

# 2024 SUSTAINABILITY REPORT



BAYSWATER



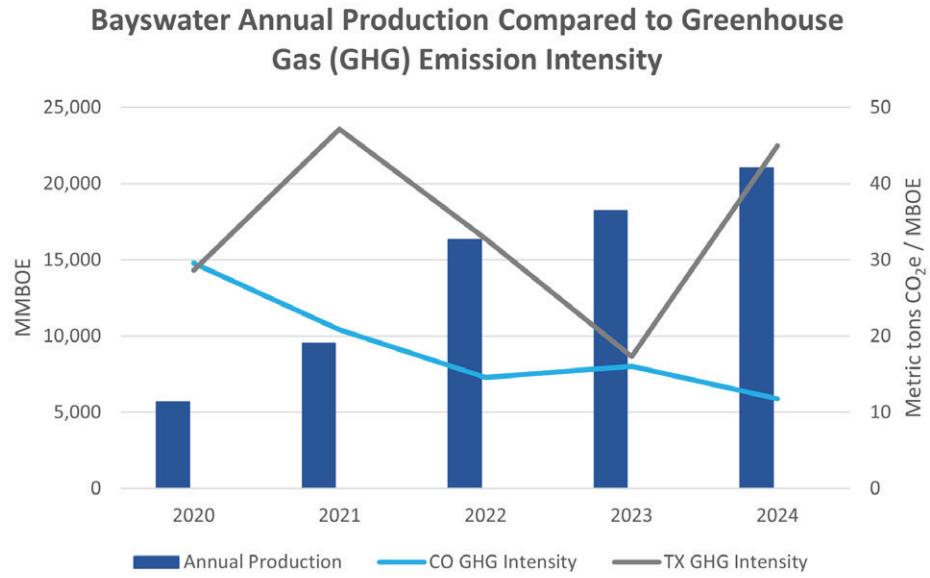


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2024

# 2024 Highlights



## Quick 2024 Operational Stats:

- 489 operated producing horizontal wellbores
- Annual production of 21,034 MBOE
- Year-end exit rate of 54,690 BOED
- \$498 MM calendar year capital invested
- GHG intensity of 23.82 metric tons CO<sub>2</sub>e / MBOE
  - Colorado GHG intensity: 11.79 metric tons CO<sub>2</sub>e / MBOE
  - Texas GHG intensity: 44.95 metric tons CO<sub>2</sub>e / MBOE
- 1.44 million field man hours worked
- 693 field full time equivalent employees & contractors

**272%**  
increase  
in annual  
production from  
2020 to 2024

**19%**  
decrease in  
GHG intensity  
from 2020  
to 2024

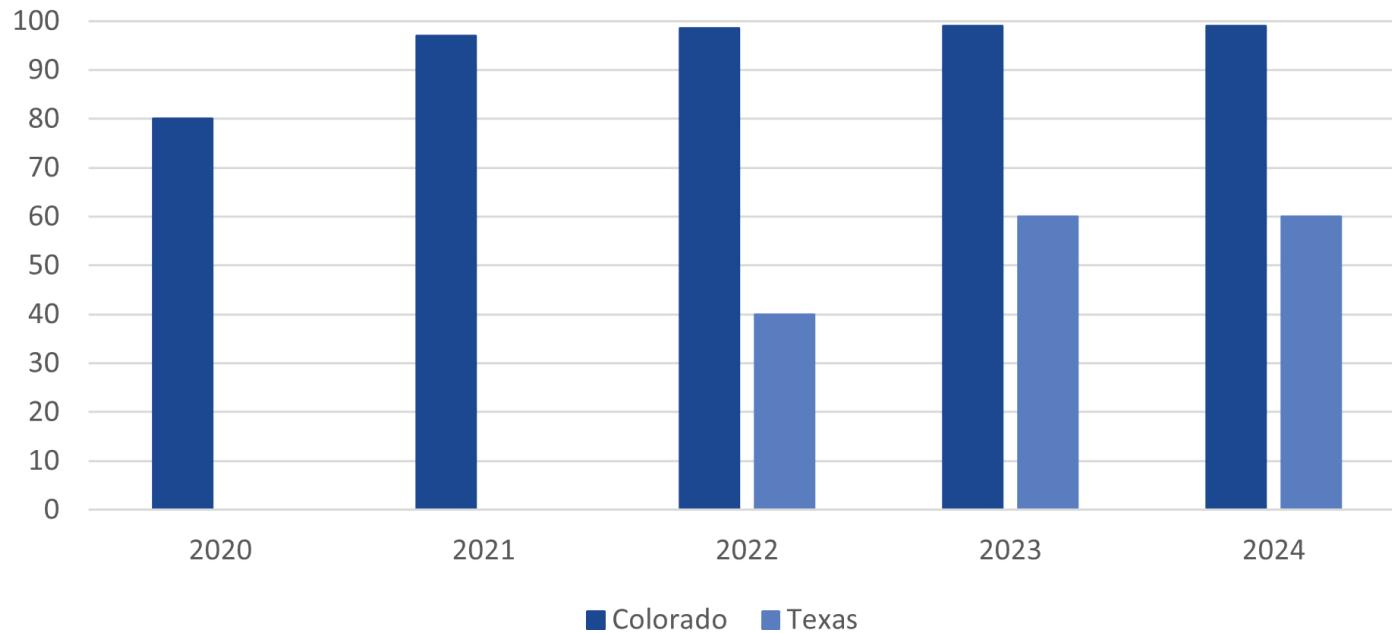
Bayswater invested in the construction and expansion of the Mongoose Gas Plant—first of its kind in this region of Texas—to responsibly produce the sour gas from our Permian asset and eliminate the need for flaring in our Texas operations.

**0.42**  
Combined  
TRIR with  
employees &  
contractors  
in 2024

**100%**  
OF BAYSWATER  
EMPLOYEES ARE DIRECT OWNERS

**65%**  
OF BAYSWATER  
EMPLOYEES DIRECTLY INVEST

## Percentage of Production Utilizing Non-Emitting Pneumatic Devices



**99.9%**

of daily Colorado production covered by continuous emission monitoring

**60%**

of daily TX production covered by continuous emission monitoring

Bayswater was one of the first operators in the DJ Basin to commit to continuous emission monitoring.



**152**

vertical wells plugged & abandoned since 2012



**225M**

gallons of water recycled between 2020–2022



**280K**

truck trips removed from CO & TX roads in 2024

# Dear Stakeholders,



2024 was a historic milestone for Bayswater—marking the 20th anniversary of our founding. After 20 years in business, Bayswater remains a proud U.S. oil and natural gas producer in an industry that dependably produces the affordable, reliable energy that is the backbone for our modern way of life. Thanks to the American shale revolution, our industry transformed the U.S. from a net importer of energy to becoming energy independent and the world's largest energy exporter in less than a decade.

Driven by horizontal drilling and hydraulic fracturing, the shale revolution unlocked new domestic U.S. oil and natural gas reserves. Since 2010, U.S. oil and natural gas production has skyrocketed and the industry has shown incredible resiliency through two significant recent downturns, including the 2014 oil price collapse and the 2020 COVID-19 pandemic. U.S. total energy production reached record highs in 2024 with oil and natural gas production comprising the majority of the nation's total energy output—accounting for 27% and 38% of total energy production, respectively (EIA, June 2025).

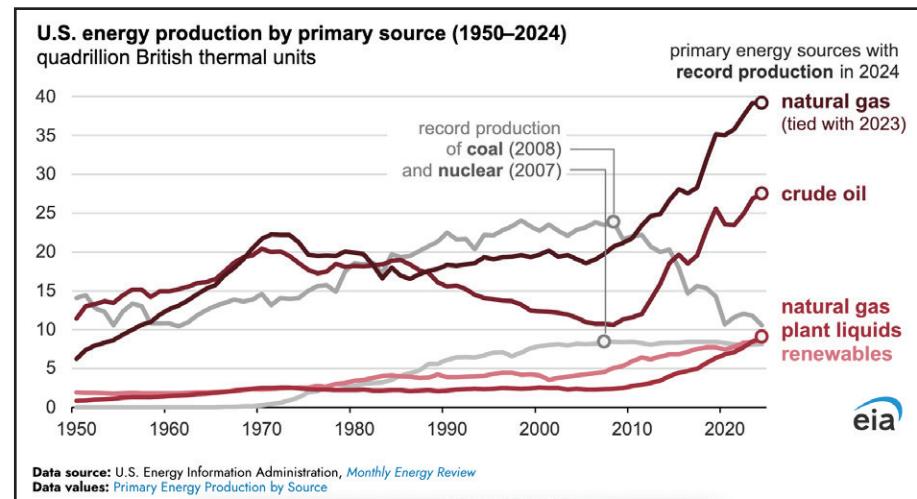


Figure 1: U.S. energy production by primary source from 1950 to 2024 (U.S. EIA, June 2025).

