462	\$3,360,322	(\$2,592,762)	\$768,022
Net loss	—	—	—	(11,695)	(11,695)
Restricted stock units	132	1	960	—	961
Balance at June 30, 2021	46,289	\$463	\$3,361,282	(\$2,604,457)	\$757,288
Net income	—	—	—	171,902	171,902
Restricted stock units	2	—	3,839	—	3,839
Balance at September 30, 2021	46,291	\$463	\$3,365,121	(\$2,432,555)	\$933,029

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

Callon Petroleum Company
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income	\$937,349	\$79,800
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	335,221	244,005
Amortization of non-cash debt related items, net	4,263	7,166
Deferred income tax expense	1,626	—
(Gain) loss on derivative contracts	305,098	512,155
Cash paid for commodity derivative settlements, net	(433,518)	(238,378)
(Gain) loss on extinguishment of debt	42,417	(2,420)
Non-cash expense related to share-based awards	1,055	11,984
Other, net	8,704	11,006
Changes in current assets and liabilities:		
Accounts receivable	(58,915)	(83,227)
Other current assets	(12,229)	(8,701)
Accounts payable and accrued liabilities	(8,693)	74,443
Cash received for settlements of contingent consideration arrangements, net	6,492	—
Net cash provided by operating activities	1,128,870	607,833
Cash flows from investing activities:		
Capital expenditures	(754,225)	(427,552)
Acquisition of oil and gas properties	(18,114)	(67,236)
Proceeds from sales of assets	9,313	35,415
Cash paid for settlement of contingent consideration arrangement	(19,171)	—
Other, net	13,497	4,206
Net cash used in investing activities	(768,700)	(455,167)
Cash flows from financing activities:		
Borrowings on Prior Credit Facility	2,535,000	1,236,500
Payments on Prior Credit Facility	(2,684,000)	(1,498,500)
Issuance of 7.50% Senior Notes due 2030	600,000	—
Redemption of 6.125% Senior Notes due 2024	(467,287)	—
Redemption of 9.00% Second Lien Senior Secured Notes due 2025	(339,507)	—
Redemption of 6.25% Senior Notes	—	(542,755)
Issuance of 8.00% Senior Notes due 2028	—	650,000
Cash received for settlement of contingent consideration arrangement	8,512	—
Payment of deferred financing costs	(11,623)	(12,168)
Other, net	(6,797)	(2,280)
Net cash used in financing activities	(365,702)	(169,203)
Net change in cash and cash equivalents	(5,532)	(16,537)
Balance, beginning of period	9,882	20,236
Balance, end of period	\$4,350	\$3,699

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

Index to the Notes to the Consolidated Financial Statements

1. Description of Business and Basis of Presentation	8. Fair Value Measurements
2. Revenue Recognition	9. Income Taxes
3. Acquisitions and Divestitures	10. Share-Based Compensation
4. Property and Equipment, Net	11. Accounts Receivable, Net
5. Earnings Per Share	12. Accounts Payable and Accrued Liabilities
6. Borrowings	13. Supplemental Cash Flow
7. Derivative Instruments and Hedging Activities	14. Subsequent Events

Note 1 - Description of Business and Basis of Presentation

Description of Business

Callon Petroleum Company is an independent oil and natural gas company focused on the acquisition, exploration and development of high-quality assets in the leading oil plays of South and West Texas. As used herein, the “Company,” “Callon,” “we,” “us,” and “our” refer to Callon Petroleum Company and its predecessors and subsidiaries unless the context requires otherwise.

The Company’s activities are primarily focused on horizontal development in the Midland and Delaware Basins, both of which are part of the larger Permian Basin in West Texas, as well as the Eagle Ford in South Texas. The Company’s primary operations in the Permian reflect a high-return, oil-weighted drilling inventory with multiple prospective horizontal development intervals and are complemented by a well-established and repeatable cash flow-generating business in the Eagle Ford.

Basis of Presentation

The accompanying unaudited interim consolidated financial statements include the accounts of the Company after elimination of intercompany transactions and balances. These financial statements have been prepared pursuant to the rules and regulations of the SEC and therefore do not include all disclosures required for financial statements prepared in conformity with GAAP. In the opinion of management, these financial statements reflect all normal, recurring adjustments and accruals considered necessary to present fairly, in all material respects, the Company’s interim financial position, results of operations and cash flows. However, the results of operations for the periods presented are not necessarily indicative of the results of operations that may be expected for the full year. Certain reclassifications have been made to prior period amounts to conform to the current period presentation. Such reclassifications did not have a material impact on prior period financial statements.

Significant Accounting Policies

The Company’s significant accounting policies are described in “Note 2 - Summary of Significant Accounting Policies” of the Notes to Consolidated Financial Statements in its 2021 Annual Report and are supplemented by the notes included in this Quarterly Report on Form 10-Q. The financial statements and related notes included in this report should be read in conjunction with the Company’s 2021 Annual Report.

Recently Adopted Accounting Standards

In August 2020, the FASB issued ASU No. 2020-06, Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity’s Own Equity (Subtopic 815-40) (“ASU 2020-06”). ASU 2020-06 was issued to reduce the complexity associated with accounting for certain financial instruments with characteristics of liabilities and equity. The guidance is to be applied using either a modified retrospective or a fully retrospective method. ASU 2020-06 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company adopted ASU 2020-06 on January 1, 2022. The adoption of ASU 2020-06 did not have a material impact to the Company’s consolidated financial statements or disclosures.

Recently Issued Accounting Standards

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting (“ASU 2020-04”) followed by ASU No. 2021-01, Reference Rate Reform (Topic 848): Scope (“ASU 2021-01”), issued in January 2021 to provide clarifying guidance regarding the scope of Topic 848. ASU 2020-04 was issued to provide optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. Generally, the guidance is to be applied as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. ASU 2020-04 and ASU 2021-01 are effective for all entities through December 31, 2022. In April 2022, the FASB proposed to extend the effective date through December 31, 2024; however, a final ruling has not been issued. As of September 30, 2022, the Company has not elected to use the optional guidance and continues to evaluate the options provided by ASU 2020-04 and ASU 2021-01. Please refer to “Note 6 – Borrowings” for discussion of the use of the adjusted LIBO rate in connection with borrowings under the Company’s Prior Credit Facility (as defined below) prior to the amendment and restatement thereof in October 2022.

Subsequent Events

The Company evaluates subsequent events through the date the financial statements are issued. See “Note 14 - Subsequent Events” for further discussion.

Note 2 - Revenue Recognition

Revenue from Contracts with Customers

The Company recognizes oil, natural gas, and NGL production revenue at the point in time when control of the product transfers to the purchaser, which differs depending on the applicable contractual terms. Transfer of control also drives the presentation of gathering, transportation and processing in the consolidated statements of operations. See “Note 3 - Revenue Recognition” of the Notes to Consolidated Financial Statements in the 2021 Annual Report for more information regarding the types of contracts under which oil, natural gas, and NGL production revenue is generated.

Accounts Receivable from Revenues from Contracts with Customers

Net accounts receivable include amounts billed and currently due from revenues from contracts with customers of our oil and natural gas production, which had a balance at September 30, 2022 and December 31, 2021 of \$219.7 million and \$171.8 million, respectively, and are presented in “Accounts receivable, net” in the consolidated balance sheets.

Prior Period Performance Obligations

The Company records revenue in the month production is delivered to the purchaser. However, settlement statements for sales may not be received for 30 to 90 days after the date production is delivered, and as a result, the Company is required to estimate the amount of production delivered to the purchaser and the price that will be received for the sale of the product. The Company records the differences between estimates and the actual amounts received for product sales in the month that payment is received from the purchaser. The Company has existing internal controls for its revenue estimation process and related accruals, and any identified differences between its revenue estimates and actual revenue received historically have not been significant.

Note 3 - Acquisitions and Divestitures

2021 Acquisitions and Divestitures

Primexx Acquisition

On October 1, 2021, the Company closed on the acquisition of certain producing oil and gas properties, undeveloped acreage and associated infrastructure assets in the Delaware Basin from Primexx Resource Development, LLC (“Primexx”) and BPP Acquisition, LLC (“BPP”) for an adjusted purchase price of approximately \$444.8 million in cash, inclusive of the deposit paid at signing, 8.84 million shares of the Company’s common stock and approximately \$25.2 million paid upon final closing for total consideration of \$880.8 million (the “Primexx Acquisition”), subject to potential adjustments for applicable indemnification claims as discussed below. The Company funded the cash portion of the total consideration with borrowings under its credit facility. Of the 8.84 million shares of the Company’s common stock issued upon closing, 2.6 million shares were held in escrow pursuant to the purchase and sale agreements with Primexx and BPP (collectively, the “Primexx PSAs”). Pursuant to the Primexx PSAs, 1.3 million of the shares held in escrow were released to the sellers six months after the closing date, which was on April 1, 2022. In early October 2022, the remaining 1.2 million shares were released to the sellers, net of shares that were released to the Company for the satisfaction of indemnification claims made under the Primexx PSAs and subsequently retired.

Also, pursuant to the Primexx PSAs, certain interest owners exercised their option to sell their interest in the properties included in the Primexx Acquisition to the Company for consideration structured similarly to the Primexx Acquisition, for an incremental purchase price totaling approximately \$31.8 million, net of customary purchase price adjustments, of which \$10.7 million closed during the first quarter of 2022.

The Primexx Acquisition was accounted for as a business combination; therefore, the purchase price was allocated to the assets acquired and the liabilities assumed based on their estimated acquisition date fair values with information available at that time. A combination of a discounted cash flow model and market data was used by a third-party specialist in determining the fair value of the oil and gas properties. Significant inputs into the calculation included future commodity prices, estimated volumes of oil and gas reserves, expectations for timing and amount of future development and operating costs, future plugging and abandonment costs and a risk adjusted discount rate. The Company does not anticipate any further changes to the purchase price allocation and expects to complete in the fourth quarter of 2022.

The following table sets forth the Company's preliminary allocation of the total estimated consideration of \$908.9 million to the assets acquired and liabilities assumed as of the acquisition date.

	Preliminary Purchase Price Allocation
	(In thousands)
Assets:	
Other current assets	\$8,174
Evaluated oil and natural gas properties	695,838
Unevaluated properties	278,370
Total assets acquired	\$982,382
Liabilities:	
Suspense payable	\$16,447
Other current liabilities	45,745
Asset retirement obligation	1,898
Other long-term liabilities	9,425
Total liabilities assumed	\$73,515
Total consideration	\$908,867

Approximately \$137.6 million and \$446.1 million of revenues and \$39.2 million and \$104.9 million of direct operating expenses attributed to the Primexx Acquisition are included in the Company's consolidated statements of operations for the three and nine months ended September 30, 2022, respectively.

Pro Forma Operating Results (Unaudited). The following unaudited pro forma combined condensed financial data for the year ended December 31, 2021 was derived from the historical financial statements of the Company giving effect to the Primexx Acquisition, as if it had occurred on January 1, 2020. The below information reflects pro forma adjustments for the issuance of the Company's common stock and the borrowings under the credit facility as total consideration, as well as pro forma adjustments based on available information and certain assumptions that the Company believes provide a reasonable basis for reflecting the significant pro forma effects directly attributable to the Primexx Acquisition.

The pro forma consolidated statements of operations data has been included for comparative purposes only and is not necessarily indicative of the results that might have occurred had the Primexx Acquisition taken place on January 1, 2020 and is not intended to be a projection of future results.

	For the Year Ended December 31, 2021
	(In thousands)
Revenues	\$2,294,893
Income from operations	1,151,493
Net income	482,690
Basic earnings per common share	\$8.37
Diluted earnings per common share	\$8.13

Non-Core Asset Divestitures

During 2021, we completed divestitures of certain non-core assets in the Delaware Basin, Midland Basin, and Eagle Ford Shale as well as the divestiture of certain non-core water infrastructure for total net proceeds of \$179.9 million. The aggregate net proceeds for each of the 2021 divestitures were recognized as a reduction of evaluated oil and gas properties with no gain or loss recognized as the divestitures did not significantly alter the relationship between capitalized costs and estimated proved reserves. For additional discussion, see "Note 4 - Acquisitions and Divestitures" of the Notes to Consolidated Financial Statements in the 2021 Annual Report.

Note 4 - Property and Equipment, Net

As of September 30, 2022 and December 31, 2021, total property and equipment, net consisted of the following:

	September 30, 2022	December 31, 2021
	(In thousands)	
Oil and natural gas properties, full cost accounting method		
Evaluated properties	\$10,004,257	\$9,238,823
Accumulated depreciation, depletion, amortization and impairments	(6,214,727)	(5,886,002)
Evaluated properties, net	3,789,530	3,352,821
Unevaluated properties		
Unevaluated leasehold and seismic costs	1,525,085	1,557,453
Capitalized interest	322,827	255,374
Total unevaluated properties	1,847,912	1,812,827
Total oil and natural gas properties, net	\$5,637,442	\$5,165,648
Other property and equipment	\$40,094	\$58,367
Accumulated depreciation	(14,023)	(30,239)
Other property and equipment, net	\$26,071	\$28,128

The Company capitalized internal costs of employee compensation and benefits, including share-based compensation, directly associated with acquisition, exploration and development activities totaling \$12.7 million and \$10.4 million for the three months ended September 30, 2022 and 2021, respectively, and \$35.6 million and \$33.7 million for the nine months ended September 30, 2022 and 2021, respectively.

The Company capitalized interest costs to unproved properties totaling \$27.5 million and \$26.1 million for the three months ended September 30, 2022 and 2021, respectively, and \$79.3 million and \$74.0 million for the nine months ended September 30, 2022 and 2021, respectively.

Note 5 - Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares outstanding for the periods presented. The calculation of diluted earnings per share includes the potential dilutive impact of non-vested restricted stock units and unexercised warrants outstanding during the periods presented, as calculated using the treasury stock method, unless their effect is anti-dilutive.

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands, except per share amounts)			
Net Income	\$549,603	\$171,902	\$937,349	\$79,800
Basic weighted average common shares outstanding	61,703	46,290	61,624	45,063
Dilutive impact of restricted stock units	167	305	303	244
Dilutive impact of warrants	—	501	—	1,812
Diluted weighted average common shares outstanding	61,870	47,096	61,927	47,119
Net Income Per Common Share				
Basic	\$8.91	\$3.71	\$15.21	\$1.77
Diluted	\$8.88	\$3.65	\$15.14	\$1.69
Restricted stock units ⁽¹⁾	100	8	28	28
Warrants ⁽¹⁾	481	481	416	481

(1) Shares excluded from the diluted earnings per share calculation because their effect would be anti-dilutive.

Note 6 - Borrowings

The Company's borrowings consisted of the following:

	September 30, 2022	December 31, 2021
	(In thousands)	
6.125% Senior Notes due 2024	\$—	\$460,241
Senior Secured Revolving Credit Facility due 2024 ⁽¹⁾	636,000	785,000
9.00% Second Lien Senior Secured Notes due 2025	—	319,659
8.25% Senior Notes due 2025	187,238	187,238
6.375% Senior Notes due 2026	320,783	320,783
8.00% Senior Notes due 2028	650,000	650,000
7.50% Senior Notes due 2030	600,000	—
Total principal outstanding	2,394,021	2,722,921
Unamortized premium on 6.125% Senior Notes	—	2,373
Unamortized discount on 9.00% Second Lien Notes	—	(14,852)
Unamortized premium on 8.25% Senior Notes	1,905	2,477
Unamortized deferred financing costs for 9.00% Second Lien Notes	—	(2,910)
Unamortized deferred financing costs for Senior Unsecured Notes	(22,568)	(15,894)
Total carrying value of borrowings ⁽²⁾	\$2,373,358	\$2,694,115

(1) On October 19, 2022, the Company entered into the Credit Agreement, as defined below, which extended the maturity date from 2024 to 2027. See below for additional details.

(2) Excludes unamortized deferred financing costs related to the Company's senior secured revolving credit facility of \$ 13.5 million and \$18.1 million as of September 30, 2022 and December 31, 2021, respectively, which are classified in "Deferred financing costs" in the consolidated balance sheets.

Senior Secured Revolving Credit Facility

As of September 30, 2022, the Company had a senior secured revolving credit facility with a syndicate of lenders (the "Prior Credit Facility") that had a maximum credit amount of \$5.0 billion, a borrowing base and elected commitment amount of \$1.6 billion, with borrowings outstanding of \$636.0 million at a weighted-average interest rate of 5.30%, and letters of credit outstanding of \$16.4 million. The credit agreement governing the Prior Credit Facility provided for interest-only payments until December 20, 2024 when the credit agreement was to mature and any outstanding borrowings would have been due.

Borrowings outstanding under the credit agreement governing the Prior Credit Facility bear interest at the Company's option at either (i) a base rate for a base rate loan plus a margin between 1.00% to 2.00%, where the base rate is defined as the greatest of the prime rate, the federal funds rate plus 0.50% and the adjusted LIBO rate plus 1.00%, or (ii) an adjusted LIBO rate for a Eurodollar loan plus a margin between 2.00% to 3.00%. The Company also incurs commitment fees at rates ranging between 0.375% to 0.500% on the unused portion of lender commitments, which are included in "Interest expense, net of capitalized amounts" in the consolidated statements of operations.

On October 19, 2022, the Company entered into the Amended & Restated Credit Agreement (the "Credit Agreement") and the senior secured revolving credit facility thereunder, the "Credit Facility") on substantially similar terms as those in the credit agreement governing the Prior Credit Facility. The Credit Agreement, among other things, extended the term to provide for interest-only payments until October 19, 2027 when the Credit Agreement matures and any outstanding borrowings are due, established a borrowing base of \$2.0 billion, with an elected commitment amount of \$1.5 billion, replaced all provisions and related definitions regarding LIBOR with a Secured Overnight Financing Rate based benchmark rate ("SOFR"), and decreased the maximum leverage ratio from 4.00 to 1.00 to 3.50 to 1.00.

Borrowings outstanding under the credit agreement governing the Credit Facility bear interest at the Company's option at either (i) a base rate for a base rate loan plus a margin between 0.75% to 1.75%, where the base rate is defined as the greatest of the prime rate, the federal funds rate plus 0.50%, and the SOFR plus 0.1% ("Adjusted SOFR") for a one month period plus 1.00%, or (ii) an Adjusted SOFR plus a margin between 1.75% to 2.75%. There were no changes to the commitment fee rates on the unused portion of lender commitments in the Credit Agreement.

The borrowing base under the credit agreement is subject to regular redeterminations in the spring and fall of each year, as well as special redeterminations described in the credit agreement, which in each case may reduce the amount of the borrowing base. The Credit Facility is, and the Prior Credit Facility was, secured by first preferred mortgages covering the Company's major producing properties.

Issuance of 7.50% Senior Notes and Redemption of 6.125% Senior Notes and 9.00% Second Lien Notes

On June 24, 2022, the Company issued and sold \$600.0 million in aggregate principal amount of 7.50% senior unsecured notes due 2030 (the “7.50% Senior Notes”) in a private placement for proceeds of approximately \$588.0 million, net of initial purchasers’ discounts and commissions. Also on June 24, 2022, the Company used the proceeds from the offering of the 7.50% Senior Notes, along with borrowings under its credit facility, to redeem all of its outstanding 6.125% Senior Notes and 9.00% Second Lien Notes (the “Second Lien Notes”). The Company recognized a loss on extinguishment of debt of approximately \$42.4 million in its consolidated statements of operations as a result of the redemptions.

Covenants

The Company’s Credit Facility and the indentures governing the 8.25% Senior Notes, the 6.375% Senior Notes, the 8.00% Senior Notes, and the 7.50% Senior Notes (collectively, the “Senior Unsecured Notes”) limit the Company and certain of its subsidiaries with respect to the amount of additional indebtedness, liens, dividends and other payments to shareholders, repurchases or redemptions of the Company’s common stock, redemptions of senior notes, investments, acquisitions, mergers, asset dispositions, transactions with affiliates, hedging transactions and other matters, along with maintenance of certain financial ratios.

Under the credit agreement governing the Credit Facility, the Company must maintain the following financial covenants determined as of the last day of the quarter: (1) a Leverage Ratio (as defined in the credit agreement governing the Credit Facility) of no more than 3.50 to 1.00 and (2) a Current Ratio (as defined in the credit agreement governing the Credit Facility) of not less than 1.00 to 1.00. The Company was in compliance with these covenants at September 30, 2022.

The credit agreement and indentures are subject to customary events of default. If an event of default occurs and is continuing, the holders or lenders may elect to accelerate amounts due (except in the case of a bankruptcy event of default, in which case such amounts will automatically become due and payable).

Note 7 - Derivative Instruments and Hedging Activities

Objectives and Strategies for Using Derivative Instruments

The Company is exposed to fluctuations in oil, natural gas and NGL prices received for its production. Consequently, the Company believes it is prudent to manage the variability in cash flows on a portion of its oil, natural gas and NGL production. The Company utilizes a mix of collars, swaps, and put and call options to manage fluctuations in cash flows resulting from changes in commodity prices. The Company does not use these instruments for speculative or trading purposes.

Counterparty Risk and Offsetting

The Company typically has numerous commodity derivative instruments outstanding with a counterparty that were executed at various dates, for various contract types, commodities and time periods. This often results in both commodity derivative asset and liability positions with that counterparty. The Company nets its commodity derivative instrument fair values executed with the same counterparty to a single asset or liability pursuant to International Swap Dealers Association Master Agreements, which provide for net settlement over the term of the contract and in the event of default or termination of the contract. In general, if a party to a derivative transaction incurs an event of default, as defined in the applicable agreement, the other party will have the right to demand the posting of collateral, demand a cash payment transfer or terminate the arrangement.

As of September 30, 2022, the Company has outstanding commodity derivative instruments with nine counterparties to minimize its credit exposure to any individual counterparty. All of the counterparties to the Company’s commodity derivative instruments are also lenders under the Company’s credit facility. Therefore, each of the Company’s counterparties allow the Company to satisfy any need for margin obligations associated with commodity derivative instruments where the Company is in a net liability position with the collateral securing the credit agreement, thus eliminating the need for independent collateral posting.

Because each of the Company’s counterparties has an investment grade credit rating, the Company believes it does not have significant credit risk and accordingly does not currently require its counterparties to post collateral to support the net asset positions of its commodity derivative instruments. Although the Company does not currently anticipate nonperformance from its counterparties, it continually monitors the credit ratings of each counterparty.

While the Company monitors counterparty creditworthiness on an ongoing basis, it cannot predict sudden changes in counterparties’ creditworthiness. In addition, even if such changes are not sudden, the Company may be limited in its ability to mitigate an increase in counterparty credit risk. Should one of these counterparties not perform, the Company may not realize the benefit of some of its derivative instruments under lower commodity prices while continuing to be obligated under higher commodity price contracts subject to any right of offset under the agreements. Counterparty credit risk is considered when determining the fair value of a derivative instrument. See “Note 8 - Fair Value Measurements” for further discussion.

Contingent Consideration Arrangements

The Company met certain oil pricing thresholds for 2021 associated with certain contingent consideration arrangements described in “Note 8 - Derivative Instruments and Hedging Activities” of the Notes to Consolidated Financial Statements in its 2021 Annual Report. Cash received or paid for settlements of contingent consideration arrangements are classified as cash flows from financing activities or cash flows from investing activities, respectively, up to the divestiture or acquisition date fair value, respectively, with any excess classified as cash flows from operating activities. As a result, the Company received \$ 20.8 million, of which \$8.5 million is presented in cash flows from financing activities with the remaining \$12.3 million presented in cash flows from operating activities, and paid \$25.0 million, of which \$19.2 million is presented in cash flows from investing activities with the remaining \$5.8 million presented in cash flows from operating activities, in the first quarter of 2022. Both of these contingent consideration arrangements expired at the end of 2021.

Financial Statement Presentation and Settlements

The Company records its derivative instruments at fair value in the consolidated balance sheets and records changes in fair value, as well as settlements during the period, as “(Gain) loss on derivative contracts” in the consolidated statements of operations. The Company presents the fair value of derivative contracts on a net basis in the consolidated balance sheets as they are subject to master netting arrangements. The following presents the impact of this presentation to the Company’s recognized assets and liabilities for the periods indicated:

	As of September 30, 2022		
	Presented without Effects of Netting	Effects of Netting	As Presented with Effects of Netting
	(In thousands)		
Derivative Assets			
Fair value of derivatives - current	\$74,016	(\$59,272)	\$14,744
Other assets, net	\$13,520	(\$12,131)	\$1,389
Derivative Liabilities			
Fair value of derivatives - current	(\$107,969)	\$59,272	(\$48,697)
Fair value of derivatives - non-current	(\$21,735)	\$12,131	(\$9,604)
	As of December 31, 2021		
	Presented without Effects of Netting	Effects of Netting	As Presented with Effects of Netting
	(In thousands)		
Assets			
Commodity derivative instruments	\$25,469	(\$23,921)	\$1,548
Contingent consideration arrangements	20,833	—	20,833
Fair value of derivatives - current	\$46,302	(\$23,921)	\$22,381
Commodity derivative instruments	\$1,119	(\$869)	\$250
Contingent consideration arrangements	—	—	—
Other assets, net	\$1,119	(\$869)	\$250
Liabilities			
Commodity derivative instruments ⁽¹⁾	(\$184,898)	\$23,921	(\$160,977)
Contingent consideration arrangements	(25,000)	—	(25,000)
Fair value of derivatives - current	(\$209,898)	\$23,921	(\$185,977)
Commodity derivative instruments	(\$12,278)	\$869	(\$11,409)
Contingent consideration arrangements	—	—	—
Fair value of derivatives - non-current	(\$12,278)	\$869	(\$11,409)

(1) Includes approximately \$2.9 million of deferred premiums, which will be paid as the applicable contracts settle.

The components of “(Gain) loss on derivative contracts” are as follows for the respective periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
(Gain) loss on oil derivatives	(\$157,731)	\$67,198	\$243,527	\$393,792
Loss on natural gas derivatives	22,881	33,026	56,800	48,539
Loss on NGL derivatives	—	10,242	4,771	15,114
Gain on contingent consideration arrangements	—	(3,297)	—	(680)
Loss on September 2020 Warrants liability ⁽¹⁾	—	—	—	55,390
(Gain) loss on derivative contracts	(\$134,850)	\$107,169	\$305,098	\$512,155

(1) Further details of the Company’s September 2020 Warrants and the loss on the associated September 2020 Warrants liability are described in “Note 7 - Borrowings”, “Note 8 - Derivative Instruments and Hedging Activities” and “Note 9 - Fair Value Measurements” of the Notes to Consolidated Financial Statements in its 2021 Annual Report.

The components of “Cash paid for commodity derivative settlements, net” and “Cash received (paid) for settlements of contingent consideration arrangements, net” are as follows for the respective periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
Cash flows from operating activities				
Cash paid on oil derivatives	(\$117,024)	(\$98,752)	(\$374,711)	(\$221,112)
Cash paid on natural gas derivatives	(28,572)	(9,592)	(55,024)	(12,867)
Cash paid on NGL derivatives	—	(2,463)	(3,783)	(4,399)
Cash paid for commodity derivative settlements, net	(\$145,596)	(\$110,807)	(\$433,518)	(\$238,378)
Cash received for settlements of contingent consideration arrangements, net	\$—	\$—	\$6,492	\$—
Cash flows from investing activities				
Cash paid for settlement of contingent consideration arrangement	\$—	\$—	(\$19,171)	\$—
Cash flows from financing activities				
Cash received for settlement of contingent consideration arrangement	\$—	\$—	\$8,512	\$—

Derivative Positions

Listed in the tables below are the outstanding oil and natural gas derivative contracts as of September 30, 2022:

	For the Remainder 2022	For the Full Year 2023	For the Full Year 2024
Oil Contracts (WTI)			
Swap Contracts			
Total volume (Bbls)	1,978,000	1,722,500	—
Weighted average price per Bbl	\$67.29	\$81.46	\$—
Collar Contracts (Three-Way Collars)			
Total volume (Bbls)	—	1,825,000	—
Weighted average price per Bbl			
Ceiling (short call)	\$—	\$90.00	\$—
Floor (long put)	\$—	\$70.00	\$—
Floor (short put)	\$—	\$50.00	\$—
Collar Contracts (Two-Way Collars)			
Total volume (Bbls)	1,196,000	2,730,000	—
Weighted average price per Bbl			
Ceiling (short call)	\$70.12	\$87.15	\$—
Floor (long put)	\$60.00	\$71.92	\$—
Short Call Swaption Contracts ⁽¹⁾			
Total volume (Bbls)	—	—	1,830,000
Weighted average price per Bbl	\$—	\$—	\$80.30
Oil Contracts (Midland Basis Differential)			
Swap Contracts			
Total volume (Bbls)	598,000	—	—
Weighted average price per Bbl	\$0.50	\$—	\$—

(1) The 2024 short call swaption contracts have exercise expiration dates of December 29, 2023.

	For the Remainder 2022	For the Full Year 2023
Natural Gas Contracts (Henry Hub)		
Swap Contracts		
Total volume (MMBtu)	1,550,000	—
Weighted average price per MMBtu	\$3.62	\$—
Collar Contracts		
Total volume (MMBtu)	3,670,000	6,640,000
Weighted average price per MMBtu		
Ceiling (short call)	\$6.91	\$6.60
Floor (long put)	\$4.67	\$4.48
Natural Gas Contracts (Waha Basis Differential)		
Swap Contracts		
Total volume (MMBtu)	1,220,000	6,080,000
Weighted average price per MMBtu	(\$0.75)	(\$0.75)

Note 8 - Fair Value Measurements

Accounting guidelines for measuring fair value establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

Level 1 – Observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Other inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

Fair Value of Financial Instruments

Cash, Cash Equivalents, and Restricted Investments. The carrying amounts for these instruments approximate fair value due to the short-term nature or maturity of the instruments.

Debt. The carrying amount of borrowings outstanding under the credit facility approximates fair value as the borrowings bear interest at variable rates and are reflective of market rates. The following table presents the principal amounts of the Company's Second Lien Notes and Senior Unsecured Notes with the fair values measured using quoted secondary market trading prices which are designated as Level 2 within the valuation hierarchy. See "Note 6 - Borrowings" for further discussion.

	September 30, 2022		December 31, 2021	
	Principal Amount	Fair Value	Principal Amount	Fair Value
	(In thousands)			
6.125% Senior Notes	\$—	\$—	\$460,241	\$455,639
9.00% Second Lien Notes	—	—	319,659	343,633
8.25% Senior Notes	187,238	183,104	187,238	184,429
6.375% Senior Notes	320,783	289,112	320,783	309,556
8.00% Senior Notes	650,000	599,086	650,000	663,000
7.50% Senior Notes	600,000	525,696	—	—
Total	\$1,758,021	\$1,596,998	\$1,937,921	\$1,956,257

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Certain assets and liabilities are reported at fair value on a recurring basis in the consolidated balance sheets. The following methods and assumptions were used to estimate fair value:

Commodity Derivative Instruments. The fair value of commodity derivative instruments is derived using a third-party income approach valuation model that utilizes market-corroborated inputs that are observable over the term of the commodity derivative contract. The Company's fair value calculations also incorporate an estimate of the counterparties' default risk for commodity derivative assets and an estimate of the Company's default risk for commodity derivative liabilities. As the inputs in the model are substantially observable over the term of the commodity derivative contract and there is a wide availability of quoted market prices for similar commodity derivative contracts, the Company designates its commodity derivative instruments as Level 2 within the fair value hierarchy. See "Note 7 - Derivative Instruments and Hedging Activities" for further discussion.

The following tables present the Company's assets and liabilities measured at fair value on a recurring basis as of September 30, 2022 and December 31, 2021:

	September 30, 2022		
	Level 1	Level 2	Level 3
	(In thousands)		
Commodity derivative assets	\$—	\$16,133	\$—
Commodity derivative liabilities	\$—	(\$58,301)	\$—
	December 31, 2021		
	Level 1	Level 2	Level 3
	(In thousands)		
Assets			
Commodity derivative instruments	\$—	\$1,798	\$—
Contingent consideration arrangements	—	20,833	—
Liabilities			
Commodity derivative instruments ⁽¹⁾	—	(172,386)	—
Contingent consideration arrangements	—	(25,000)	—
Total net assets (liabilities)	\$—	(\$174,755)	\$—

(1) Includes approximately \$2.9 million of deferred premiums, which will be paid as the applicable contracts settle.

There were no transfers between any of the fair value levels during any period presented.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Acquisitions. The fair value of assets acquired and liabilities assumed are measured as of the acquisition date by a third-party valuation specialist using a combination of income and market approaches, which are not observable in the market and are therefore designated

as Level 3 inputs. Significant inputs include expected discounted future cash flows from estimated reserve quantities, estimates for timing and costs to produce and develop reserves, oil and natural gas forward prices, and a risk-adjusted discount rate. See “Note 3 - Acquisitions and Divestitures” for additional discussion.

Asset Retirement Obligations. The Company measures the fair value of asset retirement obligations as of the date a well begins drilling or when production equipment and facilities are installed using a discounted cash flow model based on inputs that are not observable in the market and therefore are designated as Level 3 within the valuation hierarchy. Significant inputs to the fair value measurement of asset retirement obligations include estimates of the costs of plugging and abandoning oil and gas wells, removing production equipment and facilities, restoring the surface of the land as well as estimates of the economic lives of the oil and gas wells and future inflation rates.

Note 9 - Income Taxes

The Company provides for income taxes at the statutory rate of 21%. Reported income tax expense differs from the amount of income tax expense that would result from applying domestic federal statutory tax rates to pretax income. These differences primarily relate to non-deductible executive compensation expenses, restricted stock unit windfalls, changes in valuation allowances, and state income taxes.

For both the three and nine months ended September 30, 2022 and 2021, the Company’s effective income tax rates were approximately 1%. The primary differences between the effective tax rates for the three and nine months ended September 30, 2022 and 2021 and the statutory rate resulted from the valuation allowance recorded against the Company’s net deferred tax assets beginning in the second quarter of 2020 and the effect of state income taxes.

Deferred Tax Asset Valuation Allowance

Management monitors company-specific, oil and natural gas industry and worldwide economic factors and assesses the likelihood that the Company’s net deferred tax assets will be utilized prior to their expiration. A significant item of objective negative evidence considered was the cumulative historical three-year pre-tax loss and a net deferred tax asset position at September 30, 2022, driven primarily by the impairments of evaluated oil and gas properties recognized beginning in the second quarter of 2020 and continuing through the fourth quarter of 2020. This limits the ability to consider other subjective evidence such as the Company’s potential for future growth. Since the second quarter of 2020, based on the evaluation of the evidence available, the Company concluded that it is more likely than not that the net deferred tax assets will not be realized. As a result, the Company has recorded a valuation allowance, reducing the net deferred tax assets as of September 30, 2022 to zero.

The Company currently believes it is reasonably possible it could achieve a three-year cumulative level of profitability within the next 12 months, which would enhance its ability to conclude that it is more likely than not that the deferred tax assets would be realized and support a release of substantially all or a portion of the valuation allowance. However, the exact timing and amount of the release is unknown at this time. The Company will continue to evaluate whether the valuation allowance is needed in future reporting periods based on available information each reporting period. As long as the Company continues to conclude that the valuation allowance against its net deferred tax assets is necessary, the Company will have no significant deferred income tax expense or benefit. The valuation allowance does not preclude the Company from utilizing the tax attributes if it recognizes taxable income.

Inflation Reduction Act

On August 16, 2022, the Inflation Reduction Act (the “IRA”) was enacted into law and includes significant changes relating to tax, climate change, energy, and health care. The provisions within the IRA, among other things, include (i) a new 15% corporate alternative minimum tax on corporations with average annual adjusted financial statement income over a three-year period in excess of \$1.0 billion, (ii) a new nondeductible 1% excise tax for the value of certain stock that a company repurchases, and (iii) various tax incentives for energy and climate initiatives. Each of these provisions are effective for tax years beginning after December 31, 2022. The Company is in the process of evaluating the provisions of the IRA and potential impacts, but does not currently believe this will have a material impact on our cash taxes for the 2023 tax year.

Note 10 - Share-Based Compensation

RSU Equity Awards

The following table summarizes activity for restricted stock units that may be settled in common stock (“RSU Equity Awards”) for the nine months ended September 30, 2022:

	Nine Months Ended September 30, 2022	
	RSU Equity Awards (In thousands)	Weighted Average Grant Date Fair Value
Unvested, beginning of the period	968	\$34.04
Granted	358	\$59.78
Vested	(356)	\$35.33
Forfeited	(89)	\$37.90
Unvested, end of the period	881	\$43.60

Grant activity for the nine months ended September 30, 2022 primarily consisted of RSU Equity Awards granted to executives and employees as part of the annual grant of long-term equity incentive awards with a weighted-average grant date fair value of \$59.78.

The aggregate fair value of RSU Equity Awards that vested during the nine months ended September 30, 2022 was \$21.6 million. As of September 30, 2022, unrecognized compensation costs related to unvested RSU Equity Awards were \$27.6 million and will be recognized over a weighted average period of 2.0 years.

Cash-Settled Awards

No restricted stock units that may be settled in cash (“Cash-Settled RSU Awards”) or cash-settled stock appreciation rights (“Cash SARs”) were granted to employees during the three or nine months ended September 30, 2022. The following table summarizes the Company’s liabilities for cash-settled awards and the classification in the consolidated balance sheets for the periods indicated:

	September 30, 2022	December 31, 2021
	(In thousands)	
Cash SARs	\$4,861	\$7,884
Cash-Settled RSU Awards	676	1,382
Other current liabilities	5,537	9,266
Cash-Settled RSU Awards	1,310	6,366
Other long-term liabilities	1,310	6,366
Total Cash-Settled RSU Awards	\$6,847	\$15,632

Share-Based Compensation Expense (Benefit), Net

Share-based compensation expense associated with the RSU Equity Awards, Cash-Settled RSU Awards, and Cash SARs, net of amounts capitalized, is included in “General and administrative” in the consolidated statements of operations. The following table presents share-based compensation expense (benefit), net for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(In thousands)			
RSU Equity Awards	\$3,892	\$3,839	\$11,581	\$9,689
Cash-Settled RSU Awards	(706)	(1,344)	(4,131)	6,105
Cash SARs	(1,445)	(2,006)	(3,023)	6,536
	1,741	489	4,427	22,330
Less: amounts capitalized to oil and gas properties	(1,642)	(1,392)	(3,372)	(10,346)
Total share-based compensation expense (benefit), net	\$99	(\$903)	\$1,055	\$11,984

See “Note 10 - Share-Based Compensation” of the Notes to Consolidated Financial Statements in the 2021 Annual Report for details of the Company’s equity-based incentive plans.

Note 11 - Accounts Receivable, Net

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	(In thousands)	
Oil and natural gas receivables	\$219,700	\$171,837
Joint interest receivables	23,692	13,751
Other receivables	44,427	49,053
Total	287,819	234,641
Allowance for credit losses	(2,228)	(2,205)
Total accounts receivable, net	\$285,591	\$232,436

Note 12 - Accounts Payable and Accrued Liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
	(In thousands)	
Accounts payable	\$170,975	\$151,836
Revenues and royalties payable	304,321	294,143
Accrued capital expenditures	88,394	64,412
Accrued interest	30,589	59,600
Total accounts payable and accrued liabilities	\$594,279	\$569,991

Note 13 - Supplemental Cash Flow

	<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
	(In thousands)	
Supplemental cash flow information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$5,180	\$20,224
Investing cash flows from operating leases	30,812	13,852
Non-cash investing and financing activities:		
Change in accrued capital expenditures	\$13,966	\$17,087
Change in asset retirement costs	3,665	3,381
ROU assets obtained in exchange for lease liabilities:		
Operating leases	\$55,605	\$9,710

Note 14 - Subsequent Events***Amended & Restated Credit Agreement***

On October 19, 2022, the Company entered into the Credit Agreement governing the Credit Facility. See “Note 6 – Borrowings” for additional details.

Special Note Regarding Forward-Looking Statements

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. In some cases, you can identify forward-looking statements in this Form 10-Q by words such as “anticipate,” “project,” “intend,” “estimate,” “expect,” “believe,” “predict,” “budget,” “projection,” “goal,” “plan,” “forecast,” “target” or similar expressions.

All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements, including such things as:

- our oil and natural gas reserve quantities, and the discounted present value of these reserves;
- the amount and nature of our capital expenditures;
- our future drilling and development plans and our potential drilling locations;
- the timing and amount of future capital and operating costs;
- production decline rates from our wells being greater than expected;
- commodity price risk management activities and the impact on our average realized prices;
- business strategies and plans of management;
- our ability to efficiently integrate recent acquisitions; and
- prospect development and property acquisitions.

We caution you that the forward-looking statements contained in this Form 10-Q are subject to all of the risks and uncertainties, many of which are beyond our control, incident to the exploration for and development, production and sale of oil and natural gas. We disclose these and other important factors that could cause our actual results to differ materially from our expectations under “Risk Factors” in Part I, Item 1A of our 2021 Annual Report. These factors include:

- the volatility of oil, natural gas and NGL prices or a prolonged period of low oil, natural gas or NGL prices;
- general economic conditions, including the availability of credit, access to existing lines of credit, inflation and rising interest rates;
- changes in the supply of and demand for oil and natural gas, including as a result of the COVID-19 pandemic and various governmental actions taken to mitigate its impact or actions by, or disputes among, members of OPEC and other oil and natural gas producing countries, such as Russia, with respect to production levels or other matters related to the price of oil;
- the uncertainty of estimates of oil and natural gas reserves;
- impairments;
- the impact of competition;
- the availability and cost of seismic, drilling, completions and other equipment, waste and water disposal infrastructure, and personnel;
- operating hazards inherent in the exploration for and production of oil and natural gas;
- difficulties encountered during the exploration for and production of oil and natural gas;
- the potential impact of future drilling on production from existing wells;
- difficulties encountered in delivering oil and natural gas to commercial markets;
- the uncertainty of our ability to attract capital and obtain financing on favorable terms;
- compliance with, or the effect of changes in, the extensive governmental regulations regarding the oil and natural gas business including those related to climate change and greenhouse gases;
- the impact of government regulation, including regulation of hydraulic fracturing and water disposal wells;
- any increase in severance or similar taxes;
- the financial impact of accounting regulations and critical accounting policies;
- the comparative cost of alternative fuels;
- credit risk relating to the risk of loss as a result of non-performance by our counterparties;
- cyberattacks on the Company or on systems and infrastructure used by the oil and natural gas industry;
- weather conditions; and
- risks associated with acquisitions.

Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. Additional risks or uncertainties that are not currently known to us, that we currently deem to be immaterial, or that could apply to any company could also materially adversely affect our business, financial condition, or future results. Any forward-looking statement speaks only as of the date of which such statement is made and the Company undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

In addition, we caution that reserve engineering is a process of estimating oil and natural gas accumulated underground and cannot be measured exactly. Accuracy of reserve estimates depend on a number of factors including data available at the point in time, engineering interpretation of the data, and assumptions used by the reserve engineers as it relates to price and cost estimates and

recoverability. New results of drilling, testing, and production history may result in revisions of previous estimates and, if significant, would impact future development plans. As such, reserve estimates may differ from actual results of oil and natural gas quantities ultimately recovered.

Except as required by applicable law, all forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

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

The following management’s discussion and analysis describes the principal factors affecting our results of operations, liquidity, capital resources and contractual cash obligations. This discussion should be read in conjunction with the accompanying unaudited consolidated financial statements and our 2021 Annual Report, which include additional information about our business practices, significant accounting policies, risk factors, and the transactions that underlie our financial results.

General

We are an independent oil and natural gas company focused on the acquisition, exploration and development of high-quality assets in the leading oil plays of South and West Texas. Our activities are primarily focused on horizontal development in the Midland and Delaware Basins, both of which are part of the larger Permian Basin in West Texas, as well as the Eagle Ford in South Texas.

Our operating culture is centered on responsible development of hydrocarbon resources, safety and the environment, which we believe strengthens our operational performance. Our drilling activity is predominantly focused on the horizontal development of several prospective intervals in the Permian, including multiple levels of the Wolfcamp formation and the Lower Spraberry shales, and the Eagle Ford. We have assembled a multi-year inventory of potential horizontal well locations and intend to add to this inventory through delineation drilling of emerging zones on our existing acreage and through acquisition of additional locations through working interest acquisitions, leasing programs, acreage purchases, joint ventures and asset swaps.

Recent Developments

On October 19, 2022, we entered into the Credit Agreement governing the Credit Facility on substantially similar terms as those in the credit agreement governing the Prior Credit Facility. The Credit Agreement, among other things, extended maturity until October 19, 2027, established a borrowing base of \$2.0 billion, with an elected commitment amount of \$1.5 billion, replaced all provisions and related definitions regarding LIBOR with a SOFR based benchmark rate, and decreased the maximum leverage ratio from 4.00 to 1.00 to 3.50 to 1.00. See “Note 6 – Borrowings” for additional details.

Third Quarter 2022 Highlights

- Total production for the three months ended September 30, 2022 was 107.3 MBoe/d, an increase of 7% from the three months ended June 30, 2022, primarily due to new wells placed on production during the third quarter of 2022, partially offset by normal production decline. Total production for the nine months ended September 30, 2022 increased 15% from the nine months ended September 30, 2021, primarily due to new wells acquired in the Primexx Acquisition as well as new wells placed on production, partially offset by normal production decline as well as non-core asset divestitures which occurred primarily in the fourth quarter of 2021.
- Operated drilling and completion activity for the three months ended September 30, 2022 along with our drilled but uncompleted and producing wells as of September 30, 2022 are summarized in the table below.

Region	Three Months Ended September 30, 2022				As of September 30, 2022			
	Drilled		Completed		Drilled But Uncompleted		Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Permian	24	22.1	35	30.9	29	26.8	806	710.4
Eagle Ford	3	3.0	11	10.4	—	—	614	553.7
Total	27	25.1	46	41.3	29	26.8	1,420	1,264.1

- Operational capital expenditures, exclusive of leasehold and seismic, for the third quarter of 2022 were \$254.6 million, of which approximately 85% were in the Permian with the remaining balance in the Eagle Ford. See “—Liquidity and Capital Resources—2022 Capital Budget and Funding Strategy” for additional details.
- Recorded net income for the three months ended September 30, 2022 of \$549.6 million, or \$8.88 per diluted share, compared to net income for the three months ended September 30, 2021 of \$171.9 million, or \$3.65 per diluted share. The variance between the periods was driven primarily by an increase in operating revenues in the third quarter of 2022 driven by an approximate 34% increase in the total average realized sales price and an increase of 8% in production volumes compared to the third quarter of 2021 as well as a gain on derivative contracts of \$134.9 million during the third quarter of 2022 compared

to a loss of approximately \$107.2 million during the third quarter of 2021. This increase was partially offset by an increase in operating expenses. See “—Results of Operations” below for further details.

Results of Operations

The following table sets forth certain operating information with respect to the Company’s oil and natural gas operations for the periods indicated:

	Three Months Ended				Nine Months Ended September 30,			
	September 30, 2022	June 30, 2022	Change	% Change	2022	2021	Change	% Change
Total production								
Oil (MBbls)								
Permian	4,567	4,290	277	6 %	13,326	9,748	3,578	37 %
Eagle Ford	1,545	1,299	246	19 %	4,221	5,910	(1,689)	(29 %)
Total oil	6,112	5,589	523	9 %	17,547	15,658	1,889	12 %
Natural gas (MMcf)								
Permian	9,041	8,875	166	2 %	26,506	20,499	6,007	29 %
Eagle Ford	1,616	1,437	179	12 %	4,578	5,614	(1,036)	(18 %)
Total natural gas	10,657	10,312	345	3 %	31,084	26,113	4,971	19 %
NGLs (MBbls)								
Permian	1,702	1,622	80	5 %	4,779	3,606	1,173	33 %
Eagle Ford	283	232	51	22 %	767	940	(173)	(18 %)
Total NGLs	1,985	1,854	131	7 %	5,546	4,546	1,000	22 %
Total production (MBoe)								
Permian	7,776	7,391	385	5 %	22,523	16,771	5,752	34 %
Eagle Ford	2,097	1,771	326	18 %	5,751	7,785	(2,034)	(26 %)
Total barrels of oil equivalent	9,873	9,162	711	8 %	28,274	24,556	3,718	15 %
Total daily production (Boe/d)	107,316	100,685	6,631	7 %	103,569	89,949	13,620	15 %
Oil as % of total daily production	62 %	61 %			62 %	64 %		
Benchmark prices ⁽¹⁾								
WTI (per Bbl)	\$91.64	\$108.42	(\$16.78)	(15 %)	\$98.14	\$64.83	\$33.31	51 %
Henry Hub (per Mcf)	7.91	7.50	0.41	5 %	6.67	3.34	3.33	100 %
Average realized sales price (excluding impact of derivative settlements)								
Oil (per Bbl)								
Permian	\$94.19	\$110.71	(\$16.52)	(15 %)	\$99.62	\$64.00	\$35.62	56 %
Eagle Ford	94.31	111.53	(17.22)	(15 %)	99.84	65.29	34.55	53 %
Total oil	94.22	110.90	(16.68)	(15 %)	99.67	64.49	35.18	55 %
Natural gas (per Mcf)								
Permian	7.53	6.14	1.39	23 %	5.98	3.20	2.78	87 %
Eagle Ford	8.01	7.27	0.74	10 %	6.84	3.44	3.40	99 %
Total natural gas	7.60	6.29	1.31	21 %	6.11	3.25	2.86	88 %
NGL (per Bbl)								
Permian	34.12	41.06	(6.94)	(17 %)	38.34	27.64	10.70	39 %
Eagle Ford	33.49	38.53	(5.04)	(13 %)	35.82	25.96	9.86	38 %
Total NGLs	34.03	40.74	(6.71)	(16 %)	37.99	27.29	10.70	39 %
Total average realized sales price (per Boe)								
Permian	71.54	80.64	(9.10)	(11 %)	74.12	47.05	27.07	58 %
Eagle Ford	80.18	92.75	(12.57)	(14 %)	83.50	55.18	28.32	51 %
Total average realized sales price	\$73.37	\$82.98	(\$9.61)	(12 %)	\$76.02	\$49.63	\$26.39	53 %

	Three Months Ended				Nine Months Ended September 30,			
	September 30, 2022	June 30, 2022	\$ Change	% Change	2022	2021	\$ Change	% Change
Revenues (in thousands)								
Oil								
Permian	\$430,145	\$474,936	(\$44,791)	(9 %)	\$1,327,485	\$623,889	\$703,596	113 %
Eagle Ford	145,707	144,876	831	1 %	421,428	385,891	35,537	9 %
Total oil	575,852	619,812	(43,960)	(7 %)	1,748,913	1,009,780	739,133	73 %
Natural gas								
Permian	68,075	54,469	13,606	25 %	158,613	65,507	93,106	142 %
Eagle Ford	12,943	10,444	2,499	24 %	31,294	19,312	11,982	62 %
Total natural gas	81,018	64,913	16,105	25 %	189,907	84,819	105,088	124 %
NGLs								
Permian	58,069	66,592	(8,523)	(13 %)	183,224	99,672	83,552	84 %
Eagle Ford	9,479	8,938	541	6 %	27,472	24,407	3,065	13 %
Total NGLs	67,548	75,530	(7,982)	(11 %)	210,696	124,079	86,617	70 %
Total revenues								
Permian	556,289	595,997	(39,708)	(7 %)	1,669,322	789,068	880,254	112 %
Eagle Ford	168,129	164,258	3,871	2 %	480,194	429,610	50,584	12 %
Total revenues	\$724,418	\$760,255	(\$35,837)	(5 %)	\$2,149,516	\$1,218,678	\$930,838	76 %
Additional per Boe data								
Lease operating expense								
Permian	\$7.55	\$7.33	\$0.22	3 %	\$7.25	\$4.36	\$2.89	66 %
Eagle Ford	8.31	10.59	(2.28)	(22 %)	9.24	7.25	1.99	27 %
Total lease operating expense	\$7.71	\$7.96	(\$0.25)	(3 %)	\$7.65	\$5.28	\$2.37	45 %
Production and ad valorem taxes								
Permian	\$4.27	\$4.66	(\$0.39)	(8 %)	\$4.29	\$2.56	\$1.73	68 %
Eagle Ford	4.79	5.89	(1.10)	(19 %)	5.14	3.01	2.13	71 %
Total production and ad valorem taxes	\$4.38	\$4.90	(\$0.52)	(11 %)	\$4.45	\$2.70	\$1.75	65 %
Gathering, transportation and processing								
Permian	\$3.06	\$2.69	\$0.37	14 %	\$2.70	\$2.67	\$0.03	1 %
Eagle Ford	1.80	1.93	(0.13)	(7 %)	1.88	1.82	0.06	3 %
Total gathering, transportation and processing	\$2.79	\$2.54	\$0.25	10 %	\$2.53	\$2.40	\$0.13	5 %

(1) Reflects calendar average daily spot market prices.