In addition to being a historic year for U.S. energy production, 2024 was also a landmark year for Bayswater. Not only was 2024 our 20th year in business, we also closed out the year with two significant achievements. First, in 2023, Tejon Treating & Carbon Solutions (owned by the Bayswater Funds) completed the construction of the Mongoose Gas Plant—a sour gas gathering and treatment facility in the Midland Basin in Texas. Historically, local operators would flare the associated sour gas in order to produce and sell the more valuable oil stream. Continued gas flaring is not a sustainable solution and the Mongoose Gas Plant solved this long-standing problem, starting with a dedication of 35,000 acres and a throughput capacity of 17 mmcf/d, servicing a single customer.

With growing demand in 2024, we made the decision to initiate a major plant expansion, increasing dedicated acres to 137,000 and throughput capacity to 70 mmcf/d. With this expansion complete, the Mongoose Gas Plant will be capable of servicing Bayswater and a growing network of regional operators. The expansion and success of this plant is a notable achievement because it took a producing oil area with an associated “sour gas” resource that was un-sellable and environmentally harmful to flare and transitioned it to an efficient, safe, and environmentally responsible production operation. The expansion was completed in April of 2025, and at the time of this writing the plant throughput is approximately 40 mmcf/d.

As for the second noteworthy achievement, in December 2024, Bayswater entered a sale agreement to sell significant Denver Julesburg (DJ) Basin assets to Prairie Operating Company (Prairie) in a cash and stock transaction totaling \$605 million. The sale included 24,000 leased acres, 300 producing horizontal wells on 30 pads, 25,000 (approximate) barrels of oil equivalent per day (BOED), nine newly drilled but not yet completed horizontal wells, and a Bayswater operated saltwater disposal system. The package of assets sold to Prairie represented the culmination of seven years of investment and reserve promotion across Funds III, IV, and IV Annex; and exemplifies a perfect “case study” on the Bayswater business model—acquire undeveloped acreage, promote reserves through drilling, and then divest to a strategic buyer with a lower cost of capital. Key executional and financial attributes of the Prairie asset package are summarized in Figure 2.

DJ Basin Prairie Asset Package Acquire, Develop, Exit 2017 - 2024		
Investment	Acres Acquired / Leased	24,000
	Surface Acres Utilized	139
	Acquisition Capex, \$MM	193.0
	D, C, & F Capex, \$MM	1,288.4
	<b>Total Capex, \$MM</b>	<b>1,481.4</b>
Development	<b>HZ wells drilled</b>	<b>278</b>
	Lateral footage drilled	2,613,200
	<b>Lateral Miles drilled</b>	<b>494.9</b>
	Rig Years Employed	5.3
	Frac Crew Months Utilized	48.8
Community Impacts	<b>Total Field Man Hours Employed</b>	<b>4,983,120</b>
	<b>Average Annual Full Time Equivalents Employed</b>	<b>315</b>
Physical Results	Taxes Paid, \$MM	145.6
	<b>Royalties Paid, \$MM</b>	<b>548.1</b>
Physical Results	<b>Reserves Developed, MMBOE</b>	<b>139.5</b>
	Total Acquire and Develop Cost, \$/BOE	10.62
	Cumulative Production, MMBOE	56.8
	<b>Peak Production, BOE/D</b>	<b>35,457</b>
	Remaining Reserves, MMBOE	82.6

Figure 2: Key executional and financial data from the DJ asset package sold to Prairie Operating Company.

The Prairie DJ Basin asset package results summarized in Figure 2 are illustrative of Bayswater's tremendous organizational capability and highlight a significant financial and operational success. It's important to remember that this development campaign was uninterrupted by the market turmoil caused by the 2020/21 pandemic during which six of our public peer DJ operators succumbed to bankruptcy. Additionally, this development campaign was conducted during a period of drastic regulatory changes that resulted in Colorado becoming the most difficult regulatory regime in the U.S. This accomplishment is a testament to Bayswater's talented staff, multi-disciplinary approach, and commitment to sustainable energy development.

The statistics in Figure 2 illustrate why our industry is important and continues to thrive despite continued anti-fossil fuel political rhetoric. Our seven-year campaign on a relatively small acreage block put \$1.4 billion dollars in capital to work, provided jobs for more than 300 families per year, paid almost \$700 million in royalties and taxes into local communities, and responsibly developed enough energy (139 million BOE's in giga-watt equivalency) to power 1.1 million homes for a decade!

This was a historic sale and achievement in Bayswater's journey that took years of capital, time, and work to come to fruition. Despite this large sale of our DJ assets, we remain committed to the DJ Basin and Colorado. Our remaining DJ position includes 70 horizontal wells producing approximately 18,000 BOED. I remain proud of the high-quality asset we built in the DJ Basin, our reputation as a responsible operator, and the positive impact we have had in Weld County communities. We look forward to building upon our Colorado footprint with newly raised capital and continuing to responsibly produce Colorado oil and natural gas in 2025 and beyond.

Following a historic year marking 20 years in business and ending with the above noteworthy achievements, I find myself reflecting on the growth Bayswater has experienced. Bayswater started with modest capital and a straightforward business model: applying new technology to mature oil and natural gas fields. Our vision then and now is to create long-term, mutually beneficial relationships by being both a premier operator and a trusted industry partner. Initially funded by a handful of founders, we grew through early projects in the Rocky Mountains, California, and the Mid-Continent, later securing private equity backing from Elgin Capital Partners in 2008 and launching our first Natural Resources Fund in 2010. As of year-end 2024, we have managed an estimated \$3.2 billion in lifetime assets and currently have \$2.1 billion in active assets under management. Bayswater is recognized as a leading operator with premier positions in the Permian and DJ Basins, and strong relationships with several blue-chip financial partners.

Bayswater has experienced significant growth in the past five years. Our level of capital investment and the field man hours worked in 2024 remained high as can be seen in Figure 3.

Key Operating Metrics	2020	2021	2022	2023	2024
Operated Producing Horizontal Wellbores	151	241	310	398	489
Annual Production, MMBOE	5,661	9,533	16,336	18,240	21,034
Year End Exit Rate, MBOED	23,861	55,798	56,400	51,532	54,690
Calendar Year Capital Invested \$MM	\$178	\$390	\$705	\$759	\$498
Green House Gas Intensity, Tons CO <sub>2</sub> E / MBOE	29.37	25.40	20.84	16.31	23.82
Field Man Hours Worked	550,000	980,000	1,193,432	1,481,560	1,441,208
Field Full Time Equivalent Employees & Contractors	264	471	574	712	693

Figure 3: Key operational metrics highlighting Bayswater's performance and growth from 2020 - 2024.

In our fifth Sustainability Report, we share Bayswater's continued progress on our *Green Operating Agenda*, first introduced internally in 2018 and publicly launched in our 2021 Sustainability Report. We outline key steps taken in 2024 towards improving the sustainability of our operations, highlight elements of our company culture and people-first approach, and showcase examples of applied technology and innovation. Bayswater's operational standards and critical elements of our management systems are detailed in the report. Additionally, we provide an overview of our top environmental best management practices (BMPs) in the areas of air, land, and water management. Finally, this report concludes with our governance and compliance standards, and a quantitative and qualitative report on our 2024 performance using the Sustainability Accounting Standards Board (SASB) and the American Exploration and Production Council (AXPC) standards.

Thank you for reading our 2024 Sustainability Report, and for being a valued stakeholder and partner in this business and vital industry. I welcome any feedback and look forward to continued conversations about this important work.



Gratefully,

A handwritten signature in blue ink, appearing to read "Steve Struna".

Steve Struna  
President & CEO



# Introduction

Founded in 2004, Bayswater Exploration & Production (Bayswater) is a privately held Colorado-based oil and natural gas development company that owns and operates properties principally in the Denver-Julesburg (DJ) Basin in Colorado and the Permian Basin in Texas.



## Our Strategy

Bayswater is committed to responsible energy development and focuses on the top horizontal drilling shale resource plays and basins within the United States, which are typically supported by a robust competitive service sector, are successfully exploited with similar drilling and completion approaches, and have the lowest breakeven costs and best development economics.



## Our Energy Funds

Since 2010, Bayswater has raised and deployed capital in a series of energy funds. We became a Registered Investment Advisor in 2016 and raised the Bayswater Natural Resources Fund III and IV in 2017 and 2020 respectively. We are currently deploying capital in the Bayswater Natural Resources Funds III and IV.



## Our Team

The Bayswater executive team has nearly 300 years of collective industry experience. We value our employees, our network of contractors and partners, and work diligently to foster a safe, relaxed, positive, and fun work environment.