Revenues

The following table reconciles the changes in oil, natural gas, NGLs, and total revenue for the period presented by reflecting the effect of changes in volume and in the underlying commodity prices:

	Oil	Natural Gas	NGLs	Total
	(In thousands)			
Revenues for the three months ended June 30, 2022 ⁽¹⁾	\$619,812	\$64,913	\$75,530	\$760,255
Volume increase (decrease)	58,000	2,172	5,337	65,509
Price increase (decrease)	(101,960)	13,933	(13,319)	(101,346)
Net increase	(43,960)	16,105	(7,982)	(35,837)
Revenues for the three months ended September 30, 2022 ⁽¹⁾	\$575,852	\$81,018	\$67,548	\$724,418
Percent of total revenues	80 %	11 %	9 %	

(1) Excludes sales of oil and gas purchased from third parties and sold to our customers.

	Oil	Natural Gas	NGLs	Total
	(In thousands)			
Revenues for the nine months ended September 30, 2021⁽¹⁾	\$1,009,780	\$84,819	\$124,079	\$1,218,678
Volume increase	121,821	16,147	27,294	165,262
Price increase	617,312	88,941	59,323	765,576
Net increase	739,133	105,088	86,617	930,838
Revenues for the nine months ended September 30, 2022 ⁽¹⁾	\$1,748,913	\$189,907	\$210,696	\$2,149,516
Percent of total revenues	81 %	9 %	10 %	

(1) Excludes sales of oil and gas purchased from third parties and sold to our customers.

Revenues for the three months ended September 30, 2022 of \$724.4 million decreased \$35.8 million, or 5%, compared to revenues of \$760.3 million for the three months ended June 30, 2022. The decrease was primarily attributable to a 15% decrease in the average realized sales price for oil, which decreased to \$94.22 per Bbl from \$110.90 per Bbl, partially offset by a 21% increase in the average realized sales price for natural gas, which rose to \$7.60 per Mcf from \$6.29 per Mcf. The decrease in the average realized price for oil was also partially offset by a 7% increase in production, as discussed above.

Revenues for the nine months ended September 30, 2022 of \$2.1 billion increased \$930.8 million, or 76%, compared to revenues of \$1.2 billion for the same period of 2021. The increase was primarily attributable to a 55% increase in the average realized sales price of oil, which rose to \$99.67 per Bbl from \$64.49 per Bbl, as well as a 15% increase in production, as discussed above.

Operating Expenses

	Three Months Ended							
	September 30, 2022	Per	June 30, 2022	Per	Total Change		Boe Change	
		Boe		Boe	\$	%	\$	%
(In thousands, except per Boe and % amounts)								
Lease operating	\$76,121	\$7.71	\$72,940	\$7.96	\$3,181	4 %	(\$0.25)	(3 %)
Production and ad valorem taxes	43,290	4.38	44,873	4.90	(1,583)	(4 %)	(0.52)	(11 %)
Gathering, transportation and processing	27,575	2.79	23,267	2.54	4,308	19 %	0.25	10 %
Depreciation, depletion and amortization	122,833	12.44	109,409	11.94	13,424	12 %	0.50	4 %
General and administrative	14,022	1.42	10,909	1.19	3,113	29 %	0.23	19 %

	Nine Months Ended September 30,							
	2022	Per	2021	Per	Total Change		Boe Change	
		Boe		Boe	\$	%	\$	%
(In thousands, except per Boe and % amounts)								
Lease operating	\$216,389	\$7.65	\$129,619	\$5.28	\$86,770	67 %	\$2.37	45 %
Production and ad valorem taxes	125,841	4.45	66,467	2.71	59,374	89 %	1.74	64 %
Gathering, transportation and processing	71,617	2.53	58,887	2.40	12,730	22 %	0.13	5 %
Depreciation, depletion and amortization	335,221	11.86	244,005	9.94	91,216	37 %	1.92	19 %
General and administrative	42,052	1.49	37,367	1.52	4,685	13 %	(0.03)	(2 %)
Merger, integration and transaction	769	0.03	3,018	0.12	(2,249)	(75 %)	(0.09)	(75 %)

Lease Operating Expenses. Lease operating expenses for the three months ended September 30, 2022 increased to \$76.1 million compared to \$72.9 million for the three months ended June 30, 2022, primarily due to increases in certain operating costs such as fuel, power and repairs and maintenance and overall cost inflation. Lease operating expense per Boe for the three months ended September 30, 2022 decreased to \$7.71 compared to \$7.96 for the three months ended June 30, 2022, primarily due to the distribution of fixed costs spread over higher production volumes.

Lease operating expenses for the nine months ended September 30, 2022 increased to \$216.4 million compared to \$129.6 million for the same period of 2021, primarily due to the increase in production from wells acquired in the Primexx Acquisition, increases in certain operating expenses such as fuel, power and chemicals, and overall cost inflation. Lease operating expense per Boe for the nine months ended September 30, 2022 increased to \$7.65 compared to \$5.28 for the same period of 2021, primarily due to the increase in certain operating expenses as discussed above as well as the increase in certain operating expenses associated with the Primexx Acquisition.

Production and Ad Valorem Taxes. For the three months ended September 30, 2022, production and ad valorem taxes decreased 4% to \$43.3 million compared to \$44.9 million for the three months ended June 30, 2022, which is primarily related to a 5% decrease in total revenues which decreased production taxes, partially offset by an increase in ad valorem taxes due to higher expected property tax valuations as a result of higher commodity prices during 2021 compared to 2020. Production and ad valorem taxes as a percentage of total revenues increased to 6.0% for the third quarter of 2022 as compared to 5.9% of total revenues for the three months ended June 30, 2022, primarily due to a decrease in total revenues during the third quarter of 2022 as discussed above.

For the nine months ended September 30, 2022, production and ad valorem taxes increased 89% to \$125.8 million compared to \$66.5 million for the same period of 2021, which is primarily related to a 76% increase in total revenues which increased production taxes, as well as an increase in ad valorem taxes as discussed in the paragraph above. Production and ad valorem taxes as a percentage of total revenues increased to 5.9% for the nine months ended September 30, 2022, as compared to 5.5% of total revenues for the same period of 2021, primarily due to an increase in ad valorem taxes during the nine months ended September 30, 2022 as discussed above.

Gathering, Transportation and Processing Expenses. For the three months ended September 30, 2022, gathering, transportation and processing expenses increased 19% to \$27.6 million compared to \$23.3 million for the three months ended June 30, 2022, which is primarily related to the 7% increase in production volumes between the two periods as well as an annual contractual increase in rates for certain agreements.

For the nine months ended September 30, 2022, gathering, transportation and processing expenses increased 22% to \$71.6 million compared to \$58.9 million for the same period of 2021, which was primarily related to the same items discussed above.

Depreciation, Depletion and Amortization (“DD&A”). The following table sets forth the components of our DD&A for the periods indicated:

	Three Months Ended				Nine Months Ended September 30,			
	September 30, 2022		June 30, 2022		2022		2021	
	Amount	Per Boe	Amount	Per Boe	Amount	Per Boe	Amount	Per Boe
	(In thousands, except per Boe)							
DD&A of evaluated oil and gas properties	\$120,562	\$12.21	\$107,400	\$11.72	\$328,725	\$11.63	\$237,030	\$9.65
Depreciation of other property and equipment	405	0.04	432	0.05	1,313	0.05	1,477	0.06
Amortization of other assets	822	0.08	598	0.06	2,200	0.08	2,684	0.11
Accretion of asset retirement obligations	1,044	0.11	979	0.11	2,983	0.10	2,814	0.12
DD&A	\$122,833	\$12.44	\$109,409	\$11.94	\$335,221	\$11.86	\$244,005	\$9.94

For the three months ended September 30, 2022, DD&A increased to \$122.8 million from \$109.4 million for the three months ended June 30, 2022 primarily attributable to higher capital expenditures during the three months ended September 30, 2022.

For the nine months ended September 30, 2022, DD&A increased to \$335.2 million from \$244.0 million for the same period in 2021 primarily attributable to a production increase of 15% as well as the addition of properties acquired in the Primexx Acquisition.

General and Administrative, Net of Amounts Capitalized (“G&A”). G&A for the three months ended September 30, 2022 increased to \$14.0 million compared to \$10.9 million for the three months ended June 30, 2022, primarily due to a lower benefit associated with cash settled awards recorded in the third quarter of 2022 as a result of a smaller decrease in the fair value associated with these awards during the three months ended September 30, 2022 as compared to the three months ended June 30, 2022.

G&A for the nine months ended September 30, 2022 increased to \$42.1 million compared to \$37.4 million for the same period in 2021, primarily due to an increase in employee-related costs between the two periods, partially offset by a decrease in the fair value of cash settled awards as a result of the decrease in our stock price between the two periods.

Other Income and Expenses

Interest Expense, Net of Capitalized Amounts. The following table sets forth the components of our interest expense, net of capitalized amounts for the periods indicated:

	Three Months Ended			Nine Months Ended September 30,		
	September 30, 2022	June 30, 2022	Change	2022	2021	Change
	(In thousands)					
Interest expense on Senior Unsecured Notes	\$33,224	\$29,224	\$4,000	\$91,470	\$78,762	\$12,708
Interest expense on Second Lien Notes	—	6,633	(6,633)	13,825	34,875	(21,050)
Interest expense on Prior Credit Facility	11,125	7,754	3,371	25,989	23,034	2,955
Amortization of debt issuance costs, premiums and discounts	2,559	3,371	(812)	9,680	14,074	(4,394)
Other interest expense	21	13	8	56	96	(40)
Capitalized interest	(27,461)	(26,304)	(1,157)	(79,303)	(74,055)	(5,248)
Interest expense, net of capitalized amounts	\$19,468	\$20,691	(\$1,223)	\$61,717	\$76,786	(\$15,069)

Interest expense, net of capitalized amounts, incurred during the three months ended September 30, 2022 decreased \$1.2 million to \$19.5 million compared to \$20.7 million for the three months ended June 30, 2022. The decrease is primarily due to the reduction in interest expense and the write-off of the discount associated with the redemption of the 6.125% Senior Notes and the Second Lien Notes at the end of the second quarter of 2022 and an increase in capitalized interest compared to the three months ended June 30, 2022, partially offset by an increase in interest expense related to the issuance of the 7.50% Senior Notes in June 2022 and an increase in interest expense on the Prior Credit Facility due to higher interest rates.

Interest expense, net of capitalized amounts, incurred during the nine months ended September 30, 2022 decreased \$15.1 million to \$61.7 million compared to \$76.8 million for the same period of 2021. The decrease is primarily due to the reduction in interest expense and the write-off of the discount associated with the Second Lien Notes exchange in November 2021 and an increase in capitalized interest, partially offset by an increase in interest expense related to the issuance of the 8.00% Senior Notes in July 2021 and the issuance of the 7.50% Senior Notes in June 2022. See “Note 7 - Borrowings” of the Notes to Consolidated Financial Statements in our 2021 Annual Report for further discussion of the Second Lien Notes exchange.

(Gain) Loss on Derivative Contracts. The net (gain) loss on derivative contracts for the periods indicated includes the following:

	Three Months Ended		Nine Months Ended September 30,	
	September 30, 2022	June 30, 2022	2022	2021
	(In thousands)			
(Gain) loss on oil derivatives	(\$157,731)	\$75,910	\$243,527	\$393,792
Loss on natural gas derivatives	22,881	5,738	56,800	48,539
Loss on NGL derivatives	—	—	4,771	15,114
Gain on contingent consideration arrangements	—	—	—	(680)
Loss on September 2020 Warrants liability	—	—	—	55,390
(Gain) loss on derivative contracts	(\$134,850)	\$81,648	\$305,098	\$512,155

See “Note 7 - Derivative Instruments and Hedging Activities” and “Note 8 - Fair Value Measurements” for additional information.

Income Tax Expense. We recorded income tax expense of \$3.5 million and \$3.0 million for the three months ended September 30, 2022 and June 30, 2022, respectively. We recorded income tax expense of \$7.0 million and \$1.0 million for the nine months ended September 30, 2022 and 2021, respectively.

Since the second quarter of 2020, we have concluded that it is more likely than not that the net deferred tax assets will not be realized and have recorded a full valuation allowance against our deferred tax assets. As long as we continue to conclude that the valuation allowance is necessary, we do not expect to have significant deferred income tax expense or benefit. See “Note 9 - Income Taxes” for further discussion.

Liquidity and Capital Resources

Outlook. Oil prices continue to remain volatile, as the average NYMEX benchmark price for oil decreased in the third quarter of 2022 as compared to the prices seen during the first six months of the year. We expect to continue to see volatility in oil prices, as well as natural gas and NGL prices. We also continue to experience inflationary cost pressures on many different service items including labor, materials, power and equipment and expect to continue to face inflationary pressure into 2023.

2022 Capital Budget and Funding Strategy. Our primary uses of capital are for the exploration and development of our oil and natural gas properties. Our 2022 operational capital budget is \$830.0 million to \$845.0 million, with over 85% allocated towards development in the Permian with the balance towards development in the Eagle Ford. Because we are the operator of a high percentage of our properties, we can control the well design and the development pace associated with our capital expenditures. Our 2022 capital expenditure program was developed to reflect reduced reinvestment rates and balance capital deployment for more consistent cash flow generation and to drive capital efficiency through an enhanced multi-zone, scaled development program.

The following table is a summary of our capital expenditures⁽¹⁾ for the three and nine months ended September 30, 2022:

	Three Months Ended			Nine Months Ended
	March 31, 2022	June 30, 2022	September 30, 2022	September 30, 2022
	(In millions)			
Operational capital	\$157.4	\$237.8	\$254.6	\$649.8
Capitalized interest	25.5	26.3	27.5	79.3
Capitalized G&A	11.6	11.3	12.7	35.6
Total	\$194.5	\$275.4	\$294.8	\$764.7

(1) Capital expenditures, presented on an accrual basis, includes drilling, completions, facilities, and equipment, and excludes land, seismic, and asset retirement costs.

We believe that existing cash and cash equivalents, cash flows from operations and available borrowings under our Credit Facility will be sufficient to support working capital, capital expenditures and other cash requirements for at least the next 12 months and, based on our current expectations, for the foreseeable future thereafter. Our future capital requirements, both near-term and long-term, will depend on many factors, including, but not limited to, commodity prices, market conditions, our available liquidity and financing, acquisitions and divestitures of oil and gas properties, the availability of drilling rigs and completion crews, the cost of completion services, success of drilling programs, land and industry partner issues, weather delays, the acquisition of leases with drilling commitments, and other factors.

Historically, our primary sources of capital have been cash flows from operations, borrowings under our credit facility, proceeds from the issuance of debt securities and public equity offerings, and non-core asset dispositions. We regularly consider which resources, including cash flows from operations and debt and equity financings, are available to meet our future financial obligations, planned capital expenditures and liquidity requirements. In addition, we may consider divesting certain properties or assets that are not part of

our core business or are no longer deemed essential to our future growth or enter into joint venture agreements, provided we are able to divest such assets or enter into joint venture agreements on terms that are acceptable to us.

Depending upon our actual and anticipated sources and uses of liquidity, prevailing market conditions and other factors, we may, from time to time, seek to retire or repurchase our outstanding debt or equity securities through cash purchases in the open market or through privately negotiated transactions or otherwise. The amounts involved in any such transactions, individually or in aggregate, may be material.

Overview of Cash Flow Activities. For the nine months ended September 30, 2022, cash and cash equivalents decreased \$5.5 million to \$4.4 million compared to \$9.9 million at December 31, 2021.

	Nine Months Ended September 30,	
	2022	2021
	(In thousands)	
Net cash provided by operating activities	\$1,128,870	\$607,833
Net cash used in investing activities	(768,700)	(455,167)
Net cash used in financing activities	(365,702)	(169,203)
Net change in cash and cash equivalents	(\$5,532)	(\$16,537)

Operating Activities. For the nine months ended September 30, 2022, net cash provided by operating activities was \$1.1 billion compared to \$607.8 million for the same period in 2021. The change in net cash provided by operating activities was predominantly attributable to the following:

- An increase in revenue primarily driven by a 53% increase in total average realized sales price, as well as a 15% increase in production volumes, and
- An offsetting increase in the cash paid for commodity derivative settlements.

Production, realized prices, and operating expenses are discussed in Results of Operations. See “Note 7 - Derivative Instruments and Hedging Activities” and “Note 8 - Fair Value Measurements” for a reconciliation of the components of our derivative contracts and disclosures related to derivative instruments including their composition and valuation.

Investing Activities. For the nine months ended September 30, 2022, net cash used in investing activities was \$768.7 million compared to \$455.2 million for the same period in 2021. The increase in net cash used in investing activities was primarily attributable to an increase in operational capital expenditures.

Financing Activities. We finance a portion of our capital expenditures, acquisitions and working capital requirements with borrowings under our credit facility, term debt and equity offerings. For the nine months ended September 30, 2022, net cash used in financing activities was \$365.7 million compared to \$169.2 million for the same period of 2021. The increase in net cash used in financing activities was primarily attributable to the following:

- Redemptions of the 6.125% Senior Notes and Second Lien Notes, and
- An offsetting cash inflow due to the issuance of the 7.50% Senior Notes.

See “Note 6 – Borrowings” for additional information on our debt transactions.

Credit Facility. As of September 30, 2022, our Prior Credit Facility had a borrowing base and elected commitment amount of \$1.6 billion, with borrowings outstanding of \$636.0 million at a weighted average interest rate of 5.30%, and \$16.4 million in letters of credit outstanding.

On October 19, 2022, the Company entered into the Credit Agreement, which amended and restated the credit agreement governing the Prior Credit Facility.

See “Note 6 – Borrowings” for additional information related to the Prior Credit Facility and the Credit Facility.

Material Cash Requirements. As of September 30, 2022, we have financial obligations associated with our outstanding long-term debt, including interest payments and principal repayments. See “Note 7 - Borrowings” of the Notes to Consolidated Financial Statements in our 2021 Annual Report and “Note 6 - Borrowings” of the Notes to Consolidated Financial Statements in our Form 10-Q for the period ended June 30, 2022 for further discussion of the contractual commitments under our debt agreements, including the timing of principal repayments. Additionally, we have operational obligations associated with long-term, non-cancelable leases, drilling rig contracts, frac service contracts, gathering, processing and transportation service agreements and estimates of future asset retirement obligations. See “Note 14 - Asset Retirement Obligations” and “Note 17 - Commitments and Contingencies” of the Notes to Consolidated Financial Statements in our 2021 Annual Report for additional details.

Since December 31, 2021, there have been no material changes from what was disclosed in our 2021 Annual Report other than the following:

- Changes to the borrowings under our credit facility,
- Issuance of the 7.50% Senior Notes due 2030 and redemptions of the 6.125% Senior Notes due 2024 and Second Lien Notes due 2025 in the second quarter of 2022,
- Extended and entered into certain drilling rig contracts with remaining obligations as of September 30, 2022 of approximately \$15.0 million and \$60.0 million for the remainder of 2022 and for 2023, respectively, and
- Amended and entered into certain frac service contracts with remaining obligations as of September 30, 2022 of approximately \$20.0 million and \$175.0 million for the remainder of 2022 and for 2023, respectively.

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments affecting estimates and assumptions for reported amounts of assets, liabilities, revenues and expenses during the periods reported. Certain of such estimates and assumptions are inherently unpredictable and will differ from actual results. Our policies and use of estimates are described in “Note 2 - Summary of Significant Accounting Policies” of the Notes to Consolidated Financial Statements in our 2021 Annual Report. Except as set forth below, there have been no material changes to our critical accounting estimates since December 31, 2021, which are disclosed in “Part II, Item 7A. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our 2021 Annual Report

Oil and Natural Gas Properties

The table below presents various pricing scenarios to demonstrate the sensitivity of our September 30, 2022 cost center ceiling to changes in 12-month average benchmark crude oil and natural gas prices underlying the 12-Month Average Realized Prices. The sensitivity analysis is as of September 30, 2022 and, accordingly, does not consider drilling and completion activity, acquisitions or dispositions of oil and gas properties, production, changes in crude oil and natural gas prices, and changes in development and operating costs occurring subsequent to September 30, 2022 that may require revisions to estimates of proved reserves. See also “Part I, Item 1A. Risk Factors—If oil and natural gas prices remain depressed for extended periods of time, we may be required to make significant downward adjustments to the carrying value of our oil and natural gas properties” in our 2021 Annual Report.

	12-Month Average Realized Prices		Excess (deficit) of cost center ceiling over net book value, less related deferred income taxes	Increase (decrease) of cost center ceiling over net book value, less related deferred income taxes
	Crude Oil (\$/Bbl)	Natural Gas (\$/Mcf)	(In millions)	(In millions)
Full Cost Pool Scenarios				
September 30, 2022 Actual	\$92.50	\$5.68	\$5,400	
Crude Oil and Natural Gas Price Sensitivity				
Crude Oil and Natural Gas +10%	\$101.67	\$6.29	\$6,618	\$1,218
Crude Oil and Natural Gas -10%	\$83.33	\$5.07	\$4,182	(\$1,218)
Crude Oil Price Sensitivity				
Crude Oil +10%	\$101.67	\$5.68	\$6,496	\$1,096
Crude Oil -10%	\$83.33	\$5.68	\$4,304	(\$1,096)
Natural Gas Price Sensitivity				
Natural Gas +10%	\$92.50	\$6.29	\$5,521	\$121
Natural Gas -10%	\$92.50	\$5.07	\$5,279	(\$121)

Recently Adopted and Recently Issued Accounting Standards

See “Note 1 - Description of Business and Basis of Presentation” for discussion.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a variety of market risks including commodity price risk, interest rate risk and counterparty and customer credit risk. We mitigate these risks through a program of risk management including the use of commodity derivative instruments.

Except as set forth below, there have been no material changes to the sources and effects of our market risk since December 31, 2021, which are disclosed in “Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk” of our 2021 Annual Report.

Commodity Price Risk

Our revenues are derived from the sale of our oil, natural gas and NGL production. The prices for oil, natural gas and NGLs remain volatile and sometimes experience large fluctuations as a result of relatively small changes in supply, government actions, economic conditions, and weather conditions. We enter into commodity derivative instruments to manage oil, natural gas and NGL price risk, related both to NYMEX benchmark prices and regional basis differentials.

The following table sets forth the fair values of our commodity derivative instruments as of September 30, 2022 as well as the impact on the fair values assuming a 10% increase and decrease in the underlying forward oil and gas price curves as of September 30, 2022:

	Three Months Ended September 30, 2022		
	Oil	Natural Gas	Total
	(In thousands)		
Fair value asset (liability) as of September 30, 2022 ⁽¹⁾	(\$19,821)	\$1,557	(\$18,264)
Impact of a 10% increase in forward commodity prices	(\$84,841)	(\$1,631)	(\$86,472)
Impact of a 10% decrease in forward commodity prices	\$42,564	\$4,649	\$47,213

(1) Spot prices for oil and natural gas were \$79.23 and \$6.77, respectively, as of September 30, 2022.

Interest Rate Risk

We are subject to market risk exposure related to changes in interest rates on our indebtedness under our credit facility. As of September 30, 2022, we had \$636.0 million outstanding under the Prior Credit Facility with a weighted average interest rate of 5.30%. An increase or decrease of 1.00% in the interest rate would have a corresponding increase or decrease in our annual interest expense of approximately \$6.4 million, based on the balance outstanding as of September 30, 2022. See “Note 6 - Borrowings” for more information on our Prior Credit Facility and Credit Facility.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive and financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on this evaluation, our principal executive and principal financial officers have concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2022.

Changes in Internal Control Over Financial Reporting. There were no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred during the third quarter of 2022 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

We are a party in various legal proceedings and claims, which arise in the ordinary course of our business. While the outcome of these events cannot be predicted with certainty, we believe that the ultimate resolution of any such actions will not have a material effect on our financial position or results of operations.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth under the heading “Part I, Item 1A. Risk Factors” included in our 2021 Annual Report. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The following exhibits are filed as part of this Form 10-Q.

Exhibit Number	Description	Incorporated by reference (File No. 001-14039, unless otherwise indicated)		
		Form	Exhibit	Filing Date
3.1	<u>Certificate of Incorporation of the Company, as amended through May 12, 2016</u>	10-Q	3.1	11/3/2016
3.2	<u>Certificate of Amendment to the Certificate of Incorporation of Callon, effective December 20, 2019</u>	8-K	3.1	12/20/2019
3.3	<u>Certificate of Amendment to the Certificate of Incorporation of Callon, effective August 7, 2020</u>	8-K	3.1	8/7/2020
3.4	<u>Certificate of Amendment to the Certificate of Incorporation of Callon, effective May 14, 2021</u>	8-K	3.1	5/14/2021
3.5	<u>Certificate of Amendment to the Certificate of Incorporation of Callon, effective May 25, 2022</u>	8-K	3.1	5/25/2022
3.6	<u>Amended and Restated Bylaws of the Company</u>	10-K	3.2	2/27/2019
10.1	(a)(c) <u>Callon Petroleum Company Executive Severance Pay Plan</u>			
10.2	(a)(c) <u>Callon Executive Change in Control Severance Compensation Plan</u>			
10.3	(a)(c) <u>Form of Amendment, adopted on September 21, 2022, to Callon Petroleum Company Cash Performance Unit Award Agreement, originally adopted on March 12, 2021 under the 2020 Omnibus Incentive Plan</u>			
10.4	(a)(c) <u>Form of Amendment, adopted on September 21, 2022, to Callon Petroleum Company Returns Program Cash Incentive Award Agreement, originally adopted on March 9, 2022 under the 2020 Omnibus Incentive Plan</u>			
10.5	(a)(c) <u>Form of Amendment, adopted on September 21, 2022, to Callon Petroleum Company Business Sustainability Cash Incentive Award Agreement, originally adopted on March 9, 2022 under the 2020 Omnibus Incentive Plan</u>			
31.1	(a) <u>Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a)</u>			
31.2	(a) <u>Certification of Chief Financial Officer pursuant to Rule 13(a)-14(a)</u>			
32.1	(b) <u>Section 1350 Certifications of Chief Executive and Financial Officers pursuant to Rule 13(a)-14(b)</u>			
101.INS	(a) XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			
101.SCH	(a) Inline XBRL Taxonomy Extension Schema Document			
101.CAL	(a) Inline XBRL Taxonomy Extension Calculation Linkbase Document.			
101.DEF	(a) Inline XBRL Taxonomy Extension Definition Linkbase Document.			
101.LAB	(a) Inline XBRL Taxonomy Extension Label Linkbase Document.			
101.PRE	(a) Inline XBRL Taxonomy Extension Presentation Linkbase Document.			
104	(a) Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.			

- (a) Filed herewith.
- (b) Furnished herewith. Pursuant to SEC Release No. 33-8212, this certification will be treated as “accompanying” this report and not “filed” as part of such report for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act, except to the extent that the registrant specifically incorporates it by reference.
- (c) Indicates management compensatory plan, contract, or arrangement.

SIGNATURES

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

<u>Signature</u>	Callon Petroleum Company <u>Title</u>	<u>Date</u>
<u>/s/ Joseph C. Gatto, Jr.</u> Joseph C. Gatto, Jr.	President and Chief Executive Officer	<u>November 3, 2022</u>
<u>/s/ Kevin Haggard</u> Kevin Haggard	Senior Vice President and Chief Financial Officer	<u>November 3, 2022</u>

**CALLON PETROLEUM COMPANY
EXECUTIVE SEVERANCE PAY PLAN**

TABLE OF CONTENTS

	<u>Page</u>
I. Definitions.	<u>1</u>
II. Eligibility for Severance Benefits.	<u>4</u>
III. Plan Benefits.	<u>4</u>
IV. Tax Matters.	<u>4</u>
V. Benefit Plan Application.	<u>5</u>
VI. Severance Benefits in Case of Incompetency.	<u>5</u>
VII. Severance Benefits in Case of Death.	<u>5</u>
VIII. Assignment of Severance Benefits.	<u>6</u>
IX. Funding of the Plan.	<u>6</u>
X. Governing Law; Waiver of Jury Trial.	<u>6</u>
XI. Administration.	<u>6</u>
XII. Modification and Termination of Plan.	<u>6</u>
XIII. Noncompetition, Nonsolicitation, Nondisclosure of Trade Secrets, Nonpublic Information, and Ownership.	<u>7</u>
XIV. Notice	<u>9</u>
XV. Clawback.	<u>9</u>
XVI. Effective Date.	<u>10</u>
XVII. Further Information.	<u>10</u>

CALLON PETROLEUM COMPANY
EXECUTIVE SEVERANCE PAY PLAN

Callon Petroleum Company and its direct and indirect domestic subsidiaries and affiliates (collectively, the “Company”), hereby adopts this Callon Petroleum Company Executive Severance Pay Plan for eligible employees of the Company (the “Plan”), effective as of September 21, 2022 (the “Effective Date”). The Plan is intended to offer “Severance Benefits” (as defined below) to eligible “Participants” (as defined below) in the event of an “Involuntary Termination” (as defined below) from the Company, which, for the avoidance of doubt, shall mean an Involuntary Termination that occurs in the absence of a “Change in Control” (as defined below). Participants in the Plan are eligible to concurrently participate in the Callon Executive Change in Control Severance Compensation Plan but shall only be entitled to benefits under either this Plan or the Callon Executive Change in Control Severance Compensation Plan, as determined by the Compensation Committee based on relevant facts and circumstances. Except as described in Article III below, this Plan supersedes any and all prior plans, policies or practices, written or oral, with respect to severance pay or benefits upon a termination of employment that may have previously applied to Participants. For the avoidance of doubt, Participants in the Plan are not eligible to participate in the Callon Petroleum Company Severance Pay Plan.

All provisions of the Plan relating to other employee benefit plans of the Company are expressly limited by the provisions of such other employee benefit plans. The provisions of the Plan may not grant or create any rights other than as expressly provided for under such other employee benefit plans.

The provisions of this instrument shall be construed and governed by the laws of the state of Texas. Capitalized terms and phrases used herein shall have the meanings ascribed thereto in Article I hereof.

I. DEFINITIONS.

For purposes of this Plan, capitalized terms used, but not otherwise defined herein, shall have the following meaning:

- A. “Administrator” shall have the meaning set forth in Article XI.
 - B. “Accrued Obligations” means (i) payment to a Participant of all earned but unpaid base salary or wages through the date of termination; (ii) payment to a Participant, in accordance with the terms of the applicable benefit plan of the Company or to the extent required by law, of any benefits to which such Participant has a vested entitlement as of the date of termination; (iii) payment to a Participant of any accrued unused vacation in accordance with applicable Company policy; and (iv) payment to a Participant of any approved but not yet reimbursed business expenses incurred in accordance with applicable Company policy.
 - C. “Base Salary” means a Participant’s annual base compensation rate at the time immediately prior to the Participant’s termination of employment. For the avoidance of doubt, Base Salary shall not include commissions, bonuses, overtime pay, incentive compensation, benefits paid under any qualified plan, any group medical, dental or other welfare benefit plan, non-cash compensation, or any other additional compensation.
 - D. “Board” means the Board of Directors of Callon Petroleum Company.
-

- E. “Cause” means a determination by the Administrator that the Participant’s Employment has been terminated as a result of any of the following: (i) the conviction of the Participant by a court of competent jurisdiction as to which no further appeal can be taken of a crime involving moral turpitude or a felony or entering the plea of nolo contendere to such crime by the Participant; (ii) the commission by the Participant of an act of fraud upon the Company; (iii) the misappropriation by the Participant of any funds or other property of the Company; (iv) the knowing engagement by the Participant without the written approval of the Board, in any activity which directly competes with the business of the Company, or which would directly result in material injury to the business or reputation of the Company; (v)(1) a breach by the Participant during the Participant’s employment with the Company of any of the restrictive covenants set out in any agreement between the Company and the Participant, or (2) the willful or negligent nonperformance of the Participant’s duties to the Company (other than by reason of the Participant’s illness or incapacity), and, for purposes of this clause (v), no act or failure to act on the Participant’s part shall be deemed “willful” unless it is done or omitted by the Participant not in good faith and without the Participant’s reasonable belief that such action or omission was in the best interest of the Company, (vi) any breach of the Participant’s fiduciary duties to the Company, including, without limitation, the duties of care, loyalty and obedience to the law; and (vii) the failure of the Participant to comply with the Company’s Code of Business Conduct and Ethics or other written Company policy as in effect from time to time, or to otherwise discharge his or her duties in good faith and in a manner that the Participant reasonably believes to be in the best interests of the Company, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. Any determination of Cause by the Company pursuant to clause (v) or (vi) above will be made by a resolution approved by the Administrator, provided that no such determination may be made until the Participant has been given written notice detailing the specific Cause event and a period of ten (10) days following receipt of such notice to cure such event (if susceptible to cure as determined in the sole discretion of the Administrator) to the satisfaction of the Administrator. Notwithstanding anything to the contrary contained herein, the Participant’s right to cure as set forth in the preceding sentence will not apply if there are habitual or repeated breaches by the Participant.
- F. “Change in Control” means the occurrence of one or more of the following:
1. The acquisition (other than directly from the Company) by any Person (other than an Exempt Person) of beneficial ownership of 30% or more of the total fair market value or total voting power of the Company’s Voting Stock, provided that if any Person owns 30% or more of the total voting power of the Company’s Voting Stock, the acquisition of additional control of the Company by the same Person is not considered to cause a Change in Control;
 2. Individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however that any individual becoming a director subsequent to such date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

3. Consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets (which, for this purpose, shall be deemed to be 40% or more of the total gross fair market value of the Company's assets) of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company's Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding Voting Stock of the parent entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's Voting Stock, (ii) no Person (excluding any Exempt Person) beneficially owns, directly or indirectly, 30% or more of the total fair market value or total voting power of the then outstanding Voting Stock of the parent entity resulting from such Business Combination and (iii) at least a majority of the members of the board of directors (or equivalent governing body) of the parent entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

- G. "Code" means the Internal Revenue Code of 1986, as amended.
- H. "Compensation Committee" means the Compensation Committee of the Board.
- I. "Employment" means a Participant's employment with the Company. For the sake of clarity, a transfer of employment between members constituting the Company will not be considered to be a termination of Employment.
- J. "Exempt Person" means any of (1) the Company or any of its Subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (3) an underwriter temporarily holding stock pursuant to an offering of such stock, or (4) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the Company's stock.
- K. "Involuntary Termination" means a termination of the Participant's Employment by the Company (excluding death or disability) for a reason without Cause.
- L. "Participant" shall mean those titles set forth on Exhibit B as determined in the sole discretion of the Administrator.
- M. "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.
- N. "Severance Benefits" shall have the meaning set forth on Exhibit A.
- O. "Voting Stock" means stock of any class or kind having the power to vote generally for the election of directors (or members of a comparable governing body).

II. ELIGIBILITY FOR SEVERANCE BENEFITS.

A Participant is eligible to receive Severance Benefits hereunder, if, and only if, the Administrator determines that all of the following conditions are met:

1. the Participant experienced an Involuntary Termination;
2. the Participant properly executes a release form prepared by the Company, submits it to the Company within the time period specified in the form, and does not revoke the release within the time period specified; and
3. the Participant remains an active employee with the Company until the ultimate date established by the Company as the employee's termination date. For purposes of the immediately prior sentence a Participant shall be deemed "active" if on an approved leave of absence.

For the avoidance of doubt, a Participant is only eligible to receive Severance Benefits hereunder in the absence of a Change in Control. If a Participant experienced an Involuntary Termination in connection with a Change in Control, such Participant will be eligible to receive severance pay only as provided in a Change in Control Severance Compensation Agreement by and between the Company and the Participant, if applicable, or the Callon Petroleum Company Change in Control Severance Plan.

III. PLAN BENEFITS.

- A. **Accrued Obligations.** In the event a Participant's Employment is terminated for any reason, such Participant shall be entitled to receive the Accrued Obligations (as defined above). Participation in all benefit plans of the Company will terminate upon a Participant's date of termination except as otherwise specifically provided in the applicable plan.
- B. **Severance Benefits.** Upon an Involuntary Termination, a Participant who is eligible to receive Severance Benefits pursuant to Article II, shall receive Severance Benefits in addition to the Accrued Obligations, provided that such Participant executes within the time period specified therein (in no event less than 21 days), and does not timely revoke, a general release in substantially the form set forth on Exhibit C. The amount of Severance Benefits shall be determined in accordance with the terms of the Exhibit A to this Plan in the manner that the Administrator determines applies to the Participant. For the avoidance of doubt, the treatment of any equity- or cash-based incentive awards will be governed by the terms and conditions of the governing plan and award document.
- C. **No Duty to Mitigate/Set-off.** No Participant entitled to receive Severance Benefits hereunder shall be required to seek other employment or to attempt in any way to reduce any amount payable to the Participant by the Company pursuant to the Plan and there shall be no offset against any amounts due to the Participant under the Plan on account of any remuneration attributable to any subsequent employment that the Participant may obtain or otherwise. The amounts payable hereunder shall not be subject to setoff, counterclaim, recoupment, defense or other right which the Company may have against the Participant.

IV. TAX MATTERS.

- A. The Company may withhold and deduct from any benefits and payments, made or to be made pursuant to the Plan, all federal, state, local, and other taxes, and any other required

deductions, in each case, as may be required pursuant to any law or governmental regulation or ruling.

It is intended that the payments and benefits set forth in Article III are, to the greatest extent possible, exempt from the application of Section 409A of the Internal Revenue Code ("Section 409A") and the Plan shall be construed and interpreted accordingly. However, if the Company, or if applicable, the successor entity thereto, determines that all or a portion of the payments and benefits provided under the Plan constitute "deferred compensation" under Section 409A, and that the Participant is a "specified employee" of the Company, or any successor entity thereto, as such term is defined in Section 409A(a)(2)(B)(i), then, solely to the extent necessary to avoid the incurrence of the adverse personal tax consequences under Section 409A, the timing of the applicable payments shall be delayed until the first payroll date following the date that is six (6)-months after the Participant's "separation from service" (as defined under Section 409A), and the Company, or if applicable, the successor entity thereto, shall (A) pay to the Participant a lump-sum amount equal to the sum of the payments that the Participant would otherwise have received during such six (6)-month period had no such delay been imposed; and (B) commence paying the balance of the payments in accordance with the applicable payment schedule set forth in the Plan. For purposes of Section 409A, a Participant's right to receive any installment payments under the Plan shall be treated as a right to receive a series of separate and distinct payments. Any benefits or reimbursements provided under this Plan shall be determined by reference to the objective and non-discretionary criteria set forth in the applicable Company benefit plans, the benefits, or reimbursements provided during one (1) taxable year to a Participant will not affect the benefits or reimbursements provided in any other taxable year, and the right to receive benefits or reimbursements is not subject to liquidation or exchange for any other benefit. The Company makes no representations that the payments and benefits provided under the Plan comply with Section 409A, and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by the Participant on account of noncompliance with Section 409A.

V. BENEFIT PLAN APPLICATION.

Severance Benefits paid under this Plan are not taken into account for purposes of contributions or benefits under any employee benefit plans. The period of coverage under any employee benefit plan is not extended due to the payment of Severance Pay.

VI. SEVERANCE BENEFITS IN CASE OF INCOMPETENCY.

If a Participant who is entitled to Severance Benefits is legally, physically, or mentally incapable of receiving or acknowledging payment of such Severance Benefits, the Company upon receipt of satisfactory evidence of such incapacity may, in its sole discretion, cause such Severance Benefits to be paid to some other person, persons, or institution on behalf of the Participant entitled to such benefit.

VII. SEVERANCE BENEFITS IN CASE OF DEATH.

If a Participant who is entitled to Severance Benefits dies after signing an unrevoked release form, but before the Severance Benefits are fully paid to such terminated Participant, the Severance Benefits will be paid to the estate of the terminated employee. If a Participant dies prior to signing a release form, but such Participant is otherwise eligible for Severance Benefits, the Severance Benefits will be paid to the estate of the terminated Participant if a representative of such estate timely executes and does not revoke a release form.

VIII. ASSIGNMENT OF SEVERANCE BENEFITS.

The Severance Benefits payable under the Plan shall not be subject to alienation, transfer, assignment, garnishment, execution or levy of any kind, and any attempt to cause any Severance Benefits to be so subjected shall not be recognized.

IX. FUNDING OF THE PLAN.

The Plan shall be funded out of the general assets of the Company and it shall not be prefunded.

X. GOVERNING LAW; WAIVER OF JURY TRIAL.

To the extent legally required, the Code shall govern the Plan and, if any provision hereof is in violation of any applicable requirement thereof, the Company reserves the right to retroactively amend the Plan to comply therewith. To the extent not governed by the Code, the Plan shall be governed by the laws of the State of Texas, without regard to the choice of law principles thereof. THE EXCLUSIVE VENUE FOR THE RESOLUTION OF ANY DISPUTE RELATING TO THIS PLAN SHALL BE IN THE STATE AND FEDERAL COURTS LOCATED IN HARRIS COUNTY, TEXAS. EACH PARTICIPANT IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS HEREUNDER.

XI. ADMINISTRATION.

The Board hereby appoints the Compensation Committee as the plan administrator (“Administrator”) unless and until such appointment is modified by the Compensation Committee. In determining the eligibility of participants for benefits and in construing the Plan's terms, the Administrator has the power to exercise discretion in the construction of doubtful, disputed, or ambiguous terms or provisions of the Plan, in cases where the Plan instrument is silent, or in the application of Plan terms or provisions to situations not clearly or specifically addressed in the Plan itself. All decisions of the Administrator made on all matters within the scope of authority shall be final and binding upon all persons, including the Company, any trustee, all participants, their heirs and personal representatives, and all labor unions or other similar organizations representing participants.

XII. MODIFICATION AND TERMINATION OF PLAN.

The Company reserves the right to modify, suspend, or terminate the Plan at any time, in whole or in part, in such manner as it shall determine; provided, however, that no such modification or termination may (a) materially and adversely affect the benefits or protections provided hereunder to any Participant who has incurred a Qualifying Termination prior to the date of such amendment, modification or termination, or (b) for a period of sixty (60) days following the date of the amendment, without a Participant's written consent, materially and adversely affect the benefits or protections provided hereunder to any Participant.

The Company may exercise its reserved rights of amendment, modification or termination (i) by written resolution by the Board, (ii) by written resolution by the Compensation Committee, or (iii) by written actions exercised by any other entity or person to which or to whom the Board or the Compensation Committee has specifically delegated rights of amendment, modification, or termination.

The Board hereby delegates to the Administrator the ability to amend or modify (but not to terminate) this Plan to the extent that such amendment or modification is not a material Plan design change.

XIII. RESTRICTIVE COVENANTS.

- A. Noncompetition. If he or she becomes eligible for severance payments pursuant to Article III, Participant shall not, for a period of one (1) year after the date of termination, directly or indirectly, compete with the Company by providing services to any other person, partnership, association, corporation, or other entity that is an "Oil and Gas Business" in any geographic location where the Company operated as of the date of termination (the "Restricted Area") if such services are in direct competition with the Company. As used herein, an "Oil and Gas Business" means owning, managing, acquiring, attempting to acquire, soliciting the acquisition of, operating, controlling, or developing Oil and Gas interests, or engaging in or being connected with, as a principal, owner, officer, director, employee, promoter, consultant, contractor, partner, member, joint venture, agent, equity owner (excluding as a passive equity owner) or in any other capacity whatsoever, any of the foregoing activities of the oil and gas exploration and production business. The above restrictions on competition are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Plan for whatever reason. Any invalidity or unenforceability of any one or more of such restrictions on competition shall not render invalid or unenforceable any remaining restrictions on competition. Additionally, should a court of competent jurisdiction determine that the scope of any provision of this Article XIII.A is too broad to be enforced as written, the court shall reform the provision to such narrower scope as it determines to be reasonable and enforceable.
- B. Nonsolicitation. If Participant becomes eligible for severance payments pursuant to Article III, for a period of one (1) year after the date of termination, Participant shall not, on his or her own behalf or on behalf of any other person, partnership, association, corporation, or other entity: (a) directly, indirectly, or through a third party hire or cause to be hired; (b) directly, indirectly, or through a third party solicit; or (c) in any manner attempt to influence or induce any employee of the Company to leave the employment of the Company, nor shall he or she use or disclose to any person, partnership, association, corporation, or other entity any information obtained concerning the names and addresses of the Company's employees. The above restrictions on hiring and solicitation are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Plan for whatever reason. Any invalidity or unenforceability of any one or more such restrictions on hiring and solicitation shall not render invalid or unenforceable any remaining restrictions on hiring and solicitation. Additionally, should a court of competent jurisdiction determine that the scope of any provision of this Article III.B is too broad to be enforced as written, the court shall reform the provision to such narrower scope as it determines to be reasonable and enforceable.
- C. Nondisclosure of Trade Secrets. The Company promises to disclose to Participant and Participant, as a result of his or her employment by the Company, will receive, make use of, acquire, have access to and/or become familiar with, various trade secrets and proprietary and confidential information of the Company, including, but not limited to, processes, computer programs, compilations of information, records, financial information, sales reports, sales procedures, customer requirements, pricing techniques, customer lists, method of doing business, identities, locations, performance and compensation levels of employees, and other confidential information (individually and collectively, "Trade Secrets") which are owned by the Company and used in the

operation of its business, and as to which the Company takes precautions to prevent dissemination to persons other than certain directors, officers, and employees. The Trade Secrets:

- (a) Are secret and not known in the industry;
- (b) Give the Company an advantage over competitors who do not know or use the Trade Secrets;
- (c) Are of such value and nature as to make it reasonable and necessary to protect and preserve the confidentiality and secrecy of the Trade Secrets; and
- (d) Are valuable, special, and unique assets of the Company, the disclosure of which could cause substantial injury and loss of profits and goodwill to the Company.

Participant shall not use in any way or disclose any of the Trade Secrets and confidential and proprietary information, directly or indirectly, either during or after the term of his or her employment, except as required in the course of his or her employment with the Company, if required in connection with a judicial or administrative proceeding, or if the information becomes public knowledge other than as a result of an unauthorized disclosure by Participant. All files, records, documents, information, data, and similar items relating to the business of the Company, whether prepared by Participant or otherwise coming into his or her possession, will remain the exclusive property of the Company and may not be removed from the premises of the Company under any circumstances without the prior written consent of the Company (except in the ordinary course of business during Participant's period of active employment under this Plan), and in any event must be promptly delivered to the Company upon termination of Participant's employment with the Company. Upon his or her receipt of any subpoena, process, or other requests to produce or divulge, directly or indirectly, any Trade Secrets to any entity, agency, tribunal, or person, whether received during or after the term of Participant's employment with the Company, Participant shall timely notify and promptly deliver a copy of the subpoena, process, or other request to the Company. For this purpose, the Company (including any attorney retained by the Company) shall be Participant's true and lawful attorney-in-fact, to act in Participant's name, place, and stead to perform any act that Participant might perform to defend and protect against any disclosure of any Trade Secrets.

The above restrictions on confidentiality and disclosure are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Plan for whatever reason. Any invalidity or unenforceability of any one or more of such restrictions on confidentiality and disclosure shall not render invalid or unenforceable any remaining restrictions on confidentiality and disclosure. Additionally, should a court of competent jurisdiction determine that the scope of any provision of this Article XIII.C is too broad to be enforced as written, the court shall reform the provision to such narrower scope as it determines to be reasonable and enforceable.

- D. Ownership. All inventions, copyrightable material, business and/or technical information, marketing plans, customer lists, and Trade Secrets which arise out of the performance of this Plan are the property of the Company.
- E. No Disparaging Comments. Participant shall, and the Company shall use commercially reasonable efforts to direct officers and members of the board of directors to, refrain from any criticisms or disparaging comments about each other or in any way relating to

Participant's employment or separation from employment with the Company; provided, however, that nothing in this Plan shall apply to or restrict in any way the communication of information to any governmental law enforcement agency by either party that is required by compulsion of law. A violation or threatened violation of this prohibition may be enjoined by a court of competent jurisdiction. The rights under this provision are in addition to any and all rights and remedies otherwise afforded by law to the parties.

- F. Protected Disclosures. Notwithstanding anything in this Plan to the contrary, nothing in this Plan will be construed to prohibit Participant from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. This Plan does not limit Participant's right to receive an award for information provided to any governmental agency or regulatory body. Further, in accordance with the Defend Trade Secrets Act, Participant may not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
- G. Subsidiaries and Affiliates Included. Except where otherwise expressly provided, for all purposes of the obligations of Participant under this Article XIII, the phrase "the Company" refers to the Callon Petroleum Company and its Subsidiaries and Affiliates.

XIV. NOTICE

For the purposes hereof, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or mailed. Each notice or other communication required or permitted under this Plan shall be in writing and transmitted or delivered by personal delivery, prepaid courier or messenger service (whether overnight or same-day), electronic mail (with hard copy to follow by regular mail) or prepaid certified or registered United States mail (with return receipt requested), addressed to the Company at its principal place of business and to Participant at his or her address as shown on the records of the Company, provided that all notices to the Company shall be directed to the attention of the Chief Executive Officer of the Company with a copy to the Corporate Secretary of the Company, or to such other address provided in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt, or at such other address as the recipient has designated by notice to the other party.

Each notice or communication so transmitted, delivered, or sent in person, by courier or messenger service, or by certified United States mail, shall be deemed given, received, and effective on the date delivered to or refused by the intended recipient (with the return receipt, or the equivalent record of the courier or messenger, being deemed conclusive evidence of delivery or refusal.) Nevertheless, if the date of delivery is after 5:00 p.m. (local time of the recipient) on a business day, the notice or other communication shall be deemed given, received and effective on the next business day.

XV. CLAWBACK.

In the event of a Participant's breach of any of the restrictive covenants set forth in Article XIII, the Participant's right to receive the Severance Benefits will immediately cease and be forfeited, and any Severance Pay previously paid to such Participant will be immediately repaid to the Company by the Participant.

XVI. EFFECTIVE DATE.

This Plan was authorized by the Compensation Committee on September 21, 2022 and is effective for terminations on or after such date.

XVII. FURTHER INFORMATION.

The Human Resources department coordinates the administration of the Plan at the direction of the Administrator.

* * * * *

Exhibit A

Severance Benefits

Unless otherwise determined by the Administrator, the terms of this Exhibit A will apply to Participants upon an Involuntary Termination.