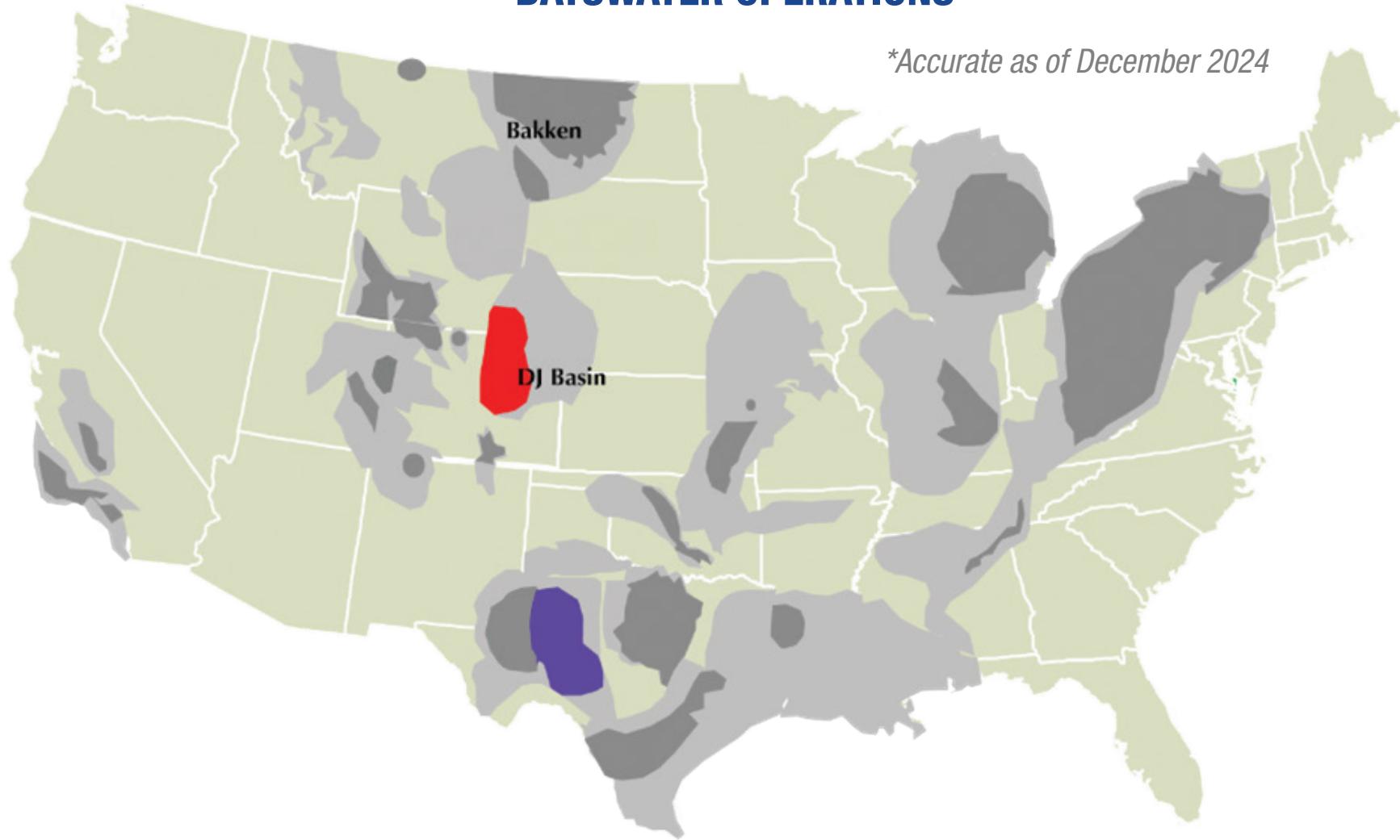


## Our Business Values & Beliefs

Maximizing the long-term value of our company through executional excellence and the creation of strong, mutually advantageous business relationships. The development of oil and natural gas resources and the stewardship of a pristine, sustainable environment are not mutually exclusive. We are committed to demonstrating that both are achievable.



# BAYSWATER OPERATIONS



## DJ Basin Wattenberg

- 369 company operated producing HZ wells
- 12 DUCs
- Q4 2024 average net 31,000 BOE/D

## Midland Basin

- 120 company operated producing HZ wells
- 25 DUCs
- Q4 2024 average net 18,000 BOE/D

## MISSION

Bayswater's mission is to responsibly develop the low-cost and reliable oil and natural gas energy that society needs, create value for our investors and owners, and enhance the well-being of the communities where we operate. We accomplish this through executional excellence and by linking innovative technology, talented people, and capital.

## VISION

Bayswater will be recognized for delivering superior returns to our investors through accretive oil and natural gas property acquisitions, well-executed development programs, and the timely return of capital. We will be viewed as a top-tier energy management team by blue-chip institutional investors and as an operating partner of choice in the industry. We achieve this by having:

- Equity ownership throughout our organization.
- Ethical and honest business dealings with a focus on mutually beneficial business relationships.
- A culture of strong Health, Safety, Environment, and Regulatory (HSE&R) leadership.
- A challenging and rewarding work environment anchored in multi-disciplinary teamwork.
- Access to a quality network of service providers and capital market partners.
- A reputation as a premier oil and natural gas energy producer with operational best practices that protect the health and well-being of the local people, environment, and wildlife.

## VALUES & BELIEFS

- We are always honest, ethical, and open in our dealings with others.
- We are in business for the long-term—maximizing the value of our company through executional excellence and by forging strong mutually advantageous business relationships.
- We value a small company entrepreneurial culture, equity ownership, a flat organization, rewarding success, and multidisciplinary teamwork.
- We value our employees, our network of contractors and partners, and having a safe, relaxed, positive, and fun work environment.
- We value debate, diversity of opinion, and broad participation in business decisions.
- We conduct our work without accident, harm to people, or damage to the environment. We meet or exceed all regulatory requirements.
- We aim to be leaders in demonstrating that oil and natural gas production and the stewardship of a pristine, sustainable environment are not mutually exclusive. On every project, we operate with the end goal that both can be achieved.
- Affordable energy is vital for our country. We are proud participants in the American energy industry.
- We value the “social license to operate.” We work to gain the trust of the communities in our operating areas and ensure that our daily actions always reinforce this trust.
- We encourage and assist young people to pursue careers in the oil and natural gas industry and operate in a way that builds a competitive and sustainable future for Bayswater and the industry.

Bayswater strives to be a leader in the industry, which we continue to demonstrate in the latest installment of our annual Sustainability Reports. We pledge our commitment to Environmental, Social, and Governance (ESG) values, and to performing annual evaluations of our operations against the Sustainability Accounting Standards Board (SASB) standards and American Exploration & Production Council (AXPC) metrics included at the end of this report.



# OUR GREEN OPERATING AGENDA

# Our Green Operating Agenda



At Bayswater, we are committed to setting a higher standard for responsible operations and advancing practical solutions for a sustainable energy future. Our *Green Operating Agenda* is an evolving roadmap tracking Bayswater's ESG achievements and outlining future ESG goals in the months and years ahead. In the following section, we will use our *Green Operating Agenda* to highlight our progress in 2024 to improve the efficiency of our operations and mitigate operational impacts to public health, wildlife, and the environment.

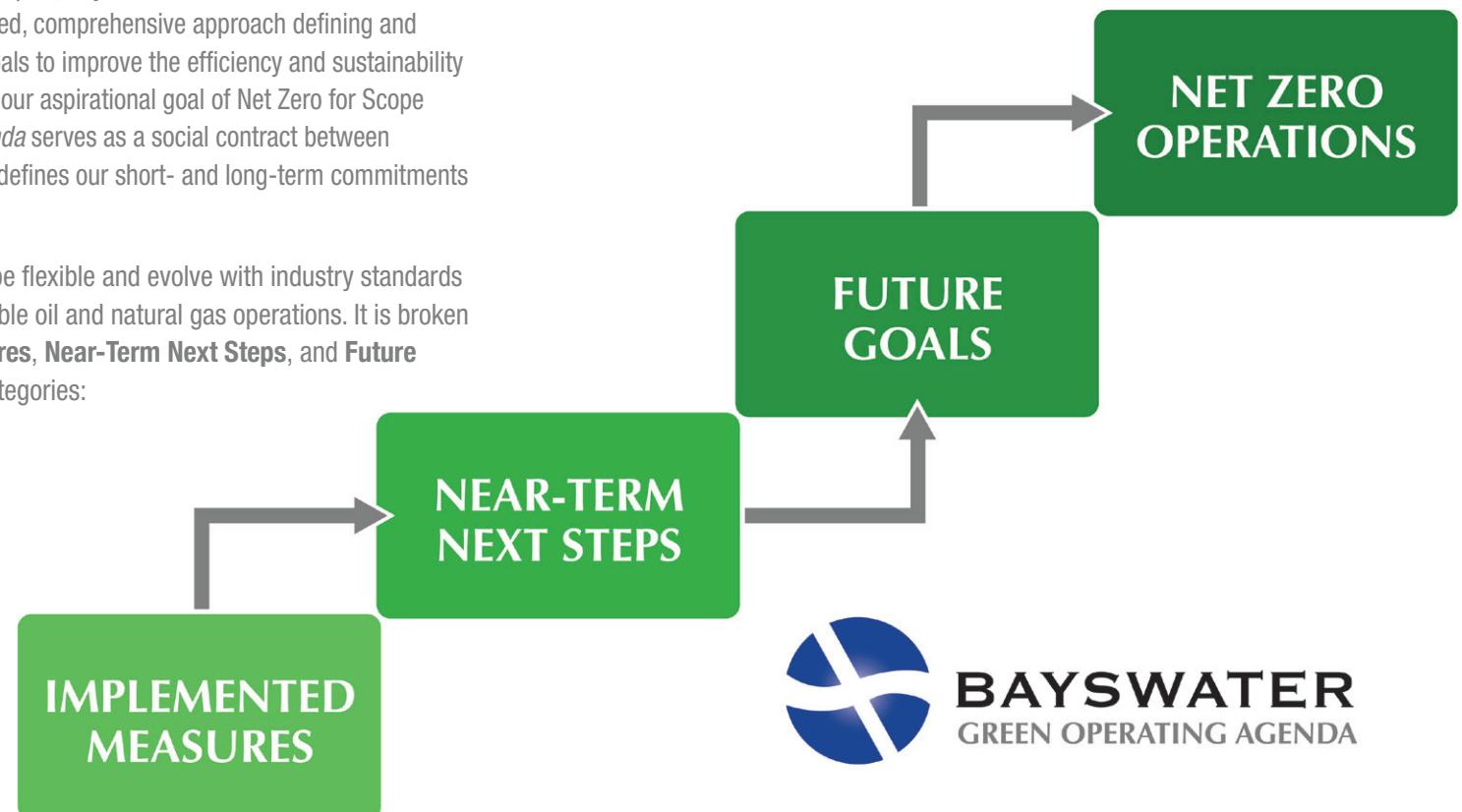
## GREEN OPERATING AGENDA

Prior to the release of our first Sustainability Report, Bayswater had formulated our *Green Operating Agenda*. This agenda is a three-tiered, comprehensive approach defining and planning short-term actions and long-term goals to improve the efficiency and sustainability of Bayswater's operations, and work towards our aspirational goal of Net Zero for Scope 1 and 2 emissions. Our *Green Operating Agenda* serves as a social contract between Bayswater and our diverse stakeholders that defines our short- and long-term commitments to actionable ESG goals.

The *Green Operating Agenda* is designed to be flexible and evolve with industry standards and an ever-advancing standard of responsible oil and natural gas operations. It is broken down into three tiers—**Implemented Measures**, **Near-Term Next Steps**, and **Future Goals**—which are each comprised of four categories:

- Air
- Land
- Water
- Community Impact

Our *Green Operating Agenda* began as an internal plan and companywide commitment to operating conscientiously and responsibly. Since 2021, we made the decision to include the *Green Operating Agenda* in each of our Sustainability Reports to transparently assess and measure our progress towards our environmental goals, including the Net Zero aspiration for Scope 1 and 2 emissions. Our *Green Operating Agenda* outlines our path forward in actionable steps and allows our team and stakeholders to monitor progress on our environmental objectives. Key progress in each of the four categories is shown in the remainder of this report.



Since 2021, we made the decision to include the *Green Operating Agenda* in each of our Sustainability Reports to transparently track our progress towards ESG goals. Beginning as an internal plan and companywide commitment, our *Green Operating Agenda* outlines our path forward in actionable steps and allows our team and stakeholders to monitor progress on our ESG objectives. First, we include our updated *Green Operating Agenda* to reflect improvements and progress as of December 31, 2024. Additionally, throughout the remainder of this section we will provide an overview of our progress and highlight key achievements in 2024.

	Implemented Measures	Near-Term Next Steps	Future Goals
AIR	Utilization of cleaner and more efficient engines for drilling and completion activities (ie., EPA Tier 4 Rated diesel engines and Dual-Fuel engines)	Selectively test the use of micro turbine generation for drill rigs and frac fleets and to provide on-site power for production equipment	Utilization of utility grid power or microgrid power for all engines for drilling, completion and production activity
	Installation of zero-bleed pneumatic valves with instrument air on new construction	Convert remaining locations to instrument air driven pneumatic valves	Fully transparent / public emissions performance monitored and reported
	Use of continuous air emission monitoring technology	Gas Injection to enhance recovery and reduce carbon footprint	Solar Power generation and excess storage and EOR through gas injection
	Solar arrays to supply some power where electricity not available	Reduce/eliminate pre-production emissions through closed loop systems	Define path to "Carbon Zero" manufacturing (Scope 1 & 2) including carbon offset creation /purchase / trades
	Zero venting and full capture for combustion of low-pressure vapor on production facilities	Realize Carbon Capture and Sequestration credits from Amine Facility and Acid Gas Injection	
	Control of methane releases to facility and sales during routine engine maintenance reducing venting to atmosphere	Ensure management awareness of Ozone Action Days	
	Electrification of larger compression for gas lift applications when power is available.	Expand on use of electrification of larger compressors for gas lift applications when power is available	
	Eliminate routine flaring of produced sour gas with first phase construction of Amine Facility	Line power usage in TX and eliminating use of diesel generation	
	Expand the use of enhanced monitoring, detection, and quantification of methane emissions to all operating areas	Expand Amine Facility to accommodate increasing Bayswater and third party gas volumes	
LAND	Remote work one day per week to reduce commute / car emissions		
	Utilize existing top soils for interim reclamation	Continue to optimize design to reduce number of tanks and production equipment on pad sites to reduce footprint	Offset land reclamation and planting (carbon "sinks")
	Pilot with Pioneer's ECT technology to prove smaller footprint from reduced equipment on a site	Explore options to expand Pioneer's ECT technology on future sites	Elimination of waste to landfills and beneficial use applications
	Cut & Fill Management and planting of trees to reduce land impact	Remove tanks and equipment post production plateau to reduce footprint and recycle equipment	Zero non-plugged vertical wells on operated acreage
	Use of pipelines for oil and water removal from pad sites to reduce footprint and truck traffic	Support local college environmental / agricultural programs to enhance and accelerate reclamation efforts	
	Continued P&A program to eliminate vertical wells	Expand Bayswater owned and operated water pipeline for new site construction	
	Optimize design to reduce number of tanks and production equipment on pad sites to reduce footprint		
WATER	Installation of water pipeline system and disposal wells to reduce tank storage and truck traffic		
	Recycled water use in completions	Participate in Colorado produced water rulemaking and ensure Bayswater complies with new rules and achieves designated annual recycling targets	Produced water treatment to allow for beneficial use
	Installation of water pipeline system and disposal wells to allow for recycled water use		
COMMUNITY IMPACT	Use of pipelines for oil and water to reduce truck traffic on roads	Adopt "smartway" carrier practices for enhanced truck scheduling and management	Eliminate truck traffic with 100% water and oil gathering systems
	Reduced truck traffic impacts by consolidating carriers with rerouting / scheduling	Landscaping to reduce visual impacts	Low profile facilities; community parks and conservation projects
	Use of sound walls and controlled lighting	Interconnected pad sites with water distribution and gathering lines	
	Community Involvement through volunteering efforts and donations	Continued Participation in Community Projects	
		STEM / relevant trade education support in local schools	



280,000

TRUCKS REMOVED FROM  
CO & TX ROADS IN 2024

As one of the first operators in the DJ Basin to commit to continuous emission monitoring, greenhouse gas emission reduction and air quality improvement has long been a top priority for Bayswater. Our emission reduction program leverages comprehensive efforts working in concert to monitor, target, reduce, offset, or eliminate the Scope 1 and 2 emissions associated with upstream oil and natural gas production. Using the *Green Operating Agenda* as a roadmap, we update and refine our emission reduction program with new technologies and tactics.

In 2024, Bayswater continued to progress our emission reduction efforts. This report includes a high-level overview of key progress in the last several years along with a few key 2024 highlights. We took important steps forward in 2024 and continued working towards our aspirational goal of Net Zero Scope 1 and 2 emissions.

## Overview of Recent Progress

In recent years, Bayswater has made considerable progress in our emission monitoring and mitigation capabilities. We deploy multi-faceted technologies and human inspections to ensure we are closely monitoring emissions at each Bayswater location and, if an emission event occurs, we can rapidly respond, pinpoint the source, and address the issue. As an overview of our recent progress, the following are diverse examples of emission reduction efforts that were either initiated, continued or expanded in the last several years:

- Elimination of diesel generators for on-site power on all Bayswater production sites in 2021.
- Increased reliance on electric engines and grid power when accessible and transition away from diesel- and natural gas-powered engines.
- Expanded installation of instrument air-powered pneumatic controllers on newly constructed and legacy production sites, resulting in 99% of Colorado production and 60% of Texas production covered by pneumatic controllers that do not emit methane.
- Testing of innovative nitrogen-powered pneumatic controllers on remote DJ production sites where instrument air-powered controllers were not feasible.
- Expansion of the vapor capture program on production sites in both Colorado and Texas with the continued deployment of vapor recovery units, which allow for the full capture of low-pressure storage tank vapors and a 90% reduction in VOC emissions from our storage tanks.

- Increased installation of compressor engine maintenance gas capture controls on new and legacy production sites in the DJ Basin, resulting in a 95% reduction in methane and VOC emissions during routine maintenance or shutdown of large compressors.
- Elimination of more than 740,000 truck trips in Colorado and Texas between 2020 and 2024 by increasing our reliance on pipelines for oil and water transport.