1. Subject to a Participant's satisfaction of the requirements under Article II of the Plan, upon an Involuntary Termination, the Participant shall be entitled to the payments and benefits set forth in (a) and (b) below (together, the "Severance Benefits").
 - A. An amount equal to the "Severance Pay" which shall equal the sum of:
 - i. The Applicable Multiple, multiplied by the sum of the Participant's (A) Base Salary and (B) Target Annual Bonus;
 - ii. Any earned but unpaid annual bonus for the calendar year prior to the year of the Involuntary Termination, based on the Company's actual performance during such calendar year;
 - iii. An amount equal to a pro rata portion of Participant's annual bonus for the calendar year of the Involuntary Termination, with the amount subject to proration to be calculated as set forth below, subject to proration based on the number of days in the calendar year Participant remained in Employment through the date of the Involuntary Termination:
 1. If the Involuntary Termination occurs prior to July 1st: the Participant's Target Annual Bonus; or
 2. If the Involuntary Termination occurs on or after July 1st: the Participant's actual annual bonus for the year in which the Involuntary Termination occurs, as determined by the Compensation Committee.
 - B. Subject to the Participant's timely election under Section 4980B of the Code (commonly known as COBRA), the Company shall, at its expense, maintain in full force and effect for the Participant's and his or her dependents' continued benefit until twelve (12) months after the date of the Involuntary Termination, all medical, dental, and vision insurance coverage to which the Participant and his or her dependents were entitled immediately prior to date of the Involuntary Termination.
2. Except with respect to the pro rata bonus for any Involuntary Termination occurring on or after July 1st, the Severance Pay (less all applicable withholdings and deductions) will be paid in a lump sum as soon as practicable following the date the release signed by the Participant has become final and irrevocable. In no event, however, will the Severance Pay be paid later than the last day of the second taxable year following the taxable year in which occurs the Participant's Involuntary Termination.
3. The pro rata bonus for any Involuntary Termination occurring on or after July 1st (less all applicable withholdings and deductions) will be paid in a lump sum as soon as practicable following the date on which the Compensation Committee has determined actual results with respect to such bonus at the same time bonuses are typically paid.

4. For purposes of this Exhibit A, the terms below shall have the following meaning:

- A. "Applicable Multiple" means 2x for the Company's Chief Executive Officer and 1.5x for Senior Vice Presidents and Vice Presidents.
- B. "Target Annual Bonus" means the target annual bonus for the year in which an Involuntary Termination occurs.

Ex. A

Exhibit B
Participants

Title
Chief Executive Officer
Senior Vice Presidents
Vice Presidents

Ex. B

EXHIBIT C

FORM OF WAIVER AND RELEASE

[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]

1. In consideration of, and as a condition precedent to, the severance payments and benefits (the "Severance") described in that certain Callon Petroleum Company Executive Severance Pay Plan (the "Plan") effective as of _____, 2022 between Callon Petroleum Company, a Delaware corporation (the "Company"), and [_____] ("Participant"), which were offered to Participant in exchange for a general waiver and release of claims (this "Waiver and Release"). Participant having acknowledged the above-stated consideration as full compensation for and on account of any and all injuries and damages which Participant has sustained or claimed, or may be entitled to claim, Participant, for himself or herself, and his or her heirs, executors, administrators, successors and assigns, does hereby release, forever discharge and promise not to sue the Company, its parents, subsidiaries, affiliates, successors and assigns, and their past and present officers, directors, partners, employees, members, managers, shareholders, agents, attorneys, accountants, insurers, heirs, administrators, executors, as well as all employee benefit plans maintained by any of the foregoing entities or individuals, and all fiduciaries and administrators of such plans, in their personal and representative capacities (collectively the "Released Parties") from any and all claims, liabilities, costs, expenses, judgments, attorney fees, actions, known and unknown, of every kind and nature whatsoever in law or equity, which Participant had, now has, or may have against the Released Parties relating in any way to Participant's employment with the Company or termination thereof prior to and including the date of execution of this Waiver and Release, including but not limited to, all claims for contract damages, tort damages, special, general, direct, punitive and consequential damages, compensatory damages, loss of profits, attorney fees and any and all other damages of any kind or nature; all contracts, oral or written, between Participant and any of the Released Parties; any business enterprise or proposed enterprise contemplated by any of the Released Parties, as well as anything done or not done prior to and including the date of execution of this Waiver and Release. Notwithstanding anything to the contrary contained in this Waiver and Release, nothing in this Waiver and Release shall be construed to release the Company from any obligations set forth in the Plan.
2. Participant understands and agrees that this release and covenant not to sue shall apply to any and all claims or liabilities arising out of or relating to Participant's employment with the Company and the termination of such employment, including, but not limited to: claims of discrimination based on age, race, color, sex (including sexual harassment), religion, national origin, marital status, parental status, veteran status, union activities, disability or any other grounds under applicable federal, state or local law prior to and including the date of execution of this Waiver and Release, including, but not limited to, claims arising under the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act, the Family and Medical Leave Act, Title VII of the Civil Rights Act, the Civil Rights Act of 1991, 42 U.S.C. § 1981, the Genetic Information Non-Discrimination Act of 2008, the Employee Retirement Income Security Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Rehabilitation Act of 1973, the Equal Pay Act of 1963 (EPA), all as amended, as well as any claims prior to and including the date of execution of this Waiver and Release, regarding wages; benefits; vacation; sick leave; business expense reimbursements; wrongful termination; breach of the covenant of good faith and fair dealing; intentional or negligent infliction of emotional distress; retaliation; outrage; defamation; invasion of privacy; breach of contract; fraud or negligent misrepresentation; harassment;

breach of duty; negligence; discrimination; claims under any employment, contract or tort laws; claims arising under any other federal law, state law, municipal law, local law, or common law; any claims arising out of any employment contract, policy or procedure; and any other claims related to or arising out of his or her employment or the separation of his or her employment with the Company prior to and including the date of execution of this Waiver and Release.

3. In addition, Participant agrees not to cause or encourage any legal proceeding to be maintained or instituted against any of the Released Parties, save and except proceedings to enforce the terms of the Plan or claims of Participant not released by and in this Waiver and Release.
4. In consideration of, and as a condition precedent to, the receipt of Severance defined in the Plan, Participant agrees to be bound by the following covenants:
 - A. Noncompetition. The Participant agrees that, if he or she becomes eligible for Severance pursuant to Article III of the Plan, he or she will not, for a period of one (1) year after the date of termination, directly or indirectly, compete with the Company by providing services to any other person, partnership, association, corporation, or other entity that is an "Oil and Gas Business" in any geographic location where the Company operated as of the date of termination (the "Restricted Area") if such services are in direct competition with the Company. As used herein, an "Oil and Gas Business" means owning, managing, acquiring, attempting to acquire, soliciting the acquisition of, operating, controlling, or developing Oil and Gas interests, or engaging in or being connected with, as a principal, owner, officer, director, employee, promoter, consultant, contractor, partner, member, joint venture, agent, equity owner (excluding as a passive equity owner) or in any other capacity whatsoever, any of the foregoing activities of the oil and gas exploration and production business. The parties agree that the above restrictions on competition are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of the Plan for whatever reason. The parties further agree that any invalidity or unenforceability of any one or more of such restrictions on competition shall not render invalid or unenforceable any remaining restrictions on competition. Additionally, should a court of competent jurisdiction determine that the scope of any provision of Article XIII.A of the Plan is too broad to be enforced as written, the parties intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable.
 - B. Nonsolicitation. If Participant becomes eligible for Severance pursuant to Article III of the Plan, for a period of one (1) year after the date of termination, Participant shall not, on his or her own behalf or on behalf of any other person, partnership, association, corporation, or other entity: (a) directly, indirectly, or through a third party hire or cause to be hired; (b) directly, indirectly, or through a third party solicit; or (c) in any manner attempt to influence or induce any employee of the Company to leave the employment of the Company, nor shall he or she use or disclose to any person, partnership, association, corporation, or other entity any information obtained concerning the names and addresses of the Company's employees. The parties agree that the above restrictions on hiring and solicitation are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of the Plan for whatever reason. The parties further agree that any invalidity or unenforceability of any one or more such

restrictions on hiring and solicitation shall not render invalid or unenforceable any remaining restrictions on hiring and solicitation. Additionally, should a court of competent jurisdiction determine that the scope of any provision of Article III.B of the Plan is too broad to be enforced as written, the parties intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable.

C. Nondisclosure of Trade Secrets. The Company promises to disclose to Participant and Participant acknowledges that in, and as a result of, his or her employment by the Company, he or she will receive, make use of, acquire, have access to and/or become familiar with, various trade secrets and proprietary and confidential information of the Company, including, but not limited to, processes, computer programs, compilations of information, records, financial information, sales reports, sales procedures, customer requirements, pricing techniques, customer lists, method of doing business, identities, locations, performance and compensation levels of employees, and other confidential information (individually and collectively, "Trade Secrets") which are owned by the Company and used in the operation of its business, and as to which the Company takes precautions to prevent dissemination to persons other than certain directors, officers, and employees. The Participant acknowledges and agrees that the Trade Secrets:

- i. Are secret and not known in the industry;
- ii. Give the Company an advantage over competitors who do not know or use the Trade Secrets;
- iii. Are of such value and nature as to make it reasonable and necessary to protect and preserve the confidentiality and secrecy of the Trade Secrets; and
- iv. Are valuable, special, and unique assets of the Company, the disclosure of which could cause substantial injury and loss of profits and goodwill to the Company.

The Participant promises not to use in any way or disclose any of the Trade Secrets and confidential and proprietary information, directly or indirectly, either during or after the term of his or her employment, except as required in the course of his or her employment with the Company, if required in connection with a judicial or administrative proceeding, or if the information becomes public knowledge other than as a result of an unauthorized disclosure by Participant. All files, records, documents, information, data, and similar items relating to the business of the Company, whether prepared by Participant or otherwise coming into his or her possession, will remain the exclusive property of the Company and may not be removed from the premises of the Company under any circumstances without the prior written consent of the Company (except in the ordinary course of business during Participant's period of active employment under the Plan), and in any event must be promptly delivered to the Company upon termination of Participant's employment with the Company. The Participant agrees that upon his or her receipt of any subpoena, process, or other requests to produce or divulge, directly or indirectly, any Trade Secrets to any entity, agency, tribunal, or person, whether received during or after the term of Participant's employment with the Company, Participant shall timely notify and promptly deliver a copy

of the subpoena, process, or other request to the Company. For this purpose, the Participant irrevocably nominates and appoints the Company (including any attorney retained by the Company) as his or her true and lawful attorney-in-fact, to act in Participant's name, place, and stead to perform any act that Participant might perform to defend and protect against any disclosure of any Trade Secrets.

The parties agree that the above restrictions on confidentiality and disclosure are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of the Plan for whatever reason. The parties further agree that any invalidity or unenforceability of any one or more of such restrictions on confidentiality and disclosure shall not render invalid or unenforceable any remaining restrictions on confidentiality and disclosure. Additionally, should a court of competent jurisdiction determine that the scope of any provision of Article XIII.C of the Plan is too broad to be enforced as written, the parties intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable.

- D. Ownership. All inventions, copyrightable material, business and/or technical information, marketing plans, customer lists, and Trade Secrets which arise out of the performance of the Plan are the property of the Company.
- E. No Disparaging Comments. Participant shall, and the Company shall use commercially reasonable efforts to direct officers and members of the board of directors to, refrain from any criticisms or disparaging comments about each other or in any way relating to Participant's employment or separation from employment with the Company; provided, however, that nothing in the Plan shall apply to or restrict in any way the communication of information to any governmental law enforcement agency by either party that is required by compulsion of law. A violation or threatened violation of this prohibition may be enjoined by a court of competent jurisdiction. The rights under this provision are in addition to any and all rights and remedies otherwise afforded by law to the parties.

Participant acknowledges that in executing this Waiver and Release, he or she has knowingly, voluntarily, and intelligently waived any free speech, free association, free press or First Amendment to the United States Constitution (including, without limitation, any counterpart or similar provision or right under any other state constitution which may be deemed to apply) and rights to disclose, communicate, or publish disparaging information or comments concerning or related to the Company; provided, however, nothing in the Plan shall be deemed to prevent Participant from testifying fully and truthfully in response to a subpoena from any court or from responding to an investigative inquiry from any governmental agency.

- F. Protected Disclosures. Notwithstanding anything in the Plan to the contrary, nothing in the Plan will be construed to prohibit Participant from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. The Plan does not limit Participant's right to receive an award for information provided to any governmental agency or regulatory body. Further, in

accordance with the Defend Trade Secrets Act, Participant may not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

G. Subsidiaries and Affiliates Included. Except where otherwise expressly provided, for all purposes of the obligations of Participant under Article XIII of the Plan, the phrase “the Company” refers to the Callon Petroleum Company and its Subsidiaries and Affiliates.

5. This release does not apply to any claims for unemployment compensation or any other claims or rights which, by law, cannot be waived, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however that Participant disclaims and waives any right to share or participate in any monetary award from the Company resulting from the prosecution of such charge or investigation or proceeding. Notwithstanding the foregoing or any other provision in this Waiver and Release or the Plan to the contrary, the Company and Participant further agree that nothing in this Waiver and Release or the Plan (i) limits Participant’s ability to file a charge or complaint with the EEOC, the NLRB, OSHA, the SEC or any other federal, state or local governmental agency or commission (each a “Government Agency” and collectively “Government Agencies”); (ii) limits Participant’s ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information and reporting possible violations of law or regulation or other disclosures protected under the whistleblower provisions of applicable law or regulation, without notice to the Company; or (iii) limits Participant’s right to receive an award for information provided to any Government Agencies.
6. Participant expressly acknowledges that he or she is voluntarily, irrevocably and unconditionally releasing and forever discharging the Company and the other Released Parties from all rights or claims he or she has or may have against the Released Parties including, but not limited to, without limitation, all charges, claims of money, demands, rights, and causes of action arising under the Age Discrimination in Employment Act of 1967, as amended (“ADEA”), up to and including the date Participant signs this Waiver and Release including, but not limited to, all claims of age discrimination in employment and all claims of retaliation in violation of ADEA. Participant further acknowledges that the consideration given for this waiver of claims under the ADEA is in addition to anything of value to which he or she was already entitled in the absence of this waiver. Participant further acknowledges: (a) that he or she has been informed by this writing that he or she should consult with an attorney prior to executing this Waiver and Release; (b) that he or she has carefully read and fully understands all of the provisions of this Waiver and Release; (c) he or she is, through this Waiver and Release, releasing the Company and the other Released Parties from any and all claims he or she may have against any of them; (d) he or she understands and agrees that this waiver and release does not apply to any claims that may arise under the ADEA after the date he or she executes this Waiver and Release; (e) he or she has at least [twenty-one (21)] [forty-five (45)] days within which to consider this Waiver and Release; and (f) he or she has seven (7) days following his or her execution of this Waiver and Release to revoke the Waiver and Release; and (g) this Waiver and Release shall not be effective until the revocation period has expired and Participant has signed and has not revoked the Waiver and Release.

7. Participant acknowledges and agrees that: (a) he or she has had reasonable and sufficient time to read and review this Waiver and Release and that he or she has, in fact, read and reviewed this Waiver and Release; (b) that he or she has the right to consult with legal counsel regarding this Waiver and Release and is encouraged to consult with legal counsel with regard to this Waiver and Release; (c) that he or she has had (or has had the opportunity to take) [twenty-one (21)] [forty-five (45)] calendar days to discuss the Waiver and Release with a lawyer of his or her choice before signing it and, if he or she signs before the end of that period, he or she does so of his or her own free will and with the full knowledge that he or she could have taken the full period; (d) that he or she is entering into this Waiver and Release freely and voluntarily and not as a result of any coercion, duress or undue influence; (e) that he or she is not relying upon any oral representations made to him or her regarding the subject matter of this Waiver and Release; (f) that by this Waiver and Release he or she is receiving consideration in addition to that which he or she was already entitled; and (g) that he or she has received all information he or she requires from the Company in order to make a knowing and voluntary release and waiver of all claims against the Company and the other Released Parties.
8. Participant acknowledges and agrees that he or she has seven (7) days after the date he or she signs this Waiver and Release in which to rescind or revoke this Waiver and Release by providing notice in writing to the Company. Participant further understands that the Waiver and Release will have no force and effect until the end of that seventh day (the "Waiver Effective Date"). If Participant revokes the Waiver and Release, the Company will not be obligated to pay or provide Participant with the benefits described in this Waiver and Release, and this Waiver and Release shall be deemed null and void.

AGREED TO AND ACCEPTED this

_____ day of _____, 20__.

[Name]

CALLON EXECUTIVE CHANGE IN CONTROL SEVERANCE COMPENSATION PLAN

THE CALLON EXECUTIVE CHANGE IN CONTROL SEVERANCE PLAN (the “*Plan*”) is adopted effective as of September 21, 2022 (the “*Effective Date*”), for the purpose of providing eligible Executives (as defined below) of Callon Petroleum Company, a Delaware corporation (the “*Company*”, and together with its subsidiaries, “*Callon*”) with certain compensation arrangements in connection with a Change in Control (as defined below).

WITNESSETH:

WHEREAS, Callon desires to assure fair treatment of its key executives in the event of a Change in Control or Merger of Equals (as such terms are defined below) and to allow them to make critical career decisions without undue time pressure and financial uncertainty, thereby increasing their willingness to remain with Callon notwithstanding the outcome of a possible Change in Control or Merger of Equals transaction; and

WHEREAS, the Compensation Committee of the Board of Directors of the Company (the “*Board*”) believes it is essential to provide the Executive with compensation arrangements upon a Change in Control or Merger of Equals which provide the Executive with individual financial security and which are competitive with those of other similar corporations, and in order to accomplish these objectives, the Compensation Committee has caused Callon to adopt this Plan;

NOW, THEREFORE, the Company hereby adopts the Plan to read as follows:

Article 1. Definitions

For purposes of this Plan, the terms set forth below shall have the following respective meanings:

“*Affiliate*” has the same meaning ascribed to such term in Rule 12b-2 under the Exchange Act.

“*Applicable Multiplier*” means 3.0 for the Chief Executive Officer and 2.0 for each other Executive.

“*Change in Control*” means the occurrence of one or more of the following:

- (a) The acquisition (other than directly from the Company) by any Person (other than an Exempt Person) of beneficial ownership of 30% or more of the total fair market value or total voting power of the Company’s Voting Stock, provided that if any Person owns 30% or more of the total voting power of the Company’s Voting Stock, the acquisition of additional control of the Company by the same Person is not considered to cause a Change in Control;
- (b) Individuals who, as of the Effective Date, constitute the Board (the “*Incumbent Board*”) cease for any reason to constitute at least a majority of the Board; provided, however that any individual becoming a director subsequent to such date whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election

contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

- (c) Consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets (which, for this purpose, shall be deemed to be 40% or more of the total gross fair market value of the Company's assets) of the Company (a "**Business Combination**"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Company's Voting Stock immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding Voting Stock of the parent entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Company's Voting Stock, (ii) no Person (excluding any Exempt Person) beneficially owns, directly or indirectly, 30% or more of the total fair market value or total voting power of the then outstanding Voting Stock of the parent entity resulting from such Business Combination and (iii) at least a majority of the members of the board of directors (or equivalent governing body) of the parent entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination.

"**Compensation Committee**" means the Compensation Committee of the Board.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time.

"**Executive**" means employees of Callon with the titles set forth on Exhibit B as determined in the sole discretion of the Administrator.

"**Exempt Person**" means any of (1) the Company or any of its Subsidiaries, (2) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, (3) an underwriter temporarily holding stock pursuant to an offering of such stock, or (4) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the Company's stock.

"**Merger of Equals**" means the consummation of a Business Combination unless, (i) such Business Combination is a Change in Control or (ii) following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Voting Stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, 60% or more of, respectively, the then outstanding Voting Stock of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Voting Stock.

"**Person**" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof.

“**Subsidiary**” means (i) in the case of a corporation, any corporation of which the Company directly or indirectly owns shares representing more than 50% of the combined voting power of the shares of all classes or series of capital stock of such corporation which have the right to vote generally on matters submitted to a vote of the stockholders of such corporation and (ii) in the case of a partnership or other business entity not organized as a corporation, any such business entity of which the Company directly or indirectly owns more than 50% of the voting, capital or profits interests (whether in the form of partnership interests, membership interests or otherwise).

“**Voting Stock**” shall mean stock of any class or kind having the power to vote generally for the election of directors (or members of a comparable governing body).

Article 2. Term and Participation

All Executives (as defined herein) of the Company are eligible to receive benefits under the Plan subject to the terms and conditions described herein.

This Plan shall be effective (i) for any Executive who, immediately prior to the Effective Date, was party to an individual Change in Control Severance Compensation Agreement (a “**CIC Severance Agreement**”) (x) if such Executive agrees in writing to the early termination of such CIC Severance Agreement, then as of the date of such agreed early termination or (y) if such Executive does not agree in writing to the early termination of such CIC Severance Agreement, then as of January 1, 2023, or (ii) for all other Executives, as of the Effective Date or such later date as may be specified by the Compensation Committee, and, in each case, will continue on until:

- (a) The termination of the Executive's employment with Callon based on death, Disability (as defined in Section 4.1), or Cause (as defined in Section 4.2);
- (b) The voluntary resignation of the Executive for any reason other than Good Reason (as defined in Section 4.3);
- (c) Any termination of Executive's employment prior to a Change in Control or Merger of Equals, except as expressly provided in Article 3; or
- (d) Any earlier termination provided by the Board or Compensation Committee, subject to the limitations set forth in Section 15.

Article 3. Deemed Eligible Termination

Except as provided herein, no benefits shall be payable hereunder unless (i) there shall have been a Change in Control, and Executive's employment by Callon shall thereafter have been terminated within two (2) years after the date of such Change in Control, (a) by Callon other than for Cause (as defined in Section 4.2) or due to Executive's Disability (as defined in Section 4.1) or (b) by Executive for Good Reason (as defined in Section 4.3), or (ii) there shall have been a Merger of Equals, and Executive's employment by Callon shall thereafter have been terminated by Callon other than for Cause (as defined in Section 4.2) or due to Executive's Disability (as defined in Section 4.1) within twelve (12) months following the date of such Merger of Equals (for purposes of this Plan, an “**Eligible Termination**”).

If the Executive's employment with Callon is terminated by Callon for reasons other than Cause or Disability in accordance with the provisions of Article 4 within the six (6) month period prior to the date on which a Change in Control is effective, and it is reasonably demonstrated that such termination: (i) was at the request of a third party who has taken steps reasonably calculated

to effectuate such Change in Control or (ii) otherwise arose in connection with such Change in Control, then for all purposes hereof, such termination shall be deemed to have occurred following such Change in Control (for purposes of this Plan, a “*Deemed Eligible Termination*”).

Notwithstanding the foregoing provisions of Article 3, with respect to any payment hereunder that (i) is subject to Section 409A of the Internal Revenue Code of 1986, as amended (the “*Code*”) and (ii) a Change in Control would accelerate the timing of such payment, the term “Change in Control” shall mean a change in the ownership or effective control of Callon, or in the ownership of a substantial portion of the assets of Callon as defined under Code Section 409A, but only to the extent inconsistent with the above definitions and to the minimum extent necessary to comply with Section 409A, as determined by Callon.

Article 4. Termination of Employment Following a Change in Control or Merger of Equals

If (i) a Change in Control shall have occurred and Executive’s employment is subsequently terminated within two (2) years following the date of such Change in Control, (a) by Callon other than for Cause (as defined in Section 4.2) or due to Executive’s Disability (as defined in Section 4.1) or (b) by Executive for Good Reason (as defined in Section 4.3), or (ii) a Merger of Equals shall have occurred and Executive’s employment is subsequently terminated by Callon other than for Cause (as defined in Section 4.2) or due to Executive’s Disability (as defined in Section 4.1) within twelve (12) months following the date of such Merger of Equals, Executive shall be entitled to the benefits provided in Articles 6 and 7, subject to the additional requirements set forth therein. For the avoidance of doubt, no benefits will be payable hereunder on a termination of Executive’s employment due to Disability or death, due to termination by Callon for Cause, or due to Executive’s voluntary termination of employment without Good Reason.

4.1 Disability. If, upon the Disability (as defined below) of Executive, and within thirty (30) days after written Notice of Termination (as defined in Section 4.4) is given, Executive has not returned to the full-time performance of his or her employment duties, Callon may terminate Executive’s employment for Disability. For purposes of this Plan, “*Disability*” is defined as the physical or mental inability of Executive to carry out the normal and usual duties of his or her employment on a full-time basis for an entire period of six (6) continuous months, together with the reasonable likelihood, as determined by the Board upon the advice of a physician selected or approved by the Board, that Executive will be unable to carry out the normal and usual duties of his or her employment on a full-time basis for the next following continuous period of six (6) months.