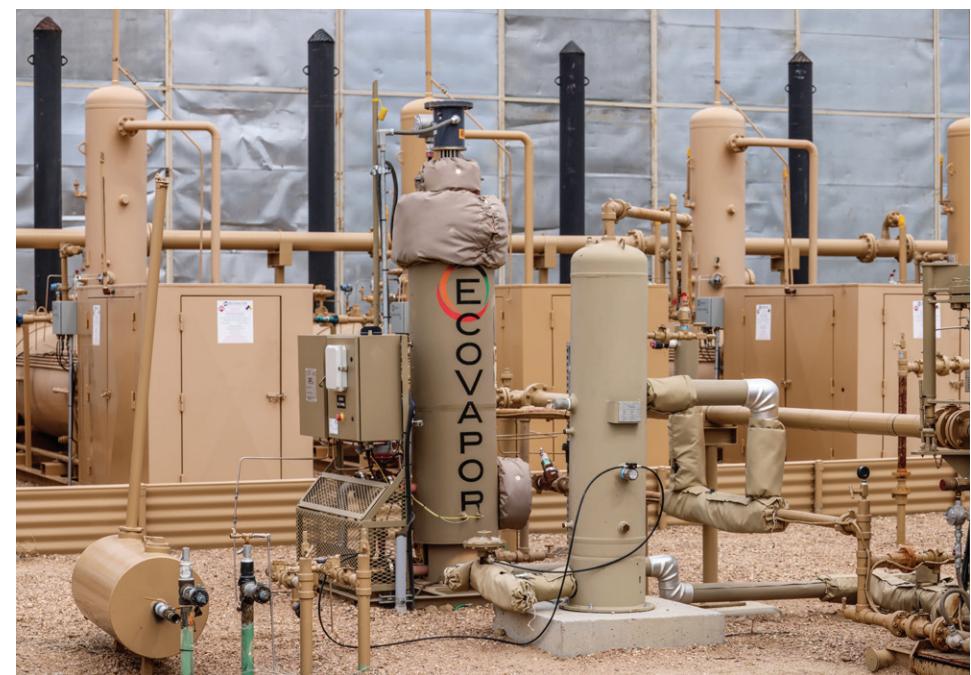


Figure 4: A vapor recovery unit (VRU) system located on a Bayswater production site in Colorado's DJ Basin.

These examples serve as a diverse, high-level snapshot of the multi-faceted efforts that Bayswater employs to address emission monitoring and reduction. Emissions can come from various sources along the upstream oil and gas development process. We must take a proactive, comprehensive approach to pinpoint each potential source and identify the best combination of technologies and activities to work together to detect, measure, and limit any potential emissions. In 2024, Scope 1 and 2 emission reduction remained a central focus, and we continued to utilize, refine, and add onto our emission reduction program, including the key 2024 accomplishments highlighted in the remainder of this section.

## 2024 Overview & Highlights

### SOUR GAS PRODUCTION & ELIMINATION OF ROUTINE FLARING

The greatest impact effected on emission reduction and air quality improvement in our Texas operations has been the construction of permanent infrastructure to treat produced sour gas, thereby eliminating the need for routine flaring. As mentioned in our previous Sustainability Report, we completed the construction of a sour gas gathering, treatment, and sequestration facility—called the Mongoose Gas Plant—in June 2023. The plant is run by Tejon Treating and Carbon Solutions (Tejon), a wholly owned subsidiary of Bayswater founded in 2023, providing service to Bayswater and other operators. Most natural gas in this region of the Permian Basin is “sour gas,” meaning it contains chemical contaminants that make it technically difficult and economically expensive to produce. Historically, operators deemed sour gas a waste byproduct and flared it off during crude production, resulting in considerable methane emissions.



Figure 5: An aerial shot of the Mongoose Gas Plant after completion of the expansion in mid-2025.

Bayswater invested significant time and resources into the construction of the Mongoose Gas Plant—the first of its kind in the entire region—to responsibly develop, treat, and produce the sour gas from these Permian assets. Operational as of June 2023, the facility treats sour gas by separating the hydrogen sulfide and carbon dioxide from the hydrocarbons, resulting in a “sweetened” natural gas that can be transported off site and

sold. Since completion of the facility, Bayswater has been piping all wellhead gas—including captured gas from VRUs—from our Permian Basin assets to the plant to be treated and sold. The Mongoose Gas Plant achieves two critical things in our Texas operations:

1. It transforms “sour” natural gas from a waste byproduct into a saleable product, increasing our profit margin.
2. From an air quality perspective, it significantly reduces methane emissions from our Texas production by eliminating the need for routine flaring.

Thanks to the substantial success Bayswater has had with the Mongoose Gas Plant coupled with growing demand from other operators in the area, Tejon and Bayswater commenced an expansion of the plant starting in late 2024. Due to be completed in mid-2025, the significant plant expansion will grow the facility’s capabilities as follows:

- Quadrupling throughput capacity by increasing from 17 mmcf/d to 70 mmcf/d.
- Expanding reach by increasing dedicated acreage from 35,000 acres to 137,000 acres.
- Operating over 90 miles of pipeline servicing Bayswater and a growing network of producers.

Looking ahead, as outlined in our *Near-Term Next Steps* in the *Green Operating Agenda*, our next goal is to commence carbon sequestration activities at the Mongoose Gas Plant. We have already set these plans in motion and are awaiting sequestration plan review and approval from the U.S. Environmental Protection Agency. In the not-so-distant future, the facility could not only eliminate methane emissions in the region but offset carbon emissions as well.

### METHANE EMISSIONS MONITORING

In the last several years, a specific focus of our emission reduction program has been improving our ability to isolate and reduce methane emissions. Until recent years, the technology did not exist to detect methane emissions, so the industry identified this gap in emissions monitoring and invested in finding a solution. As can be seen in our recent Sustainability Reports, Bayswater has been testing and deploying new technologies designed to detect, quantify, and limit methane emissions specifically.

In 2024, Bayswater took a significant step forward in progressing these efforts in our emission reduction program. In 2024, we expanded the use of enhanced monitoring, detection, and quantification of methane emissions to all operating areas. Given the success that we witnessed with methane emission monitoring in our Colorado operations, we have incorporated some of these innovative solutions into our best management practices (BMPs) across our operational footprint.

Bayswater's first action to continuously monitor emissions was the deployment of Project Canary's prototype monitoring device—designed to monitor VOCs and fine particulate matter. Since then, we have expanded deployment of Project Canary's latest model (that monitors for methane and VOCs) and similar devices across our operations. As of 2024, Bayswater had 98 total monitoring devices installed at DJ Basin locations, together covering 99.9% of our daily Colorado production.

To further improve our ability to pinpoint and quantify methane emissions, we partnered with LongPath Technologies, a Colorado-based company, to test their advanced laser system in the DJ Basin. LongPath is a Continuous Open-Path Sensor utilizing invisible, eye-safe long-range lasers to detect methane-specific greenhouse gas molecules up to a 2.5-mile radius from



installation. LongPath data is displayed on a dashboard, which is accessible to all Bayswater employees and provides real-time alerts. These alerts contain detailed measurements on the detected methane molecules, allowing rapid issue resolution.

Due to its success, LongPath has become a central component in our emission reduction program in the DJ Basin. In 2024, we had 25 Colorado sites covered by LongPath technology. Continuous emission monitoring requires multi-faceted technologies and practices. With methane emission monitoring technologies so new to the scene, Bayswater continues to research new technologies and innovative solutions to improve our capabilities to detect, quantify, and reduce methane emissions in our operations.

## EVAN HALPERN

Reservoir Engineer



### Bayswater Tenure: 3 Years

#### What led you to work in the oil & gas industry?

I've always loved math and science, which led me to engineering; but I wanted to work in an industry that was solving real world problems and making a tangible impact on the community. Oil and gas was a perfect fit for that, as we enable people to live better lives worldwide.

#### What separates Bayswater from other companies where you've worked?

Bayswater is different from other companies that I have worked for in that the organization is very flat. Steve, our CEO, is very involved in operations from specifics about well performance to overall financial performance. I have regular interactions with executives, often in a collaborative manor. It is clear that we are all on the same team, working towards a common goal.

#### How does Bayswater support your professional growth and development?

Bayswater values continued learning and professional development. The company has allowed me to attend continuing education classes, supported me getting my professional engineering license in Colorado, and encouraged participation in annual technical meetings and conferences. They are interested in any benefit from new software or expertise and are willing to explore any of those options.

The Bayswater team conducts our business guided by the fundamental belief that responsible oil and natural gas development and environmental stewardship are mutually attainable. We can—and must—achieve both. Through the responsible development of affordable, reliable American energy, we strive to be a responsible steward of the land—ensuring we use every tool at our disposal to be thoughtful and considerate neighbors to nearby landowners, the local community, native wildlife, and the surrounding environment.

When it comes to land management, our primary objective is to minimize our impact—both above and below the surface—throughout active operations and, once complete, to restore the land to its natural state or better. In 2024, Bayswater continued working to enhance our land management strategies and BMPs to minimize our cumulative impact and protect public health, wildlife, and the environment.

## Overview of Progress

In previous Sustainability Reports, we showcased many land management strategies, including ongoing operational procedures and recently incorporated standards or technologies. As a snapshot of our land management practices, below are some high-level, diverse examples of actions Bayswater takes to either meet or exceed regulatory requirements:

- Development and application of site-specific stormwater management plans to protect topsoil and minimize potential for erosion.
- Employment of secondary containment structures beneath storage tanks to capture and contain any potential spill and prevent topsoil penetration.
- Preparation of site-specific, comprehensive emergency spill response in the rare event of a spill on location.
- Responsible disposal of produced water and cuttings at permitted local waste management facilities.
- Optimization of production equipment and site design to maximize efficiency and significantly reduce the surface footprint for long-term production.
- Implementation of interim and final reclamation practices, including the testing of native topsoil storage on eight Colorado locations in 2021 and 2022.
- Completion of plugging and abandonment of the majority of the vertical wells in our portfolio in the last several years, including 22 wells in 2020, 26 wells in 2021, 20 wells in 2022, six in 2023, and six in 2024.

In 2024, Bayswater continued to advance our land management program to improve our ability to efficiently produce energy, while minimizing our disturbance above and below the surface. In the remainder of this section, we highlight key land management achievements from 2024.

## 2024 Highlights

### MINIMIZING PRODUCTION INFRASTRUCTURE & SURFACE FOOTPRINT

Each Bayswater production site is carefully planned and thoughtfully designed to be site-specific and work with the natural landscape over the course of the 15- to 25-year lifetime of the site. In the last several years, a primary objective in our land management program has been deploying and refining a new production facility design to maximize efficiency, reduce above-ground infrastructure, and minimize the surface footprint.

### SITE DESIGN OPTIMIZATION

Thanks to directional drilling, the modern oil and natural gas industry can consolidate and minimize its surface footprint while maximizing access to underground oil and natural gas resources. This pioneering development enabled a major shift in the industry from single, vertical well pads to horizontal, multi-well pads. Since that pivotal shift, operators have begun to rethink and optimize the design of multi-well production sites and leverage new technologies to increase productivity, efficiency, and profit, while reducing the amount of long-term above-ground infrastructure.



In 2024, Bayswater continued exploring new ways to enhance production site design to optimize operational efficiency, mitigate on-site emissions, and further reduce our overall surface footprint. Below are some examples of real actions that Bayswater employed on several DJ Basin locations in 2024 to enhance production site design:

- Electrification of on-site equipment when grid is accessible to allow for fully electric sites that run off grid power instead of relying on generators.
- Deployment of electric vapor recovery units at all flash points to capture low-pressure vapors, remove oxygen from the vapor stream, and compress remaining vapors into marketable natural gas.
- Transition from gas-powered compressors to electric compressors for gas lift.
- Removal of old tanks or equipment on retrofitted location and installation of surge vessels which significantly reduces the number of on-site oil and water storage tanks.
- Construction of oil and water pipeline infrastructure when possible to transport oil and water off-site via pipe and eliminate the need for truck transport.
- Construction of bulk test facility on one DJ production site, reducing the number of on-site separators from 30 to seven.
- Installation of blow down controls on gas lift units, removing the need to blow the unit down to atmosphere for restarts and thereby eliminating those emissions.
- Implementation of instrument-air pneumatics instead of natural gas-powered pneumatics, eliminating a consistent source of methane emissions.

These high-level examples showcase the diverse and thoughtful ways Bayswater approaches long-term site development and management to further reduce our surface footprint and cumulative impact. Site design solutions are very location specific. Whether working on a new construction or retrofitting an existing site, our objective is to maximize efficiency and minimize our impact on the land above and below the surface.

***Surge vessels have helped Bayswater reduce the number of on-site storage tanks by roughly 90–95%.***

## SURGE VESSELS

Specific to site design and mentioned in the previous section, Bayswater began the initial deployment of surge vessels on several DJ production sites in 2023 and witnessed notable success, prompting the expansion of surge vessels on DJ locations in 2024. A surge vessel is a pressurized vessel that regulates fluid pressure and maintains system stability, allowing for oil and water to be delivered directly into the pipeline, allowing

Bayswater to dramatically reduce the number of storage tanks required on location. In 2024, Bayswater deployed surge vessels on several DJ Basin sites:

- A new construction site built with surge vessels, requiring only two oil tanks and two water tanks for maintenance activities.
- Two retrofitted pads:
  - One location where Bayswater removed the existing Vapor Recovery Tower (VRT) and replaced it with a surge vessel.
  - One where Bayswater removed ten 300-bbl oil storage tanks and replaced them with a surge vessel.

With the utilization of surge vessels, Bayswater can send 99% of on-site production through the surge system directly into the pipeline for sale, instead of storing it in tanks on location, which require ongoing maintenance and truck transport for takeaway. Surge vessels have helped Bayswater reduce the number of on-site storage tanks by roughly 90–95%. Other positive impacts from surge vessel usage include:

- Significant reduction of production emissions with:
  - Elimination of storage tanks and subsequent tank vapors.
  - Decrease in the amount of flash vapor burned on location.
- Reduction in opportunities for spills due to less product being stored on location.

The successful addition of surge vessels to our site design has propelled plans to expand this technology and incorporate surge vessels in both new construction and retrofits in Colorado.



Figure 6: A surge vessel on a Bayswater location in the DJ Basin.

## RESPONSIBLE CLOSURE OF VERTICAL WELLS

As Bayswater continues its shift toward efficient, multi-well horizontal pad development, we remain committed to the responsible closure of legacy vertical wells across our asset portfolio. Since 2020, Bayswater has invested significant time and resources into the responsible closure—known traditionally as “plug and abandon” (P&A)—of vertical wells in our inventory to ensure that wells nearing the end of their operational life are permanently and safely closed.

By the end of 2024, Bayswater had successfully plugged and abandoned 152 vertical wells since 2012, representing the vast majority of our vertical well inventory. The decline in annual P&A totals in recent years reflects this steady progress—only a small number of vertical wells remain in our portfolio, marking the near completion of a multi-year initiative to responsibly retire our legacy well stock.

Each P&A operation involves the precise placement and testing of cement plugs along the wellbore with a final cement plug at the surface. This ensures long-term protection of soil and groundwater and compliance with all regulatory standards. Bayswater’s continued progress in this area underscores our commitment to responsible operations and environmental stewardship across every stage of a well’s life.

**152** WELLS PLUGGED &  
ABANDONED SINCE 2012

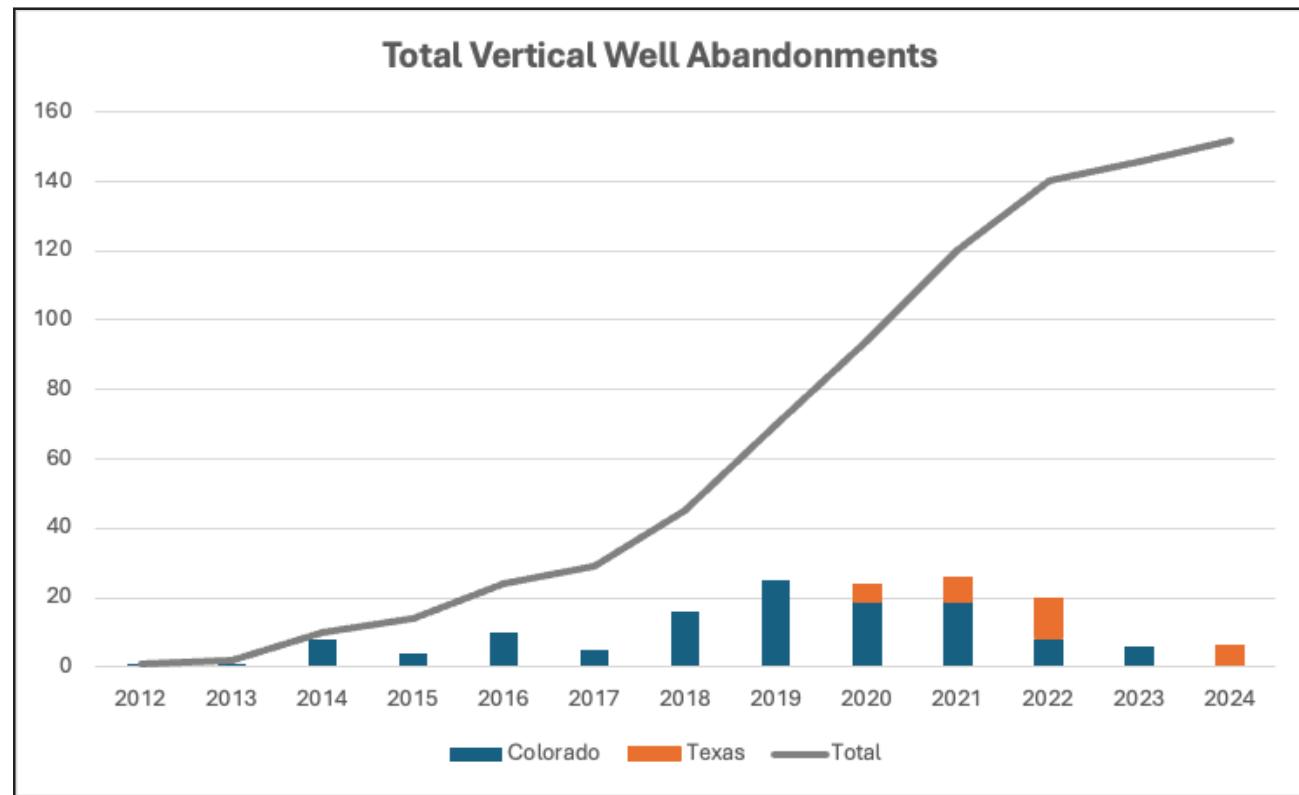


Figure 7: The total number of vertical wells plugged and abandoned by Bayswater each year from 2012 – 2024 in comparison with the cumulative total. In 2024, Bayswater plugged and abandoned six wells in Texas with a dwindling number of vertical wells remaining in our inventory thanks to our P&A focus in the last ten years.