4.2 Cause. For purposes hereof, “*Cause*” is defined as: (i) the conviction of the Executive by a court of competent jurisdiction as to which no further appeal can be taken of a crime involving moral turpitude or a felony or entering the plea of nolo contendere to such crime by the Executive; (ii) the commission by the Executive of a material act of fraud upon Callon; (iii) the material misappropriation by the Executive of any funds or other property of Callon; (iv) the knowing engagement by the Executive without the written approval of the Board, in any material activity which directly competes with the business of Callon, or which would directly result in material injury to the business or reputation of Callon; (v) (1) a material breach by the Executive during the Executive’s employment with Callon of any of the restrictive covenants set out in the Executive’s employment agreement with the Company, if applicable, or (2) the willful and material nonperformance of the Executive’s duties to Callon (other than by reason of the Executive’s illness or incapacity), and, for purposes of this clause (v), no act or failure to act on Executive’s part shall be deemed “willful” unless it is done or omitted by the Executive not in good faith and without his or her reasonable belief that such action or omission was in the best interest of Callon, (vi) any breach of the Executive’s fiduciary duties to Callon, including,

without limitation, the duties of care, loyalty and obedience to the law; and (vii) the intentional failure of the Executive to comply with Callon's Code of Business Conduct and Ethics, or to otherwise discharge his or her duties in good faith and in a manner that the Executive reasonably believes to be in the best interests of Callon, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

4.3 Good Reason. Subject to Section 4.4, Executive may terminate his or her employment for Good Reason. For purposes of this Plan, "**Good Reason**" shall mean any of the following:

- (a) Following a Change in Control, a material diminution in the scope, nature or status of Executive's responsibilities;
- (b) Following a Change in Control, (1) a reduction in Executive's base salary as in effect on the date of a Change in Control or as the same may be increased from time to time thereafter, or (2) a failure by Callon to continue to provide Executive with compensation and benefits that do not represent a material reduction, either in amount of compensation opportunity and benefits provided or the level of the Executive's participation relative to other participants, in the compensation and benefits provided immediately prior to the Change in Control;
- (c) Following a Change in Control, Executive's relocation by Callon to a location in excess of 50 miles from the location where Executive was based immediately prior to the Change in Control, except for a relocation consented to by Executive, if all reasonable costs of relocation, including moving expenses, costs of selling a principal residence (and, if requested by Executive, the purchase of such principal residence at its then-appraised value as appraised by a qualified and licensed appraiser selected by Executive) are paid or provided for by Callon;
- (d) Following a Change in Control, the failure by Callon to continue in effect any compensation plan in which Executive participates unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan in connection with a Change in Control, or the failure of Callon to continue Executive's participation therein or the taking of any action by Callon which would materially and adversely affect Executive's participation in any such plan or reduce Executive's benefits thereunder;
- (e) Following a Change in Control, the failure by Callon to continue to provide Executive with benefits not less, in the aggregate, than those enjoyed under any of Callon's retirement, life insurance, medical, health, and accident, or disability plans in which Executive was participating at the time of a Change in Control or the taking of any action by Callon which would directly or indirectly materially reduce any such benefits;
- (f) Following a Change in Control, the failure of Callon to obtain a satisfactory agreement from any successor or parent thereof to assume and agree to perform this Plan pursuant to Article 8; or
- (g) Following a Change in Control, any purported termination of Executive's employment with Callon which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 4.4 (and for purposes of this Plan, no such purported termination shall be effective).

Notwithstanding the foregoing definition of “Good Reason”, the Executive cannot terminate his or her employment hereunder for Good Reason unless the Executive (1) first notifies the Board in writing of the event (or events) which the Executive believes constitutes a Good Reason event under clauses (a) through (g) (above) within sixty (60) calendar days from the date of such event, and (2) provides Callon with at least thirty (30) calendar days to cure, correct or mitigate the Good Reason event so that it either (A) does not constitute a Good Reason event hereunder or (B) the Executive specifically agrees, in writing, that after any such modification or accommodation made by Callon, such event does not constitute a Good Reason event hereunder.

The Executive’s mental or physical incapacity following the occurrence of any of the circumstances described in clauses (a) through (g) (above) shall not affect the Executive’s ability to terminate employment for Good Reason, and the Executive’s death following delivery of a Notice of Termination for Good Reason shall not affect his or her designated beneficiary’s entitlement to any benefits provided hereunder upon a termination of employment for Good Reason. Notwithstanding anything herein to the contrary, the Executive’s resignation under this Plan, with or without Good Reason, shall not affect the Executive’s eligibility to receive benefits under any retirement or pension plan of Callon or its Affiliates.

4.4 Notice of Termination. Any termination pursuant to the foregoing provisions of this Article 4 (excluding a termination due to Executive’s death) shall be communicated by written Notice of Termination to the Executive or Company, as applicable. For purposes hereof, a “**Notice of Termination**” shall mean a written notice which shall indicate the specific termination provision herein relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive’s employment under the provision so indicated. In the event that Executive seeks to terminate his or her employment with Callon pursuant to Section 4.3, he or she must communicate his or her written Notice of Termination to Callon within sixty (60) days of being notified of such action or actions by Callon which constitute Good Reason for termination.

4.5 Date of Termination. The term “**Date of Termination**” shall mean: (i) if the Executive’s employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that Executive has not returned to the performance of his or her duties on a full-time basis during such thirty (30) day period); or (ii) if Executive’s employment is terminated pursuant to Section 4.3, or if Executive’s employment is terminated for any other reason, the date that Executive incurs a “separation from service” (as such term is defined in final Treasury Regulations issued under Code Section 409A and any other authoritative guidance issued thereunder), as determined by Callon.

4.6 Reimbursement of Expenses. To the extent this Plan provides for the reimbursement of expenses which are not specifically excluded from Code Section 409A, (i) the amount of expenses eligible for reimbursement during the Executive’s taxable year shall not affect the expenses eligible for reimbursement in any other taxable year and (ii) the reimbursement shall be made not later than by December 31st of the year following the calendar year in which such expense was incurred by the Executive.

Article 5. Compensation Upon Termination

5.1 Certain Terminations following a Change in Control or Merger of Equals. If a Change in Control or Merger of Equals shall have occurred and Executive’s employment is subsequently terminated under circumstances described in the first paragraph of Article 4, or if Executive incurs a Deemed Eligible Termination, the Executive shall be entitled to the following benefits, provided that within fifty (50) days following the Date of Termination the Executive

signs, and does not timely revoke, a general release in substantially the form set forth on Exhibit A, and the Executive affirmatively agrees not to violate the provisions of Article 7:

- (a) Callon shall pay to the Executive in a lump sum, in cash, on the date which is six (6) months following his or her Date of Termination, an amount equal to the sum of:
 - (i) the Applicable Multiplier times the sum of: (A) the Executive's annual base salary as in effect immediately prior to the Change in Control or Merger of Equals, as applicable, or, if higher, in effect immediately prior to the Date of Termination and (B) the greatest of:
 - (1) the average annual bonus (under all Callon annual bonus plans for which the Executive is eligible) earned with respect to the three (3) most recently completed full fiscal years (provided that if the Executive has not been employed for the entire duration of each of the three (3) most recently completed full fiscal years, he or she will be deemed to have earned his or her target annual bonus for any year for which he or she was not employed for the entire fiscal year for purposes of calculating the average in this clause (B)(1)),
 - (2) the target annual bonus (under all Callon annual bonus plans for which the Executive is eligible) for the fiscal year in which the Change in Control or Merger of Equals, as applicable, occurs or
 - (3) the target annual bonus (under all Callon annual bonus plans for which the Executive is eligible) for the fiscal year in which the Date of Termination occurs;
 - (ii) the Pro-Rata Bonus (as defined below); and
 - (iii) any actual annual bonus for any completed calendar year that has been earned by the Executive but has not been paid as of the Date of Termination.

For purposes of this Plan, the "**Pro-Rata Bonus**" shall be an amount calculated as set forth below, in each case, as of the relevant year with respect to which the calculation is being made, subject to proration based on the number of days in the calendar year Executive remained employed through the date of the Date of Termination:

- (i) If calculated as of a date prior to July 1: the target annual bonus (using the greater of the target annual bonus in effect for the year in which the Date of Termination occurs or the year in which the Change in Control or Merger of Equals occurs); and
 - (ii) If calculated as of July 1 or later: the actual bonus based on (x) for quantitative performance measures, the Company's actual performance through the end of the completed calendar quarter immediately preceding the calculation date as determined by the Compensation Committee and (y) for qualitative performance measures, target performance.
- (b) Callon shall, at its expense, maintain in full force and effect for Executive's and Executive's eligible dependents continued benefit until twenty-four (24) months after the Date of Termination all medical, dental, and vision insurance coverage to

which Executive and Executive's eligible dependents were entitled immediately prior to the Notice of Termination. The continued coverage under this Section 5.1(b) shall be provided in a manner that is intended to satisfy an exception to Section 409A of the Code, and therefore not treated as an arrangement providing for nonqualified deferred compensation that is subject to taxation under Code Section 409A, including (i) providing such benefits on a nontaxable basis to Executive, (ii) providing for the reimbursement of medical expenses incurred during the time period during which Executive would be entitled to continuation coverage under a group health plan of Callon pursuant to Section 4980B of the Code (i.e., COBRA continuation coverage), (iii) providing that such benefits constitute the reimbursement or provision of in-kind benefits payable at a specified time or pursuant to a fixed schedule as permitted under Code Section 409A and the authoritative guidance thereunder, or (iv) such other manner as determined by Callon in compliance with an exception from being treated as nonqualified deferred compensation subject to Code Section 409A. Further, the continued coverage under this Section 5.1(b) shall be provided as alternative coverage to continuation coverage under Section 4980B of the Code ("COBRA") and if Executive accepts such continued coverage under this Section 5.1(b), he or she will be deemed to have declined COBRA continuation coverage. In the event of a Deemed Eligible Termination, (i) the Executive will be entitled to a make-up payment (paid on the date the Executive's severance payment is made pursuant to Section 5.1(a)) in an amount equal to the value of the coverage that would have been provided from the Date of Termination until the date of the Change in Control or Merger of Equals, as applicable, had Executive been treated as eligible for benefits pursuant to Section 5.1(b) as of the Date of Termination, and (ii) Executive's benefits pursuant to this Section 5.1(b) will begin as of the date of the Change in Control or Merger of Equals, as applicable.

- (c) Callon's obligation to pay severance amounts due to the Executive pursuant to this Section 5.1, to the extent not already paid, shall cease immediately and such payments will be forfeited if the Executive violates any of the covenants or conditions described in Sections 7.1, 7.2 or 7.3 after the Date of Termination.

5.2 Limitation on Payments.

- (a) Definitions. For purposes of this Section 5.2, the following capitalized terms have the meanings ascribed to them, below.

"Excise Tax" means the excise tax imposed by Section 4999 of the Code with respect to the Total Payments together with any interest or penalties with respect to such excise tax.

"Incentive Award" means a stock option, stock appreciation right, restricted stock award, restricted stock unit award, or other equity-type award under any plan or agreement in which Executive has, or will (by the passage of time or based on Executive's performance) have, an interest in the capital stock of Callon or an Affiliate, or a right to obtain capital stock or an interest in capital stock of Callon or an Affiliate as well as any cash retention, performance, or incentive award, other than annual bonuses under any Callon bonus plan.

"Net After-Tax Benefit" means (i) the Total Payments less (ii) the amount of all United States federal, state and local income and employment taxes payable with respect to the Total Payments (calculated at the maximum applicable marginal income tax rate for Executive under the Code), and less (iii) the amount of the Excise Tax imposed (based upon the rate for such year as set forth in the Code at the time of the first payment of the foregoing).

“**Total Payments**” means the total payments or other benefits that Executive becomes entitled to receive from Callon or an Affiliate in connection with a Change in Control or Merger of Equals that would constitute a “parachute payment” (within the meaning of Section 280G of the Code), whether payable pursuant to the terms of this Plan or any other plan, arrangement, or agreement with Callon or an Affiliate.

(b) **Maximum Net After-Tax Benefit.** The Total Payments shall be reduced to the minimum extent necessary so that no portion of the Total Payments shall be subject to the Excise Tax, but only if, by reason of such reduction, the Net After-Tax Benefit received by Executive as a result of such reduction will exceed the Net After-Tax Benefit that would have been received by Executive if no such reduction was made. It is thus the objective of this Plan to maximize Executive’s Net After-Tax Benefit if any payments or benefits provided hereunder are subject to the Excise Tax.

In the event it is determined that the Total Payments to or for the benefit of Executive, whether paid or payable or distributed or distributable or otherwise, including, by example and not by way of limitation, acceleration of the date of vesting or payment or rate of payment under any plan, program or arrangement of Callon, would be subject to the Excise Tax, Callon shall first make a calculation under which such payments or benefits provided to Executive under this Plan are reduced, to the minimum extent necessary, so that no portion thereof shall be subject to the Excise Tax (the “**Section 4999 Limit**”). Callon shall then compare (i) Executive’s Net After-Tax Benefit assuming application of the Section 4999 Limit with (ii) Executive’s Net After-Tax Benefit without the application of the Section 4999 Limit. In the event (i) is greater than (ii), Executive shall receive Total Payments solely up to the 4999 Limit. In the event (ii) is greater than (i), Executive shall be entitled to receive all such Total Payments, and shall be solely liable for any and all Excise Tax related thereto.

All determinations required to be made under this Section 5.2, including whether an Excise Tax may apply to the Total Payments, will be made by the independent accounting firm which served as Callon’s auditor immediately prior to the Change in Control or Merger of Equals, as applicable (the “**Accounting Firm**”). All fees and expenses of the Accounting Firm shall be borne solely by Callon and it shall be Callon’s obligation to cause the Accounting Firm to take any actions required hereby.

Callon will direct the Accounting Firm to submit detailed supporting calculations both to Callon and the Executive within fifteen (15) business days after the Date of Termination, if applicable, or such earlier time as is requested by Callon. If applicable, Executive and Callon shall each provide the Accounting Firm with access to, and copies of, any books, records and documents in their respective possessions, as reasonably requested by the Accounting Firm, and otherwise reasonably cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by this Section 5.2.

If the Accounting Firm determines that a reduction in payments is required under this Section 5.2, Callon shall (to the extent feasible) reduce the Total Payments in the following order: (i) reduction of any cash severance payments otherwise payable to Executive that are exempt from Section 409A of the Code; (ii) reduction of any other cash payments or benefits otherwise payable to Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any Incentive Award that are exempt from Section 409A of the Code; (iii) reduction of any other payments or benefits otherwise payable to Executive on a prorata basis or in such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any Incentive Award that are exempt from Section 409A of the Code; and (iv) reduction of any payments attributable to any acceleration of

vesting or payments with respect to any Incentive Award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time.

If the Accounting Firm determines that no Excise Tax is payable by Executive, it shall furnish Executive with an opinion that he or she has substantial authority not to report any Excise Tax on his or her federal income tax return.

5.3 No Mitigation or Set-off of Amounts Payable Hereunder. Executive shall not be required to mitigate the amount of any payment provided for in this Article 5 by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Article 5 be reduced by any compensation earned by Executive as the result of employment by another employer after the Date of Termination, or otherwise. Callon's obligations hereunder also shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim, right or action which Callon may have against Executive.

Article 6. Stock Options and Other Plans

6.1 Acceleration of Benefits. If Executive is eligible for severance payments pursuant to Section 5.1, including having signed and not timely revoked a general release in substantially the form set forth on Exhibit A, the following shall automatically occur effective as of the sixtieth (60th) day following the Date of Termination, subject to delayed payment as may be required pursuant to Article 15:

- (a) Notwithstanding any provision to the contrary in any applicable plan or agreement between Executive and Callon, all outstanding Incentive Awards then held by or for the benefit of Executive shall immediately become one hundred percent (100%) vested and, if applicable, exercisable, with any performance-based Incentive Awards earned at the level specified for a Change in Control event in the applicable award agreement, with the date of such Change in Control event for purposes of determining the applicable performance level being the date of the Change in Control or Merger of Equals, as applicable, or, if not specified, at the target level; provided, however, that such Incentive Awards shall not be accelerated if it would be an impermissible acceleration under Section 409A of the Code, but will be paid at the earliest permissible payment event consistent with the terms of the award and the requirements of Section 409A of the Code.
- (b) Notwithstanding any provision to the contrary in any stock option agreement between Executive and Callon, Executive's right to exercise any previously unexercised and outstanding option under any stock option agreement shall not terminate until the latest date on which such option would expire under the terms of such agreement but for Executive's termination of employment.
- (c) In the event Executive incurs a Deemed Eligible Termination and Incentive Awards that would have been accelerated or exercisability extended pursuant to this Article 6 have been forfeited as a result of Executive's earlier termination of employment, then Executive shall be entitled to a cash payment equal to (i) the value of any forfeited Incentive Award, determined, if applicable, based on the cash or market value of the number of securities that would have been delivered to Executive pursuant to such Incentive Award, in each case assuming the Incentive Awards were vested and delivered (and, if applicable, exercised) as of the date Executive's severance payments are made pursuant to this Plan (or, with respect to any option, the last day of the original option term, if earlier), with any performance-based Incentive Awards vesting at the level specified in Section

6.1(a), reduced by (ii) the amount of any payment previously made in connection with the vesting or exercise of such Incentive Award.

Article 7. Noncompetition, Nonsolicitation, Nondisclosure of Trade Secrets, Nonpublic Information, and Ownership

7.1 Noncompetition. If he or she becomes eligible for severance payments pursuant to Section 5.1, for a period of one (1) year after the Date of Termination, Executive shall not compete with Callon by providing material services to an “Oil and Gas Business” in any geographic location where Callon operated as of the Date of Termination (the “*Restricted Area*”) if such services are in direct competition with Callon; provided, that Executive shall not be in breach of the foregoing if, during the one (1)-year period following the Date of Termination,

(x) Executive provides professional advisory services via an established professional services firm (including, without limitation, accounting, legal and financial services through a nationally or regionally recognized organization) to any other person, partnership, association or corporation or other entity that is an Oil and Gas Business;

(y) Executive provides material services to an Oil and Gas Business that operates within the Restricted Area but such Oil and Gas Business in the Restricted Area represents no more than 50% of the entity’s overall business, provided that such Executive’s services do not directly relate to the Oil and Gas Business in the Restricted Area; or

(z) Executive provides material services to an Oil and Gas Business that operates within the Restricted Area, provided, that, the provision of such services are provided outside of the Restricted Area and are not in direct competition with Callon provided, further, that provision of such services does not directly relate to such Oil and Gas Business within the Restricted Area.

As used herein, an “*Oil and Gas Business*” means owning, managing, acquiring, attempting to acquire, soliciting the acquisition of, operating, controlling, or developing oil and gas interests, or engaging in or being connected with, as a principal, owner, officer, director, employee, promoter, direct consultant, direct contractor, partner, member, joint venture, agent, equity owner (excluding as a passive equity owner) or in any other capacity whatsoever, any of the foregoing activities of the oil and gas exploration and production business.

The above restrictions on competition are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Plan for whatever reason. Any invalidity or unenforceability of any one or more of such restrictions on competition shall not render invalid or unenforceable any remaining restrictions on competition. Additionally, should a court of competent jurisdiction determine that the scope of any provision of this Section 7.1 is too broad to be enforced as written, the court shall reform the provision to such narrower scope as it determines to be reasonable and enforceable.

7.2 Nonsolicitation. If Executive becomes eligible for severance payments pursuant to Section 5.1, for a period of one (1) year after the Date of Termination, Executive shall not, on his or her own behalf or on behalf of any other person, partnership, association, corporation, or other entity: (a) directly, indirectly, or through a third party hire or cause to be hired; (b) directly, indirectly, or through a third party solicit; or (c) in any manner attempt to influence or induce any employee of Callon to leave the employment of Callon, nor shall he or she use or disclose to any person, partnership, association, corporation, or other entity any information obtained concerning the names and addresses of Callon’s employees. The above restrictions on hiring and solicitation

are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Plan for whatever reason. Any invalidity or unenforceability of any one or more such restrictions on hiring and solicitation shall not render invalid or unenforceable any remaining restrictions on hiring and solicitation. Additionally, should a court of competent jurisdiction determine that the scope of any provision of this Section 7.2 is too broad to be enforced as written, the court shall reform the provision to such narrower scope as it determines to be reasonable and enforceable.

7.3 Nondisclosure of Trade Secrets. Callon promises to disclose to Executive and Executive, as a result of, his or her employment by Callon, will receive, make use of, acquire, have access to and/or become familiar with, various trade secrets and proprietary and confidential information of Callon, including, but not limited to, processes, computer programs, compilations of information, records, financial information, sales reports, sales procedures, customer requirements, pricing techniques, customer lists, method of doing business, identities, locations, performance and compensation levels of employees, and other confidential information (individually and collectively, “*Trade Secrets*”) which are owned by Callon and used in the operation of its business, and as to which Callon takes precautions to prevent dissemination to persons other than certain directors, officers, and employees. The Trade Secrets:

- (a) Are secret and not known in the industry;
- (b) Give Callon an advantage over competitors who do not know or use the Trade Secrets;
- (c) Are of such value and nature as to make it reasonable and necessary to protect and preserve the confidentiality and secrecy of the Trade Secrets; and
- (d) Are valuable, special, and unique assets of Callon, the disclosure of which could cause substantial injury and loss of profits and goodwill to Callon.

Executive shall not use in any way or disclose any of the Trade Secrets and confidential and proprietary information, directly or indirectly, either during or after the term of his or her employment, except as required in the course of his or her employment with Callon, if required in connection with a judicial or administrative proceeding, or if the information becomes public knowledge other than as a result of an unauthorized disclosure by Executive. All files, records, documents, information, data, and similar items relating to the business of Callon, whether prepared by Executive or otherwise coming into his or her possession, will remain the exclusive property of Callon and may not be removed from the premises of Callon under any circumstances without the prior written consent of Callon (except in the ordinary course of business during Executive’s period of active employment under this Plan), and in any event must be promptly delivered to Callon upon termination of Executive’s employment with Callon. Upon his or her receipt of any subpoena, process, or other requests to produce or divulge, directly or indirectly, any Trade Secrets to any entity, agency, tribunal, or person, whether received during or after the term of Executive’s employment with Callon, Executive shall timely notify and promptly deliver a copy of the subpoena, process, or other request to Callon. For this purpose, Callon (including any attorney retained by Callon) shall be Executive’s true and lawful attorney-in-fact, to act in Executive’s name, place, and stead to perform any act that Executive might perform to defend and protect against any disclosure of any Trade Secrets.

The above restrictions on confidentiality and disclosure are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of this Plan for whatever reason. Any invalidity or unenforceability of any one or more of such restrictions on confidentiality and disclosure shall not render invalid or unenforceable any remaining restrictions on confidentiality and disclosure. Additionally, should

a court of competent jurisdiction determine that the scope of any provision of this Section 7.3 is too broad to be enforced as written, the court shall reform the provision to such narrower scope as it determines to be reasonable and enforceable.

7.4 Ownership. All inventions, copyrightable material, business and/or technical information, marketing plans, customer lists, and Trade Secrets which arise out of the performance of this Plan are the property of Callon.

7.5 No Disparaging Comments. If an Executive becomes eligible for severance payments pursuant to Section 5.1, Executive and Callon shall refrain from any criticisms or disparaging comments about each other or in any way relating to Executive's employment or separation from employment with Callon; provided, however, that nothing in this Plan shall apply to or restrict in any way the communication of information to any governmental law enforcement agency by the Company or any Executive that is required by compulsion of law. A violation or threatened violation of this prohibition may be enjoined by a court of competent jurisdiction. The rights under this provision are in addition to any and all rights and remedies otherwise afforded by law to Callon or any Executive, as applicable.

7.6 Protected Disclosures. Notwithstanding anything herein to the contrary, nothing in this Plan will be construed to prohibit the Executive from reporting possible violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. This Plan does not limit the Executive's right to receive an award for information provided to any governmental agency or regulatory body. Further, in accordance with the Defend Trade Secrets Act, the Executive may not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

7.7 Subsidiaries and Affiliates Included. Except where otherwise expressly provided, for all purposes of the obligations of Executive under this Article 7, the term "Callon" refers to the Callon Petroleum Company and its Subsidiaries and Affiliates.

Article 8. Successors; Binding Agreement

8.1 Successors of Callon. Callon will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business and/or assets of Callon, by agreement in form and substance satisfactory to Executive, expressly to assume and agree to perform this Plan in the same manner and to the same extent that Callon would be required to perform it if no such succession had taken place. Failure of Callon to obtain such agreement prior to the effectiveness of any such succession shall be a breach hereof and shall entitle Executive to compensation from Callon in the same amount and on the same terms as Executive would be entitled hereunder if Executive terminated his or her employment for Good Reason, the date on which any such succession becomes effective shall be deemed the Date of Termination; provided however, that such compensation shall be paid to Executive only if such successor is a considered to be a successor to Callon by reason of a Change in Control. As used herein, "***Callon Petroleum Company***" shall mean Callon as hereinbefore defined and any successor to its business and/or assets as aforesaid which executes and delivers the assumption provided for in this Section 8.1, or which otherwise becomes bound by all the terms and provisions hereof by operation of law. Wherever appropriate to the intention of the Plan, the respective rights and obligations of Callon or the Executives, as applicable, hereunder shall survive any termination or expiration of this Plan.

8.2 Executive's Heirs, Etc. This Plan shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amounts would still be payable to him or her hereunder as if he had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms hereof to his or her designee or, if there be no such designee, to his or her estate upon prior receipt by Callon of a proper notice regarding the legal representative of such estate.

Article 9. Notice

For the purposes hereof, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered or mailed. Each notice or other communication required or permitted under this Plan shall be in writing and transmitted or delivered by personal delivery, prepaid courier or messenger service (whether overnight or same-day), or prepaid certified or registered United States mail (with return receipt requested), addressed to Callon at its principal place of business and to Executive at his or her address as shown on the records of Callon, provided that all notices to Callon shall be directed to the attention of the Chief Executive Officer of Callon with a copy to the Corporate Secretary of Callon, or to such other address provided in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt, or at such other address as the recipient has designated by notice to Callon or an Executive, as applicable.

Each notice or communication so transmitted, delivered, or sent in person, by courier or messenger service, or by certified United States mail, shall be deemed given, received, and effective on the date delivered to or refused by the intended recipient (with the return receipt, or the equivalent record of the courier or messenger, being deemed conclusive evidence of delivery or refusal.) Nevertheless, if the date of delivery is after 5:00 p.m. (local time of the recipient) on a business day, the notice or other communication shall be deemed given, received and effective on the next business day.

Article 10. Miscellaneous

10.1 Tax Consequences. Callon or its affiliate shall withhold from any payments or benefits under this Plan (whether or not otherwise acknowledged under this Plan) all federal, state, local, or other taxes that it is required to withhold.

Executive understands, acknowledges, and agrees that Company cannot, and does not, provide any tax or legal advice to Executive. Any tax-related information that has been provided, or will be provided, to Executive is solely for informational purposes and should not be relied upon by Executive. Executive acknowledges that he has reviewed with his or her own tax advisors the tax consequences of this Plan and the transactions contemplated hereby. Executive is relying solely on his or her tax advisors and not on any statements or representations of Callon or any of its agents and understands that Executive (and not Callon) shall be responsible for Executive's own tax liability that may arise as a result of this Plan or the transactions contemplated hereby, except as otherwise specifically provided in this Plan.