The protection and responsible use of water resources is the next key focus within our *Green Operating Agenda*. As with air quality and land management, there is no single solution for water conservation and recycling. Bayswater applies comprehensive water management practices to safeguard surface water near our operations, protect groundwater resources, and reduce overall freshwater use.

## Overview of Progress

In previous Sustainability Reports, Bayswater has conveyed the improvements realized in our water-focused strategies and water conservation goals. Below is an overview of key achievements in that progression:

- Identification of all surface water, groundwater, and aquifers in the immediate vicinity during site planning and preparation.
- Encasement of each well in concentric layers of steel and cement to ensure all hydrocarbons stay in pipe, including exceeding regulatory standards by cementing the final string of casing for the full length of the well.
- Ongoing monitoring of water quality in nearby water wells during development.
- Responsible disposal of produced water in compliance with all local, state, and federal regulations.
- Continued refinement of our water recycling program in Colorado and Texas to recycle water when possible—Bayswater saved a combined 225 million gallons of freshwater through water recycling between 2020–2022.
- Ongoing participation in the Colorado Produced Water Consortium to work with other industry experts, government officials, research institutions, environmental groups, and key stakeholders to collaborate on and advance produced water treatment techniques.
- Approved use of Santa Rosa water for completions in Texas. The Santa Rosa formation is a shallow groundwater source that produces brackish water considered unusable for crops or cattle.

Bayswater continues to refine our water management practices and incorporate new methods and technologies to use water as efficiently as possible and do our best to recycle and conserve this vital resource.

## 2024 Highlights

In the last couple years, Bayswater has realized some key achievements in our water management program, which we cover in the following highlights.

### WATER PIPELINE SYSTEM & DISPOSAL WELLS

#### *Texas Operations*

In support of our development program, Bayswater has built a substantial produced water gathering and disposal network in Howard and Mitchell counties. As we have grown, this system has grown as well. In 2024, Bayswater permitted three additional disposal wells, bringing the total disposal capacity to 175,000 barrels of water per day.

With this system, Bayswater can safely transport 100% of the water produced from our horizontal production wells, and we have the capacity to responsibly dispose of 90% of it into our own disposal wells. In 2024, Bayswater disposed of 22,500,000 barrels of produced water, which is 82% of a total production stream of 27,450,000 barrels.

#### *Colorado Operations*

In 2023, Bayswater constructed permanent pipeline infrastructure and drilled two disposal wells in the DJ Basin to facilitate the efficient and responsible transportation and disposal of produced water. By disposing of produced water responsibly in these disposal wells, Bayswater eliminates truck traffic, reduces emissions, and minimizes spills. Together, the two disposal wells have a total capacity of 30,000 barrels of water per day (BWPD), removing 200 daily truck trips for water transport from Colorado roads.

The pipeline and disposal well system proved so successful that Bayswater commenced an expansion of the associated pipeline infrastructure to incorporate additional Colorado locations. In 2024, we completed construction on four additional miles of pipeline to transport produced water from two additional sites.

During its first full year of operation in 2024, the system has enabled the following:

- Piped a total of nearly 2.7 million barrels of produced water from Colorado locations to the disposal wells, which removed approximately 18,000 truck trips from Colorado roads and their associated tailpipe emissions.
- Expanded infrastructure to include direct piped water transport to one additional Colorado location, bringing the total amount to six.
- Trucked a total of nearly 2.3 million barrels of water from nearby locations to the disposal wells.

## WATER RECYCLING

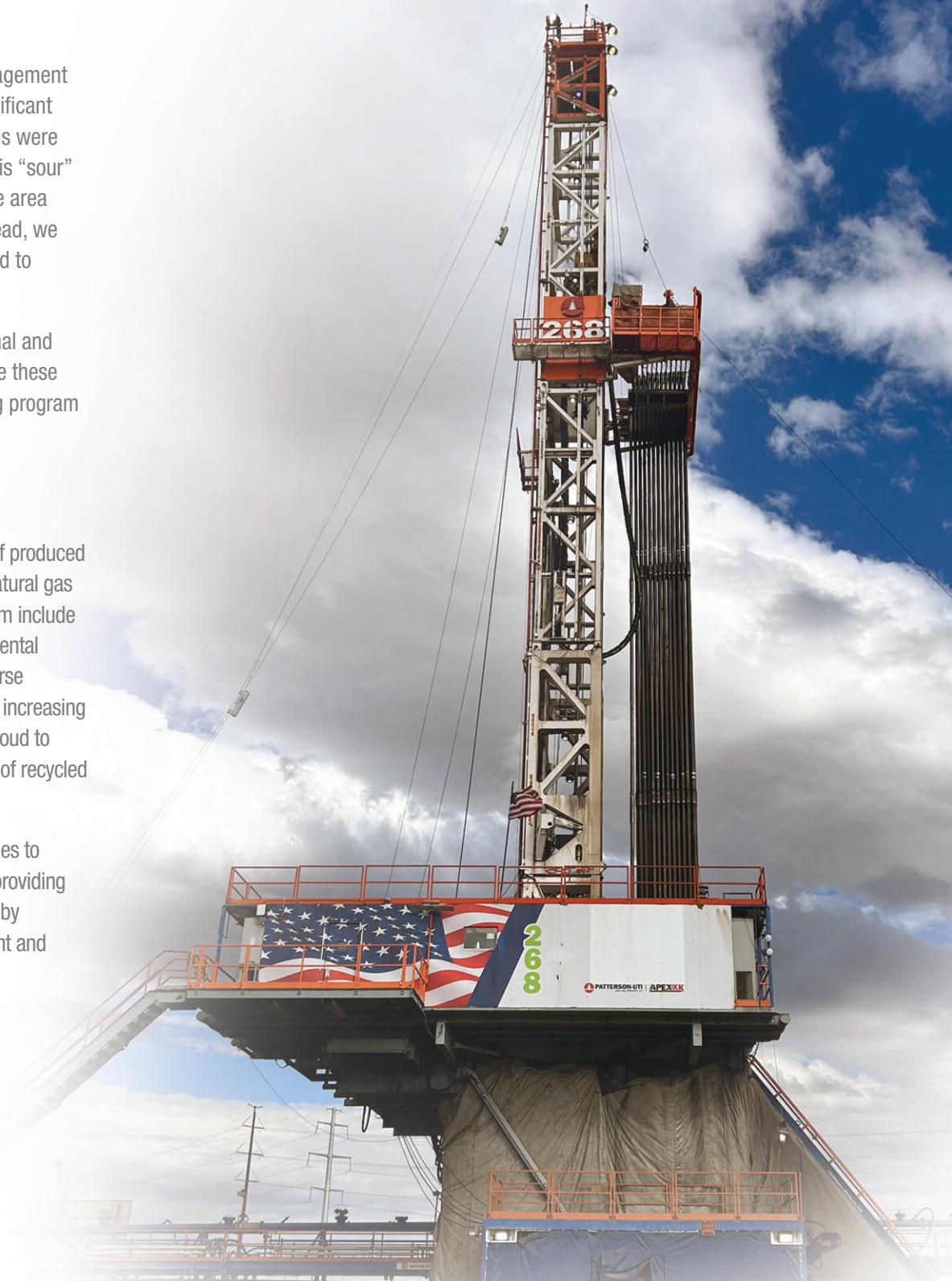
As featured in our *Green Operating Agenda*, the chief objective of our water management strategies is to expand and enhance our water recycling program. We faced significant challenges with our water recycling efforts in 2024. In Texas, our 2024 operations were located in remote, high hydrogen sulfide (H<sub>2</sub>S) areas, where the produced water is “sour” and unsafe to recycle. In Colorado, our 2024 pads either did not have the surface area or existing water pipeline infrastructure to allow for water recycling. Looking ahead, we continue to pursue workable solutions to these challenges and remain committed to recycling water whenever feasible.