10.2 Employment Status. Nothing in this Plan provides the Executive with any right to continued employment with Callon or any of its affiliates, or shall interfere with the right of Callon or an affiliate to terminate the Executive's employment at any time subject to Callon's obligations under this Plan.

10.3 Exclusivity. This Plan supersedes any and all prior plans, policies or practices, written or oral, with respect to severance pay or benefits upon a termination of employment that may have previously applied to Executives, including, without limitation, the Callon Petroleum

Company Severance Pay Plan and any individual CIC Severance Agreements. Notwithstanding the foregoing, Executives in the Plan are eligible to concurrently participate in the Callon Petroleum Company Executive Severance Pay Plan, but shall only be entitled to benefits under either this Plan or the Executive Severance Pay Plan, as determined by the Compensation Committee based on relevant facts and circumstances.

10.4 Reformation and Severability. This Plan is intended to comply with all applicable laws and legal requirements. Should any provision of this Plan be declared or be determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, the Plan shall first be reformed to make the provision at issue enforceable and effective to the full extent permitted by law. If such reformation is not possible, all remaining provisions of this Plan shall otherwise remain in full force and effect and shall be construed as if such illegal, invalid, or unenforceable provision has not been included herein.

Article 11. Governing Law; Jurisdiction

To the extent legally required, the Code shall govern the Plan and, if any provision hereof is in violation of any applicable requirement thereof, Callon reserves the right to retroactively amend the Plan to comply therewith. To the extent not governed by the Code, the Plan shall be governed by the laws of the State of Texas, without regard to the choice of law principles thereof. **THE EXCLUSIVE VENUE FOR THE RESOLUTION OF ANY DISPUTE RELATING TO THIS PLAN SHALL BE IN THE STATE AND FEDERAL COURTS LOCATED IN HARRIS COUNTY, TEXAS. EACH EXECUTIVE IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH EXECUTIVE IN RESPECT OF THE EXECUTIVE'S RIGHTS OR OBLIGATIONS HEREUNDER.**

Article 12. Interpretative Matters

In the interpretation of the Plan, except where the context otherwise requires:

- (a) “**including**” or “**include**” does not denote or imply any limitation;
- (b) “**or**” has the inclusive meaning “and/or”;
- (c) the singular includes the plural, and vice versa, and each gender includes each of the others;
- (d) captions or headings are for reference purposes only, and they are not to be considered in interpreting the Plan;
- (e) “**Article**” refers to an Article of the Plan, unless otherwise stated in the Plan;
- (f) “**Section**” refers to a Section of the Plan, unless otherwise stated in the Plan;
- (g) “**month**” refers to a calendar month; and
- (h) a reference to any statute, rule, or regulation includes (1) any amendment thereto, (2) any statute, rule, or regulation enacted or promulgated in replacement thereof, and (3) any regulation or other authority issued by the appropriate governmental entity under, or with respect to, a statute.

Article 13. Compliance with Section 409A

Any provisions of the Plan that are subject to Section 409A of the Code (“**Section 409A**”) are intended to comply with all applicable requirements of Section 409A, or an exemption from the application of Section 409A, and shall be interpreted and administered accordingly. Any ambiguous provision will be construed in a manner that is compliant with, or exempt from, the application of Section 409A. Notwithstanding any provision of this Plan to the contrary, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Plan providing for the payment of any amount or benefit that constitutes “non-qualified deferred compensation” (within the meaning of Section 409A) upon or following a termination of the Executive’s employment unless such termination is also a “separation from service” within the meaning of Section 409A and, for purposes of any such provision, references herein to a “termination,” “termination of employment” or like terms shall mean “separation from service” within the meaning of Section 409A.

Notwithstanding any provision of this Plan to the contrary, if any payment or other benefit provided herein would be subject to additional taxes and interest under Section 409A because the timing of such payment is not delayed as required by Section 409A for a “specified employee,” then if the Executive is on the applicable date a specified employee, any such payment that the Executive would otherwise be entitled to receive during the first six months following his or her “separation from service” (as defined under Section 409A) shall be accumulated and paid, within ten (10) days after the date that is six months following the Executive’s date of “separation from service,” or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes and interest such as, for example, upon the Executive’s death.

With respect to any amounts or benefits that are subject to Section 409A, this Plan shall in all respects be administered in accordance with Section 409A. Each payment under this Plan shall be treated as a separate payment for purposes of Section 409A. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Plan.

All reimbursements and in-kind benefits provided under this Plan that constitute deferred compensation within the meaning of Section 409A shall be made or provided in accordance with the requirements of Section 409A. Within the time period permitted by Section 409A, Callon may, in consultation with the Executive, modify the Plan in the least restrictive manner necessary and without any diminution in the value of payments or other benefits to the Executive hereunder, in order to avoid the imposition of accelerated tax, additional tax and/or penalties on the Executive under Section 409A.

Article 14. Administration

The Compensation Committee is hereby appointed as the plan administrator (“**Administrator**”) unless and until such appointment is modified by the Compensation Committee. In determining the eligibility of participants for benefits and in construing the Plan’s terms, the Administrator has the power to exercise discretion in the construction of doubtful, disputed, or ambiguous terms or provisions of the Plan, in cases where the Plan instrument is silent, or in the application of Plan terms or provisions to situations not clearly or specifically addressed in the Plan itself. All decisions of the Administrator made on all matters within the scope of authority shall be final and binding upon all persons, including Callon, any trustee, all participants, their heirs and personal representatives, and all labor unions or other similar organizations representing participants.

Article 15. Modification and Termination of Plan

Callon reserves the right to modify, suspend, or terminate the Plan at any time, in whole or in part, in such manner as it shall determine; provided, however, that no such amendment, modification or termination that materially and adversely affects the benefits or protections provided hereunder to any Executive (a) shall be effective if Callon enters into a definitive agreement to consummate a transaction that would constitute a Change in Control or Merger of Equals within the ninety (90) day period following the date of such amendment, modification or termination, (b) may be implemented following a Change in Control prior to the later to occur (x) the two (2)-year anniversary of the date of such Change in Control and (y) the date on which any payments and benefits payable under this Plan have been fully paid or provided, or (c) may be implemented following a Merger of Equals prior to the later to occur (x) the one (1)-year anniversary of the date of such Merger of Equals and (y) the date on which any payments and benefits payable under this Plan have been fully paid or provided.

Callon may exercise its reserved rights of amendment, modification or termination (i) by written resolution by the Board, (ii) by written resolution by the Compensation Committee, or (iii) by written actions exercised by any other entity or person to which or to whom the Board or the Compensation Committee has specifically delegated rights of amendment, modification, or termination.

The Board hereby delegates to the Administrator the ability to amend or modify (but not to terminate) this Plan to the extent that such amendment or modification is not a material Plan design change.

* * * * *

EXHIBIT A

FORM OF WAIVER AND RELEASE

[The language in this Release may change based on legal developments and evolving best practices; this form is provided as an example of what will be included in the final Release document.]

1. In consideration of, and as a condition precedent to, the severance payment (the “**Severance**”) described in that certain Change in Control Severance Plan (the “**Plan**”) effective as of _____, 2022 between Callon Petroleum Company, a Delaware corporation (the “**Company**”), and [_____] (“**Executive**”), which were offered to Executive in exchange for a general waiver and release of claims (this “**Waiver and Release**”). Executive having acknowledged the above-stated consideration as full compensation for and on account of any and all injuries and damages which Executive has sustained or claimed, or may be entitled to claim, Executive, for himself or herself, and his or her heirs, executors, administrators, successors and assigns, does hereby release, forever discharge and promise not to sue the Company, its parents, subsidiaries, affiliates, successors and assigns, and their past and present officers, directors, partners, employees, members, managers, shareholders, agents, attorneys, accountants, insurers, heirs, administrators, executors, as well as all employee benefit plans maintained by any of the foregoing entities or individuals, and all fiduciaries and administrators of such plans, in their personal and representative capacities (collectively the “**Released Parties**”) from any and all claims, liabilities, costs, expenses, judgments, attorney fees, actions, known and unknown, of every kind and nature whatsoever in law or equity, which Executive had, now has, or may have against the Released Parties relating in any way to Executive’s employment with the Company or termination thereof prior to and including the date of execution of this Waiver and Release, including but not limited to, all claims for contract damages, tort damages, special, general, direct, punitive and consequential damages, compensatory damages, loss of profits, attorney fees and any and all other damages of any kind or nature; all contracts, oral or written, between Executive and any of the Released Parties; any business enterprise or proposed enterprise contemplated by any of the Released Parties, as well as anything done or not done prior to and including the date of execution of this Waiver and Release. Notwithstanding anything to the contrary contained in this Waiver and Release, nothing in this Waiver and Release shall be construed to release the Company from any obligations set forth in the Plan.
2. Executive understands and agrees that this release and covenant not to sue shall apply to any and all claims or liabilities arising out of or relating to Executive’s employment with the Company and the termination of such employment, including, but not limited to: claims of discrimination based on age, race, color, sex (including sexual harassment), religion, national origin, marital status, parental status, veteran status, union activities, disability or any other grounds under applicable federal, state or local law prior to and including the date of execution of this Waiver and Release, including, but not limited to, claims arising under the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act, the Family and Medical Leave Act, Title VII of the Civil Rights Act, the Civil Rights Act of 1991, 42 U.S.C. § 1981, the Genetic Information Non-Discrimination Act of 2008, the Employee Retirement Income Security Act of 1974, the Consolidated Omnibus Budget Reconciliation Act of 1985, the Rehabilitation Act of 1973, the Equal Pay Act of 1963 (EPA), all as amended, as well as any claims prior to and including the date of execution of this Waiver and Release, regarding wages; benefits; vacation; sick leave; business expense reimbursements; wrongful termination; breach of the covenant of good faith and fair dealing; intentional or negligent infliction of emotional distress; retaliation; outrage; defamation; invasion of privacy; breach of

contract; fraud or negligent misrepresentation; harassment; breach of duty; negligence; discrimination; claims under any employment, contract or tort laws; claims arising under any other federal law, state law, municipal law, local law, or common law; any claims arising out of any employment contract, policy or procedure; and any other claims related to or arising out of his or her employment or the separation of his or her employment with the Company prior to and including the date of execution of this Waiver and Release.

3. In addition, Executive agrees not to cause or encourage any legal proceeding to be maintained or instituted against any of the Released Parties, save and except proceedings to enforce the terms of the Plan or claims of Executive not released by and in this Waiver and Release.
4. In consideration of, and as a condition precedent to, the receipt of Severance defined in the Plan, Executive agrees to be bound by the following covenants:
 - a. **Noncompetition.** The Executive agrees that, if he or she becomes eligible for Severance pursuant to Section 5.1 of the Plan, for a period of one (1) year after the Date of Termination (as defined in the Plan), Executive shall not compete with Callon by providing material services to an "Oil and Gas Business" in any geographic location where Callon operated as of the Date of Termination (the "**Restricted Area**") if such services are in direct competition with Callon; provided, that Executive shall not be in breach of the foregoing if, during the one (1)-year period following the Date of Termination, (x) Executive provides professional advisory services via an established professional services firm (including, without limitation, accounting, legal and financial services through a nationally or regionally recognized organization) to any other person, partnership, association or corporation or other entity that is an Oil and Gas Business; (y) Executive provides material services to an Oil and Gas Business that operates within the Restricted Area but such Oil and Gas Business in the Restricted Area represents no more than 50% of the entity's overall business, provided that such Executive's services do not directly relate to the Oil and Gas Business in the Restricted Area; or (z) Executive provides material services to an Oil and Gas Business that operates within the Restricted Area, provided, that, the provision of such services are provided outside of the Restricted Area and are not in direct competition with Callon, provided, further, that provision of such services does not directly relate to such Oil and Gas Business within the Restricted Area.

As used herein, an "**Oil and Gas Business**" means owning, managing, acquiring, attempting to acquire, soliciting the acquisition of, operating, controlling, or developing oil and gas interests, or engaging in or being connected with, as a principal, owner, officer, director, employee, promoter, direct consultant, direct contractor, partner, member, joint venture, agent, equity owner (excluding as a passive equity owner) or in any other capacity whatsoever, any of the foregoing activities of the oil and gas exploration and production business. The parties agree that the above restrictions on competition are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of the Plan for whatever reason. The parties agree that any invalidity or unenforceability of any one or more of such restrictions on competition shall not render invalid or unenforceable any remaining restrictions on competition. Additionally, should a court of competent jurisdiction determine that the scope of any provision of Section 7.1 of the Plan is too broad to be enforced as written, the parties intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable.

- b. **Nonsolicitation.** If Executive becomes eligible for Severance pursuant to Section 5.1 of the Plan, for a period of one (1) year after the Date of Termination, Executive agrees he or she will not, on his or her own behalf or on behalf of any other person, partnership, association, corporation, or other entity: (a) directly, indirectly, or through a third party hire or cause to be hired; (b) directly, indirectly, or through a third party solicit; or (c) in any manner attempt to influence or induce any employee of Callon to leave the employment of Callon, nor shall he or she use or disclose to any person, partnership, association, corporation, or other entity any information obtained concerning the names and addresses of Callon's employees. The parties agree that the above restrictions on hiring and solicitation are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of the Plan for whatever reason. The parties further agree that any invalidity or unenforceability of any one or more such restrictions on hiring and solicitation shall not render invalid or unenforceable any remaining restrictions on hiring and solicitation. Additionally, should a court of competent jurisdiction determine that the scope of any provision of Section 7.2 of the Plan is too broad to be enforced as written, the parties intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable.
- c. **Nondisclosure of Trade Secrets.** Callon promises to disclose to Executive and Executive acknowledges that in, and as a result of, his or her employment by Callon, will receive, make use of, acquire, have access to and/or become familiar with, various trade secrets and proprietary and confidential information of Callon, including, but not limited to, processes, computer programs, compilations of information, records, financial information, sales reports, sales procedures, customer requirements, pricing techniques, customer lists, method of doing business, identities, locations, performance and compensation levels of employees, and other confidential information (individually and collectively, "**Trade Secrets**") which are owned by Callon and used in the operation of its business, and as to which Callon takes precautions to prevent dissemination to persons other than certain directors, officers, and employees. Executive acknowledges and agrees that the Trade Secrets:
- i. Are secret and not known in the industry;
 - ii. Give Callon an advantage over competitors who do not know or use the Trade Secrets;
 - iii. Are of such value and nature as to make it reasonable and necessary to protect and preserve the confidentiality and secrecy of the Trade Secrets; and
 - iv. Are valuable, special, and unique assets of Callon, the disclosure of which could cause substantial injury and loss of profits and goodwill to Callon.

Executive promises not to use in any way or disclose any of the Trade Secrets and confidential and proprietary information, directly or indirectly, either during or after the term of his or her employment, except as required in the course of his or her employment with Callon, if required in connection with a judicial or administrative proceeding, or if the information becomes public knowledge other than as a result of an unauthorized disclosure by Executive. All files, records, documents, information, data, and similar items relating to the business of Callon, whether prepared by Executive or otherwise coming into his or her possession,

will remain the exclusive property of Callon and may not be removed from the premises of Callon under any circumstances without the prior written consent of Callon (except in the ordinary course of business during Executive's period of active employment under the Plan), and in any event must be promptly delivered to Callon upon termination of Executive's employment with Callon. The Executive agrees that upon his or her receipt of any subpoena, process, or other requests to produce or divulge, directly or indirectly, any Trade Secrets to any entity, agency, tribunal, or person, whether received during or after the term of Executive's employment with Callon, Executive shall timely notify and promptly deliver a copy of the subpoena, process, or other request to Callon. For this purpose, the Executive irrevocably nominates and appoints Callon (including any attorney retained by Callon) as his true and lawful attorney-in-fact, to act in Executive's name, place, and stead to perform any act that Executive might perform to defend and protect against any disclosure of any Trade Secrets.

The parties agree that the above restrictions on confidentiality and disclosure are completely severable and independent agreements supported by good and valuable consideration and, as such, shall survive the termination of the Plan for whatever reason. The parties further agree that any invalidity or unenforceability of any one or more of such restrictions on confidentiality and disclosure shall not render invalid or unenforceable any remaining restrictions on confidentiality and disclosure. Additionally, should a court of competent jurisdiction determine that the scope of any provision of Section 7.3 of the Plan is too broad to be enforced as written, the parties intend that the court reform the provision to such narrower scope as it determines to be reasonable and enforceable.

- d. **Ownership.** The Executive agrees that all inventions, copyrightable material, business and/or technical information, marketing plans, customer lists, and Trade Secrets which arise out of the performance of the Plan are the property of Callon.
- e. **No Disparaging Comments.** If an Executive becomes eligible for severance payments pursuant to Section 5.1 of the Plan, Executive and Callon shall refrain from any criticisms or disparaging comments about each other or in any way relating to Executive's employment or separation from employment with Callon; provided, however, that nothing in the Plan shall apply to or restrict in any way the communication of information to any governmental law enforcement agency by either party that is required by compulsion of law. A violation or threatened violation of this prohibition may be enjoined by a court of competent jurisdiction. The rights under this provision are in addition to any and all rights and remedies otherwise afforded by law to the parties.

Executive acknowledges that in executing this Waiver and Release, he or she has knowingly, voluntarily, and intelligently waived any free speech, free association, free press or First Amendment to the United States Constitution (including, without limitation, any counterpart or similar provision or right under any other state constitution which may be deemed to apply) and rights to disclose, communicate, or publish disparaging information or comments concerning or related to Callon; provided, however, nothing in the Plan shall be deemed to prevent Executive from testifying fully and truthfully in response to a subpoena from any court or from responding to an investigative inquiry from any governmental agency.

- f. **Protected Disclosures.** Notwithstanding anything herein to the contrary, nothing in the Plan will be construed to prohibit the Executive from reporting possible

violations of law or regulation to any governmental agency or regulatory body or making other disclosures that are protected under any law or regulation, or from filing a charge with or participating in any investigation or proceeding conducted by any governmental agency or regulatory body. The Plan does not limit the Executive's right to receive an award for information provided to any governmental agency or regulatory body. Further, in accordance with the Defend Trade Secrets Act, the Executive may not be held criminally or civilly liable under any Federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

- g. **Subsidiaries and Affiliates Included.** Except where otherwise expressly provided, for all purposes of the obligations of Executive under Article 7 of the Plan, the term "Callon" refers to the Callon Petroleum Company and its Subsidiaries and Affiliates.
5. This release does not apply to any claims for unemployment compensation or any other claims or rights which, by law, cannot be waived, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however that Executive disclaims and waives any right to share or participate in any monetary award from the Company resulting from the prosecution of such charge or investigation or proceeding. Notwithstanding the foregoing or any other provision in this Waiver and Release or the Plan to the contrary, the Company and Executive further agree that nothing in this Waiver and Release or the Plan (i) limits Executive's ability to file a charge or complaint with the EEOC, the NLRB, OSHA, the SEC or any other federal, state or local governmental agency or commission (each a "**Government Agency**" and collectively "**Government Agencies**"); (ii) limits Executive's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information and reporting possible violations of law or regulation or other disclosures protected under the whistleblower provisions of applicable law or regulation, without notice to the Company; or (iii) limits Executive's right to receive an award for information provided to any Government Agencies.
6. Executive expressly acknowledges that he or she is voluntarily, irrevocably and unconditionally releasing and forever discharging the Company and the other Released Parties from all rights or claims he or she has or may have against the Released Parties including, but not limited to, without limitation, all charges, claims of money, demands, rights, and causes of action arising under the Age Discrimination in Employment Act of 1967, as amended ("**ADEA**"), up to and including the date Executive signs this Waiver and Release including, but not limited to, all claims of age discrimination in employment and all claims of retaliation in violation of ADEA. Executive further acknowledges that the consideration given for this waiver of claims under the ADEA is in addition to anything of value to which he or she was already entitled in the absence of this waiver. Executive further acknowledges: (a) that he or she has been informed by this writing that he or she should consult with an attorney prior to executing this Waiver and Release; (b) that he or she has carefully read and fully understands all of the provisions of this Waiver and Release; (c) he or she is, through this Waiver and Release, releasing the Company and the other Released Parties from any and all claims he or she may have against any of them; (d) he or she understands and agrees that this waiver and release does not apply to any claims that may arise under the ADEA after the date he or she executes this Waiver and Release; (e) he or she has at least [twenty-one (21)] [forty-five (45)] days within

which to consider this Waiver and Release; and (f) he or she has seven (7) days following his or her execution of this Waiver and Release to revoke the Waiver and Release; and (g) this Waiver and Release shall not be effective until the revocation period has expired and Executive has signed and has not revoked the Waiver and Release.

7. Executive acknowledges and agrees that: (a) he or she has had reasonable and sufficient time to read and review this Waiver and Release and that he or she has, in fact, read and reviewed this Waiver and Release; (b) that he or she has the right to consult with legal counsel regarding this Waiver and Release and is encouraged to consult with legal counsel with regard to this Waiver and Release; (c) that he or she has had (or has had the opportunity to take) [twenty-one (21)] [forty-five (45)] calendar days to discuss the Waiver and Release with a lawyer of his or her choice before signing it and, if he or she signs before the end of that period, he or she does so of his or her own free will and with the full knowledge that he or she could have taken the full period; (d) that he or she is entering into this Waiver and Release freely and voluntarily and not as a result of any coercion, duress or undue influence; (e) that he or she is not relying upon any oral representations made to him or her regarding the subject matter of this Waiver and Release; (f) that by this Waiver and Release he or she is receiving consideration in addition to that which he or she was already entitled; and (g) that he or she has received all information he or she requires from the Company in order to make a knowing and voluntary release and waiver of all claims against the Company and the other Released Parties.
8. Executive acknowledges and agrees that he or she has seven (7) days after the date he or she signs this Waiver and Release in which to rescind or revoke this Waiver and Release by providing notice in writing to the Company. Executive further understands that the Waiver and Release will have no force and effect until the end of that seventh day. If Executive revokes the Waiver and Release, the Company will not be obligated to pay or provide Executive with the benefits described in this Waiver and Release, and this Waiver and Release shall be deemed null and void.

AGREED TO AND ACCEPTED this

_____ day of _____, 20__.

[Name]

Exhibit B

Executives

Title
Chief Executive Officer
Senior Vice Presidents
Vice Presidents

CALLON PETROLEUM COMPANY
2000 W. Sam Houston Parkway South, Suite 2000
Houston, TX 77042

September 21, 2022

[Name]
[Address]
[Address]

Re: Notice of Amendment to 2021 Long-Term Officer Cash Incentive Award Agreement

Reference is made to that certain 2021 Long-Term Officer Cash Incentive Award Agreement, dated as of [●] (the "Award Agreement"), by and among you (the "Grantee") and Callon Petroleum Company, a Delaware corporation (the "Company"). Capitalized terms used and not otherwise defined herein have the meanings set forth in the Award Agreement.

The purpose of this notice of amendment (this "Amendment") is to evidence the following changes to the Award Agreement, effective as of the date first above written:

1. Termination of Employment; Forfeiture. Section 4 of the Award Agreement is hereby deleted in its entirety and replaced with the following:

“Termination of Employment; Forfeiture.

(a) *Death and Disability*. In the event the Grantee’s employment with the Company is terminated as a result of the Grantee’s death or Disability (as defined below) prior to the occurrence of a Change in Control, the Grantee will receive the Long-Term Cash Incentive Award in an amount equal to the sum of (i) for each Performance Year that ended prior to the date of such termination, the Annual Accrued Amount and (ii) for each other Performance Year, the Annual Target Amount, to be paid as soon as reasonably practicable following the date of such termination of employment. For the avoidance of doubt, the Aggregate Cap shall not apply to amounts payable under this Section 4(a).

(b) *Qualified Retirement*. In the event the Grantee’s employment with the Company is terminated due to a Qualified Retirement (as defined below) prior to the end of the Performance Period, the Committee may determine, in its sole discretion, that the Grantee will receive the Long-Term Cash Incentive Award in an amount equal to the sum of (i) for each Performance Year that ended prior to the date of such Qualified Retirement, the Annual Accrued Amount and (ii) for the Performance Year that includes the date of such Qualified Retirement, the sum of (x) for each completed calendar quarter in such Performance Year (if any) prior to the date of such Qualified Retirement (each, a “Pre-Retirement Quarter”), one-fourth (1/4) of the Annual Accrued Amount for such Performance Year as determined based on the Performance Multiplier as calculated based on the aggregate Adjusted Free Cash Flow for the Pre-Retirement Quarters but with the applicable Adjusted Free Cash Flow targets for such Performance Year prorated based on the number of days of such Performance Year in the Pre-Retirement Quarters (with such performance for such calendar quarter(s) to be determined by the Committee as soon as practicable following the filing of the Company’s quarterly report on Form 10-Q (or Form 10-K, as applicable) following the end of the applicable calendar quarter) and (y) for any calendar quarter that has not fully lapsed as of the date of the Qualified Retirement, the Quarterly Target Amount prorated based on the number of days of such calendar quarter that the Grantee was employed by the Company, to be paid as soon as reasonably practicable following the date of such termination of employment and filing of the subsequent quarterly report on Form 10-Q (or Form 10-K, as applicable). For the avoidance of doubt, (i) Grantee’s rights to any Award Payout Amount other than the amount described in the preceding sentence (including but not limited to amounts for portions of calendar quarters subsequent to Grantee’s termination of employment)

[Notice of Amendment to Long-Term Officer Cash Incentive Award Agreement]

shall be immediately forfeited upon termination of employment and (ii) the Aggregate Cap shall not apply to amounts payable under this Section 4(b).

(c) *Change in Control Event*. In the event of a Change in Control, the Award Payout Amount shall equal the sum of (i) for each Performance Year ending prior to the effective date of such Change in Control (the “**CIC Date**”), the applicable Annual Accrued Amount, (ii) for the Performance Year in which the CIC Date occurs (the “**CIC Year**”), the CIC Amount (as defined below) and (iii) for any remaining Performance Years in the Performance Period, the Annual Target Amount. “**CIC Amount**” means the sum of (x) for each completed calendar quarter in the CIC Year (if any) prior to the CIC Date (each, a “**Pre-CIC Quarter**”), one-fourth (1/4) of the Annual Accrued Amount for the CIC Year as determined based on the Performance Multiplier as calculated based on the aggregate Adjusted Free Cash Flow for the Pre-CIC Quarters but with the applicable Adjusted Free Cash Flow targets for the CIC Year prorated based on the number of days of the CIC Year in the Pre-CIC Quarters, and (y) for each quarter in the CIC Year that is not a Pre-CIC Quarter, one-fourth (1/4) of the Annual Target Amount. For purposes of this Section 4(c), the Award Payout Amount, as calculated according to this Section 4(c), shall be paid following the end of the Performance Period in accordance with Section 2(d) and Section 3, subject to the Grantee’s continued employment with the Company or a Subsidiary through the end of the Performance Period. For the avoidance of doubt, the Aggregate Cap shall not apply to amounts payable under this Section 4(c).

(d) *Definitions*. For purposes of this Agreement, the following terms shall have the meanings set forth below.

- (i) For purposes hereof, “**Cause**” is defined as: (A) the conviction of the Grantee by a court of competent jurisdiction as to which no further appeal can be taken of a crime involving moral turpitude or a felony or entering the plea of nolo contendere to such crime by the Grantee; (B) the commission by the Grantee of a material act of fraud upon the Company, any Subsidiary or Affiliate; (C) the material misappropriation by the Grantee of any funds or other property of the Company, any Subsidiary or Affiliate; (D) the knowing engagement by the Grantee without the written approval of the Board of Directors of the Company, in any material activity which directly competes with the business of the Company, any Subsidiary or Affiliate, or which would directly result in material injury to the business or reputation of the Company or any Subsidiary or Affiliate; (E)(1) a material breach by the Grantee during the Grantee’s employment with the Company of any of the restrictive covenants set out in the Grantee’s employment agreement with the Company, if applicable, or (2) the willful and material nonperformance of the Grantee’s duties to the Company or any Subsidiary or Affiliate (other than by reason of the Grantee’s illness or incapacity), and, for purposes of this clause (E), no act or failure to act on Grantee’s part shall be deemed “willful” unless it is done or omitted by the Grantee not in good faith and without his reasonable belief that such action or omission was in the best interest of the Company, (F) any breach of the Grantee’s fiduciary duties to the Company, including, without limitation, the duties of care, loyalty and obedience to the law; and (G) the intentional failure of the Grantee to comply with the Company’s Code of Business Conduct and Ethics, or to otherwise discharge his duties in good faith and in a manner that the Grantee reasonably believes to be in the best interests of the Company, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
 - (ii) For purposes hereof, “**Disability**” shall mean the physical or mental inability of Grantee to carry out the normal and usual duties of his position on a full-time basis for an entire period of six (6) continuous months together with the reasonable likelihood, as determined by the Committee,
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that Grantee, upon the advice of a qualified physician, will be unable to carry out the normal and usual duties of his position.

- (iii) For purposes hereof, “**Qualified Retirement**” shall mean the voluntary termination of the Grantee’s employment with the Company, other than (x) for Cause or (y) due to death or Disability, on a date that is more than six (6) months following the Effective Date, provided that, as of the date of such termination, the Grantee (A) has attained a minimum of three (3) years of employment with the Company, (B) has attained the age of fifty-five (55), (C) has satisfied the Rule of 60 (as defined below), (D) has provided the Company with notice of such intent to terminate at least six (6) months prior to the termination date and satisfactorily completed the duties of his position up to the termination date, including any transition services reasonably requested by the Company, (E) enters into an agreement not to compete with, and not directly or indirectly induce any employee to leave the employment of, the Company, any Subsidiary or Affiliate for a period of at least one (1) year following the Grantee’s termination of employment, which agreement, in both form and substance, is provided by the Committee or is otherwise satisfactory to the Committee, and (F) timely executes (and does not revoke in any time provided to do so) a release of claims in favor of the Company in a form reasonably acceptable to the Committee. For purposes of this Section 4(d)(iii), a Grantee shall be deemed to have satisfied the “**Rule of 60**” if the sum of (i) the Grantee’s years of employment and (y) the Grantee’s age totals at least 60.

(e) *Other Arrangements.* The Carrizo Oil & Gas, Inc. Change in Control Severance Plan (as may be amended from time to time) (the “**Carrizo CIC Plan**”), and any other potential rights to equity acceleration benefits in connection with a termination of employment related to the merger of Carrizo Oil and Gas, Inc. with and into the Company (the “**Other Acceleration Benefits**”) shall not apply to the Long-Term Cash Incentive Award granted hereunder. As a condition of receiving this Award, the Grantee hereby expressly acknowledges and agrees that, notwithstanding anything set forth in the Carrizo CIC Plan to the contrary, the Change in Control Benefits (as defined in the Carrizo CIC Plan), the Severance Benefits (as set forth in Section 3.02(e)(3) of the Carrizo CIC Plan), and the Other Acceleration Benefits shall not apply to the Long-Term Cash Incentive Award granted hereunder, and hereby waives any right to any equity acceleration benefits provided for under the Carrizo CIC Plan or the Other Acceleration Benefits with respect to this Long-Term Cash Incentive Award. The Grantee further acknowledges and agrees that the Long-Term Cash Incentive Award shall not constitute a “bonus” (or similar term) for purposes of any other plan or agreement between the Grantee and Carrizo or the Company (or a subsidiary thereof), including, for the avoidance of doubt, for purposes of calculating severance benefits under any such agreement or plan.

(f) *Forfeiture.* Notwithstanding anything herein to the contrary, but subject to Section 4(a), Section 4(b) and Section 4(c) herein and the terms of any change in control severance compensation agreement between the Grantee and the Company under which the Grantee is entitled to severance benefits and accelerated vesting of incentive awards (including the Change in Control Severance Compensation Agreement between the Company and the Grantee but not including the Carrizo CIC Plan and the Other Acceleration Benefits), upon termination of the Grantee’s employment with the Company (for any or no reason), the Long-Term Cash Incentive Award (to the extent not yet paid) shall be immediately forfeited without consideration.”

2. Limited Scope of Amendments. Upon delivery of this Amendment to the Grantee, the Award Agreement shall be deemed to have been amended as and to the extent provided herein. As so amended, the Award Agreement shall remain in full force and effect in accordance with its respective terms.

3. Miscellaneous. Except as expressly set forth herein, all terms and provisions contained in the Award Agreement shall remain in full force and effect and are hereby ratified and confirmed. The provisions of this Amendment shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Company and Grantee, respectively. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware. This Amendment may be executed in counterparts, all of which counterparts collectively shall constitute one agreement, binding on the parties hereto, notwithstanding that all parties hereto are not signatories to the same counterpart. Email copies of this Amendment, including the signature pages hereto, shall constitute originals for all purposes.

Please keep a copy of this letter for your records. If you have any questions, please feel free to contact the Director of Human Resources.

Sincerely,

COMPANY:

CALLON PETROLEUM COMPANY

By: _____
Name: _____
Title: _____

CALLON PETROLEUM COMPANY
2000 W. Sam Houston Parkway South, Suite 2000
Houston, TX 77042

September 21, 2022

[Name]
[Address]
[Address]

Re: Notice of Amendment to 2022 Long-Term Officer Cash Incentive Award Agreement (Returns Program Cash Award)

Reference is made to that certain 2022 Long-Term Officer Cash Incentive Award Agreement (Returns Program Cash Award), dated as of March 9, 2022 (the "Award Agreement"), by and among you (the "Grantee") and Callon Petroleum Company, a Delaware corporation (the "Company"). Capitalized terms used and not otherwise defined herein have the meanings set forth in the Award Agreement.

The purpose of this notice of amendment (this "Amendment") is to evidence the following changes to the Award Agreement, effective as of the date first above written:

1. Termination of Employment; Forfeiture. Section 4 of the Award Agreement is hereby deleted in its entirety and replaced with the following:

“Termination of Employment; Forfeiture.

(a) *Death and Disability*. In the event the Grantee’s employment with the Company is terminated during the Performance Period as a result of the Grantee’s death or Disability (as defined below) prior to the occurrence of a Change in Control, the Grantee will receive an Award Payout Amount equal to (i) the Target Award Amount multiplied by (ii) the ROCE Multiplier determined by averaging (x) for each completed calendar year prior to the date of death or Disability, the ROCE and (y) for each calendar year in the Performance Period that is not complete as of the date of death or Disability, an assumed ROCE of 15%. For purposes of this Section 4(a), the Award Payout Amount, as calculated according to this Section 4(a), shall be paid as soon as reasonably practicable following the date of such termination of employment.

(b) *Qualified Retirement*. In the event the Grantee’s employment with the Company is terminated due to a Qualified Retirement (as defined below) prior to the end of the Performance Period, the Committee may determine, in its sole discretion, that the Grantee will receive the Long-Term Cash Incentive Award in an amount equal to the sum of:

(i) for any calendar quarters within the Performance Period that ended prior to the date of such Qualified Retirement, (x) one-twelfth (1/12) of the Target Award Amount multiplied by the number of calendar quarters in the Performance Period that have been completed prior to the date of such Qualified Retirement, multiplied by (y) the ROCE Multiplier determined by averaging the ROCE for such completed calendar quarters (with performance for such calendar quarter(s) to be determined by the Committee as soon as practicable following the filing of the Company’s quarterly report on Form 10-Q (or Form 10-K, as applicable) following the end of the applicable calendar quarter); and

(ii) for any calendar quarter within the Performance Period that has commenced prior to, but not fully lapsed as of, the date of the Qualified Retirement, one-twelfth (1/12) of the Target Award Amount prorated based on the number of days of such calendar quarter that the Grantee was employed by the Company,

to be paid as soon as reasonably practicable following the date of such termination of employment and filing of the subsequent quarterly report on Form 10-Q (or Form 10-K, as

applicable). For the avoidance of doubt, Grantee's rights to any Award Payout Amount other than the amount described in the preceding sentence (including but not limited to amounts for portions of calendar quarters subsequent to Grantee's termination of employment) shall be immediately forfeited upon termination of employment.

(c) *Change in Control Event*. In the event of a Change in Control, the Award Payout Amount shall equal (i) the Target Award Amount multiplied by (ii) the ROCE Multiplier determined by averaging (x) for each completed calendar year prior to the date of the Change in Control, the ROCE and (y) for each calendar year in the Performance Period that is not complete as of the date of the Change in Control, an assumed ROCE of 15%. For purposes of this Section 4(c), the Award Payout Amount, as calculated according to this Section 4(c), shall be paid following the end of the Performance Period in accordance with Section 2(c) and Section 3, subject to the Grantee's continued employment with the Company or a Subsidiary through the end of the Performance Period.

(d) *Definitions*. For purposes of this Agreement, the following terms shall have the meanings set forth below.

- (i) For purposes hereof, "**Cause**" is defined as: (A) the conviction of the Grantee by a court of competent jurisdiction as to which no further appeal can be taken of a crime involving moral turpitude or a felony or entering the plea of nolo contendere to such crime by the Grantee; (B) the commission by the Grantee of a material act of fraud upon the Company, any Subsidiary or Affiliate; (C) the material misappropriation by the Grantee of any funds or other property of the Company, any Subsidiary or Affiliate; (D) the knowing engagement by the Grantee without the written approval of the Board of Directors of the Company, in any material activity which directly competes with the business of the Company, any Subsidiary or Affiliate, or which would directly result in material injury to the business or reputation of the Company or any Subsidiary or Affiliate; (E)(1) a material breach by the Grantee during the Grantee's employment with the Company of any of the restrictive covenants set out in the Grantee's employment agreement with the Company, if applicable, or (2) the willful and material nonperformance of the Grantee's duties to the Company or any Subsidiary or Affiliate (other than by reason of the Grantee's illness or incapacity), and, for purposes of this clause (E), no act or failure to act on Grantee's part shall be deemed "willful" unless it is done or omitted by the Grantee not in good faith and without his reasonable belief that such action or omission was in the best interest of the Company, (F) any breach of the Grantee's fiduciary duties to the Company, including, without limitation, the duties of care, loyalty and obedience to the law; and (G) the intentional failure of the Grantee to comply with the Company's Code of Business Conduct and Ethics, or to otherwise discharge his duties in good faith and in a manner that the Grantee reasonably believes to be in the best interests of the Company, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
 - (ii) For purposes hereof, "**Disability**" shall mean the physical or mental inability of Grantee to carry out the normal and usual duties of his position on a full-time basis for an entire period of six (6) continuous months together with the reasonable likelihood, as determined by the Committee, that Grantee, upon the advice of a qualified physician, will be unable to carry out the normal and usual duties of his position.
 - (iii) For purposes hereof, "**Qualified Retirement**" shall mean the voluntary termination of the Grantee's employment with the Company, other than (x) for Cause or (y) due to death or Disability, on a date that is more than six
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(6) months following the Effective Date, provided that, as of the date of such termination, the Grantee (A) has attained a minimum of three (3) years of employment with the Company, (B) has attained the age of fifty-five (55), (C) has satisfied the Rule of 60 (as defined below), (D) has provided the Company with notice of such intent to terminate at least six (6) months prior to the termination date and satisfactorily completed the duties of his position up to the termination date, including any transition services reasonably requested by the Company, (E) enters into an agreement not to compete with, and not directly or indirectly induce any employee to leave the employment of, the Company, any Subsidiary or Affiliate for a period of at least one (1) year following the Grantee's termination of employment, which agreement, in both form and substance, is provided by the Committee or is otherwise satisfactory to the Committee, and (F) timely executes (and does not revoke in any time provided to do so) a release of claims in favor of the Company in a form reasonably acceptable to the Committee. For purposes of this Section 4(d)(iii), a Grantee shall be deemed to have satisfied the "Rule of 60" if the sum of (i) the Grantee's years of employment and (y) the Grantee's age totals at least 60.

(e) *Forfeiture.* Notwithstanding anything herein to the contrary, but subject to Section 4(a), Section 4(b), and Section 4(c) herein and the terms of any change in control severance compensation agreement between the Grantee and the Company under which the Grantee is entitled to severance benefits and accelerated vesting of incentive awards (including the Change in Control Severance Compensation Agreement between the Company and the Grantee), upon termination of the Grantee's employment with the Company (for any or no reason), the Long-Term Cash Incentive Award (to the extent not yet paid) shall be immediately forfeited without consideration."

2. Limited Scope of Amendments. Upon delivery of this Amendment to the Grantee, the Award Agreement shall be deemed to have been amended as and to the extent provided herein. As so amended, the Award Agreement shall remain in full force and effect in accordance with its respective terms.

3. Miscellaneous. Except as expressly set forth herein, all terms and provisions contained in the Award Agreement shall remain in full force and effect and are hereby ratified and confirmed. The provisions of this Amendment shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Company and Grantee, respectively. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware. This Amendment may be executed in counterparts, all of which counterparts collectively shall constitute one agreement, binding on the parties hereto, notwithstanding that all parties hereto are not signatories to the same counterpart. Email copies of this Amendment, including the signature pages hereto, shall constitute originals for all purposes.

Please keep a copy of this letter for your records. If you have any questions, please feel free to contact the Director of Human Resources.

Sincerely,

COMPANY:

CALLON PETROLEUM COMPANY

By: _____
Name: _____
Title: _____

CALLON PETROLEUM COMPANY
2000 W. Sam Houston Parkway South, Suite 2000
Houston, TX 77042

September 21, 2022

[Name]
[Address]
[Address]

Re: Notice of Amendment to 2022 Long-Term Officer Cash Incentive Award Agreement (Business Sustainability Cash Award)

Reference is made to that certain 2022 Long-Term Officer Cash Incentive Award Agreement (Business Sustainability Cash Award), dated as of March 9, 2022 (the "Award Agreement"), by and among you (the "Grantee") and Callon Petroleum Company, a Delaware corporation (the "Company"). Capitalized terms used and not otherwise defined herein have the meanings set forth in the Award Agreement.

The purpose of this notice of amendment (this "Amendment") is to evidence the following changes to the Award Agreement, effective as of the date first above written:

1. Termination of Employment; Forfeiture. Section 4 of the Award Agreement is hereby deleted in its entirety and replaced with the following:

“Termination of Employment; Forfeiture.

(a) *Death and Disability*. In the event the Grantee’s employment with the Company is terminated as a result of the Grantee’s death or Disability (as defined below) prior to the occurrence of a Change in Control, the Grantee will receive the Long-Term Cash Incentive Award in an amount equal to the sum of (i) for each Performance Year that ended prior to the date of such termination, the Annual Accrued Amount and (ii) for each other Performance Year, the Annual Target Amount, to be paid as soon as reasonably practicable following the date of such termination of employment. For the avoidance of doubt, the GHG Intensity Multiplier shall not apply to amounts payable under this Section 4(a).

(b) *Qualified Retirement*. In the event the Grantee’s employment with the Company is terminated due to a Qualified Retirement (as defined below) prior to the end of the Performance Period, the Committee may determine, in its sole discretion, that the Grantee will receive the Long-Term Cash Incentive Award in an amount equal to the sum of (i) for each Performance Year that ended prior to the date of such Qualified Retirement, the Annual Accrued Amount and (ii) for the Performance Year that includes the date of such Qualified Retirement, the sum of (x) for each completed calendar quarter in such Performance Year (if any) prior to the date of such Qualified Retirement (each, a “Pre-Retirement Quarter”), one-fourth (1/4) of the Annual Accrued Amount for such Performance Year as determined based on the Performance Multiplier as calculated based on the aggregate Adjusted Free Cash Flow for the Pre-Retirement Quarters but with the applicable Adjusted Free Cash Flow targets for such Performance Year prorated based on the number of days of such Performance Year in the Pre-Retirement Quarters (with such performance for such calendar quarter(s) to be determined by the Committee as soon as practicable following the filing of the Company’s quarterly report on Form 10-Q (or Form 10-K, as applicable) following the end of the applicable calendar quarter) and (y) for any calendar quarter that has not fully lapsed as of the date of the Qualified Retirement, the Quarterly Target Amount prorated based on the number of days of such calendar quarter that the Grantee was employed by the Company, to be paid as soon as reasonably practicable following the date of such termination of employment and filing of the subsequent quarterly report on Form 10-Q (or Form 10-K, as applicable). For the avoidance of doubt, (i) Grantee’s rights to any Award Payout Amount other than the amount described in the preceding sentence (including but not limited to amounts for portions of calendar quarters subsequent to Grantee’s termination of employment)

[Notice of Amendment to Long-Term Officer Cash Incentive Award Agreement (Business Sustainability Cash Award)]

shall be immediately forfeited upon termination of employment and (ii) the GHG Intensity Multiplier shall not apply to amounts payable under this Section 4(b).

(c) *Change in Control Event*. In the event of a Change in Control, the Award Payout Amount shall equal the sum of (i) for each Performance Year ending prior to the effective date of such Change in Control (the “**CIC Date**”), the applicable Annual Accrued Amount, (ii) for the Performance Year in which the CIC Date occurs (the “**CIC Year**”), the CIC Amount (as defined below) and (iii) for any remaining Performance Years in the Performance Period, the Annual Target Amount. “**CIC Amount**” means the sum of (x) for each completed calendar quarter in the CIC Year (if any) prior to the CIC Date (each, a “**Pre-CIC Quarter**”), one-fourth (1/4) of the Annual Accrued Amount for the CIC Year as determined based on the Performance Multiplier as calculated based on the aggregate Adjusted Free Cash Flow for the Pre-CIC Quarters but with the applicable Adjusted Free Cash Flow targets for the CIC Year prorated based on the number of days of the CIC Year in the Pre-CIC Quarters, and (y) for each quarter in the CIC Year that is not a Pre-CIC Quarter, one-fourth (1/4) of the Annual Target Amount. For purposes of this Section 4(c), the Award Payout Amount, as calculated according to this Section 4(c), shall be paid following the end of the Performance Period in accordance with Section 2(d) and Section 3, subject to the Grantee’s continued employment with the Company or a Subsidiary through the end of the Performance Period. For the avoidance of doubt, the GHG Intensity Multiplier shall not apply to amounts payable under this Section 4(c).

(d) *Definitions*. For purposes of this Agreement, the following terms shall have the meanings set forth below.

- (i) For purposes hereof, “**Cause**” is defined as: (A) the conviction of the Grantee by a court of competent jurisdiction as to which no further appeal can be taken of a crime involving moral turpitude or a felony or entering the plea of nolo contendere to such crime by the Grantee; (B) the commission by the Grantee of a material act of fraud upon the Company, any Subsidiary or Affiliate; (C) the material misappropriation by the Grantee of any funds or other property of the Company, any Subsidiary or Affiliate; (D) the knowing engagement by the Grantee without the written approval of the Board of Directors of the Company, in any material activity which directly competes with the business of the Company, any Subsidiary or Affiliate, or which would directly result in material injury to the business or reputation of the Company or any Subsidiary or Affiliate; (E)(1) a material breach by the Grantee during the Grantee’s employment with the Company of any of the restrictive covenants set out in the Grantee’s employment agreement with the Company, if applicable, or (2) the willful and material nonperformance of the Grantee’s duties to the Company or any Subsidiary or Affiliate (other than by reason of the Grantee’s illness or incapacity), and, for purposes of this clause (E), no act or failure to act on Grantee’s part shall be deemed “willful” unless it is done or omitted by the Grantee not in good faith and without his reasonable belief that such action or omission was in the best interest of the Company, (F) any breach of the Grantee’s fiduciary duties to the Company, including, without limitation, the duties of care, loyalty and obedience to the law; and (G) the intentional failure of the Grantee to comply with the Company’s Code of Business Conduct and Ethics, or to otherwise discharge his duties in good faith and in a manner that the Grantee reasonably believes to be in the best interests of the Company, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
 - (ii) For purposes hereof, “**Disability**” shall mean the physical or mental inability of Grantee to carry out the normal and usual duties of his position on a full-time basis for an entire period of six (6) continuous months together with the reasonable likelihood, as determined by the Committee,
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that Grantee, upon the advice of a qualified physician, will be unable to carry out the normal and usual duties of his position.

- (iii) For purposes hereof, “**Qualified Retirement**” shall mean the voluntary termination of the Grantee’s employment with the Company, other than (x) for Cause or (y) due to death or Disability, on a date that is more than six (6) months following the Effective Date, provided that, as of the date of such termination, the Grantee (A) has attained a minimum of three (3) years of employment with the Company, (B) has attained the age of fifty-five (55), (C) has satisfied the Rule of 60 (as defined below), (D) has provided the Company with notice of such intent to terminate at least six (6) months prior to the termination date and satisfactorily completed the duties of his position up to the termination date, including any transition services reasonably requested by the Company, (E) enters into an agreement not to compete with, and not directly or indirectly induce any employee to leave the employment of, the Company, any Subsidiary or Affiliate for a period of at least one (1) year following the Grantee’s termination of employment, which agreement, in both form and substance, is provided by the Committee or is otherwise satisfactory to the Committee, and (F) timely executes (and does not revoke in any time provided to do so) a release of claims in favor of the Company in a form reasonably acceptable to the Committee. For purposes of this Section 4(d)(iii), a Grantee shall be deemed to have satisfied the “**Rule of 60**” if the sum of (i) the Grantee’s years of employment and (y) the Grantee’s age totals at least 60.

(e) *Forfeiture.* Notwithstanding anything herein to the contrary, but subject to Section 4(a), Section 4(b), and Section 4(c) herein and the terms of any change in control severance compensation agreement between the Grantee and the Company under which the Grantee is entitled to severance benefits and accelerated vesting of incentive awards (including the Change in Control Severance Compensation Agreement between the Company and the Grantee), upon termination of the Grantee’s employment with the Company (for any or no reason), the Long-Term Cash Incentive Award (to the extent not yet paid) shall be immediately forfeited without consideration.”

2. Limited Scope of Amendments. Upon delivery of this Amendment to the Grantee, the Award Agreement shall be deemed to have been amended as and to the extent provided herein. As so amended, the Award Agreement shall remain in full force and effect in accordance with its respective terms.

3. Miscellaneous. Except as expressly set forth herein, all terms and provisions contained in the Award Agreement shall remain in full force and effect and are hereby ratified and confirmed. The provisions of this Amendment shall be binding upon, and shall inure to the benefit of, the successors and assigns of the Company and Grantee, respectively. This Amendment shall be governed by and construed in accordance with the laws of the State of Delaware. This Amendment may be executed in counterparts, all of which counterparts collectively shall constitute one agreement, binding on the parties hereto, notwithstanding that all parties hereto are not signatories to the same counterpart. Email copies of this Amendment, including the signature pages hereto, shall constitute originals for all purposes.

Please keep a copy of this letter for your records. If you have any questions, please feel free to contact the Director of Human Resources.

Sincerely,

COMPANY:

CALLON PETROLEUM COMPANY

By: _____
Name: _____
Title: _____

CERTIFICATIONS

I, Joseph C. Gatto, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Callon Petroleum Company;
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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying 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 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: November 3, 2022

/s/ Joseph C. Gatto, Jr.

Joseph C. Gatto, Jr.
President and Chief Executive Officer
(Principal executive officer)

CERTIFICATIONS

I, Kevin Haggard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Callon Petroleum Company;
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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying 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 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: November 3, 2022

/s/ Kevin Haggard
Kevin Haggard
Senior Vice President and Chief Financial Officer
(Principal financial officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the Quarterly Report on Form 10-Q of Callon Petroleum Company for the quarterly period ended September 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacities and on the dates indicated below, each hereby certify pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Report fully complies with requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2022

/s/ Joseph C. Gatto, Jr.

Joseph C. Gatto, Jr.
(Principal executive officer)

Date: November 3, 2022

/s/ Kevin Haggard

Kevin Haggard
(Principal financial officer)

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Report for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.