Water recycling is very site specific, and as experienced in 2024, unique operational and environmental constraints can hinder our ability to recycle produced water. Despite these obstacles, we remain committed to improving and augmenting our water recycling program in 2025 and beyond.

## COLORADO PRODUCED WATER CONSORTIUM & SUPPORTING UNIVERSITY RESEARCH EFFORTS

Bayswater continues to invest in advancing the industry standard for the treatment of produced water. For the last several years, we have served as a representative of the oil and natural gas industry in the Colorado Produced Water Consortium. The members of this Consortium include industry experts, state and local government officials, research institutions, environmental groups, and other key community stakeholders. The Consortium brings together diverse perspectives to collaborate on produced water treatment techniques with the goal of increasing the use of recycled produced water in oil and natural gas operations. Bayswater is proud to play a role in these ongoing, important discussions and aims to increase the amount of recycled water that we—and the industry at large—can use in our operations.

Along with being a member of the Consortium from the start, Bayswater also continues to support Colorado universities conducting research on produced water treatment by providing technical expertise and produced water samples. This university research supported by Bayswater has resulted in over 50 peer reviewed publications regarding the treatment and reuse of produced water.





# WE ARE BAYSWATER

# We Are Bayswater

At Bayswater, we are proud to deliver a vital energy product that powers our way of life and improves quality of life for countless people. Not only do we provide reliable, affordable energy, we create high-quality jobs, contribute critical tax revenue that funds schools, infrastructure, and parks, and invest directly into the Colorado and Texas communities where we live and work.

In the development of this fundamental resource, the safety and well-being of our employees, contractors, and nearby communities is our highest priority. Our growth and success are dependent upon the health and well-being of our team and the communities near our operations. By exceeding regulatory standards and acting as a responsible operator, we aim to continuously improve our operational standard and have a lasting, positive impact on all human lives we touch. This people-first approach is the foundation of our social responsibility and guides our daily decisions and actions.

## OUR COMPANY VISION & CULTURE

Our company culture is centered around creating a positive, healthy, and productive work environment where collaboration and teamwork thrive. We value diverse perspectives and ideas, encourage innovation, and empower growth and development while supporting the well-being of our employees both in the office and in the field. Honesty, ethics, safety, and responsibility are the pillars to our company culture, and we expect every decision and action to be guided by those values. Our company vision is based on the following core principles:

- Equity ownership throughout our organization.
- Ethical and honest business dealings with a perpetual focus on mutually beneficial business relationships.
- A culture of strong Health, Safety, Environment, and Regulatory (HSE&R) leadership.
- A challenging and rewarding work environment anchored in multi-disciplinary teamwork.
- Access to a quality network of service providers and capital market partners.
- A reputation as a premier oil and natural gas producer with operational best practices that protect the health and well-being of people, the environment, and wildlife.

Our company vision is the framework for our culture—working together to provide the foundation for a strong organization to guide the work we do every day.



**100%** OF BAYSWATER EMPLOYEES ARE DIRECT OWNERS  
**65%** OF BAYSWATER EMPLOYEES DIRECTLY INVEST

## EQUITY OWNERSHIP

Every Bayswater employee is a shareholder and direct owner in the company. In addition, we offer each employee the option to make a direct personal investment in Bayswater, with a 50% match provided by the management team. This equity ownership model turns Bayswater employees into true business partners, directly linking individual contributions to company goals, and fostering a culture of responsibility, accountability, and pride.

## TEAMWORK & DIVERSITY

Our greatest asset is the Bayswater team. As a small, privately held operator, we empower our employees by fostering a flat organizational structure, entrepreneurial culture, and interdisciplinary collaboration. In 2024, Bayswater expanded to a staff of 71 full-time employees across Colorado and Texas.

We believe innovation and creativity flourish in a team that celebrates diversity in thought, experience, and background. By uniting talented employees, vendors, and partners from a wide range of social, cultural, and professional backgrounds, we foster collaboration that leads to smarter, more sustainable operations.

## INVESTING IN OUR PEOPLE

Bayswater's success is tied to the individual growth of each Bayswater team member. We are proud of our diverse, dynamic workforce. We maintain a comprehensive benefits package to attract and retain talent, and support the physical, mental, and emotional health of our employees. We know that nurturing a positive, productive, and fun work environment is essential to lasting success.

We also invest in professional and career development goals on an individual basis, encouraging employees to set their own goals with guidance from their managers. Growth and improvement are central to our company culture, and our strong retention reflects our commitment to supporting each employee's journey.

## A CULTURE OF INNOVATION

Along with growth and improvement, innovation is the core to our company culture and operational approach. We are continuously seeking new ideas, technologies, and cutting-edge industry practices to enhance our Best Management Practices (BMPs), optimize operations, increase profitability, and improve environmental sustainability. Despite greatly different regulatory environments in Colorado versus Texas, Bayswater utilizes many of the same innovations and responsible BMPs across our operations to sustain a consistent standard of operational excellence. In our recent Sustainability Reports over the last several years, we have showcased the following innovative highlights:

- Utilizing and refining our frac protect approach to address the hydraulic fracturing (also referred to as parent/child) interference and mitigate the loss of proved developed producing (PDP) reserves in the parent well.
- Developing and deploying the Intelex Asset Compliance Training System (ACTS) database to track operational emissions and ensure compliance with all reporting requirements.
- Publishing and presenting the findings of our two-year study on engineered choke management (ECM) strategy at the 2022 Unconventional Resources Technology Conference (URTeC) in Houston, Texas with our paper titled *"Improving Recovery by Effectively Managing the Drawdown in the DJ Basin Unconventional Reservoirs Using an Engineered Choke Management (ECM) Strategy."*
- Utilizing geochemical fingerprinting to enhance our understanding of the reservoir intervals contributing to the oil production of a specific horizontal well.
- Testing and deploying LongPath's advanced laser system in the DJ Basin to pinpoint methane-specific greenhouse gas molecules within a 2.5-mile radius of installation and provide real-time alerts.
- Constructing permanent pipeline infrastructure and drilling two disposal wells in the DJ Basin for the responsible transportation and disposal of produced water.

- Receiving five unanimous Oil and Gas Development Plan (OGDP) approvals since 2021 under the new Colorado oil and natural gas regulations, including the landmark first OGDP approval.

Our 2024 innovative highlights and updates to our BMPs are featured in the *Green Operating Agenda* section, so please refer to page 10 for more information. For 20 years, Bayswater has remained steadfast in our commitment to innovation progress, and responsible energy production. By embracing innovation and continuous improvement, we make our operations more efficient, minimize our impacts to neighboring communities, and enhance our ability to protect the environment. Our BMPs are never a finished product and continue to evolve and improve. Each year, we update our BMPs with successful innovative technologies and sustainable practices to further reduce our operational impacts to public health, welfare, and the environment.

### JEFF OVERMAN Drilling Manager



#### Bayswater Tenure: 7 Years

##### Describe your responsibilities in your current role at Bayswater

My responsibilities are to execute Bayswater's drilling program with safety, efficiency, and scheduling in mind. I view myself as the bridge between management and the drilling field operations. Taking lessons learned during the drilling process and identifying areas for improvement and applying them to future wells to have consistent and predictable performance to build a schedule and budget from. Drilling oil and gas wells with sound engineering that meet or exceed regulatory compliance that can be handed off to the production team is my top priority while keeping HSE as a top co-priority.

##### What are you most excited about for the future of Bayswater?

I am most excited about our team. Navigating today's energy needs is an ever-evolving situation and the Bayswater team is suited well and ready for the challenge to answer the call, all while creating returns for investors.

##### What do you like to do in your spare time?

In my spare time, I like to do activities with the family. Nothing brings me more joy than watching my kids excel at their activities. I have no idea where my daughters got their dance skills from because it wasn't me. But I love shooting pucks with my boys, playing baseball at the neighborhood park, and watching/coaching their teams. However, when I'm not doing those things, I have developed a love for running. I don't actually love running, but love pushing myself and seeing the improvements through hard work and training. I also love golf and hunting, but these last few years haven't left me with much free time. I'll get back into those when my kids are older.

Baywater's highest priority is the health and safety of our people, local communities, and the environment. In our daily activities, we strive to conduct our business in a manner that protects the health and safety of all parties and mitigates our impact. Bayswater's operational standard and company culture prioritize safe and responsible practices and executional excellence for all employees and contractors. We work to continually improve our Environmental, Health, & Safety (EHS) performance through the maintenance of a detailed EHS management framework.

### LEADERSHIP & ACCOUNTABILITY

Safety is a shared responsibility that requires a team effort. We empower all Bayswater employees to engage with their colleagues, contractors, and partners to ensure Bayswater's safety standard is upheld and we achieve our EHS objectives. At each site, Bayswater has a *Stop Work Authority* order implemented—permitting any employee or contractor to immediately halt any practice they deem to be unsafe. Additionally, Bayswater's internal EHS Committee meets monthly to establish clear EHS goals and objectives, and ensure adequate resources are allocated to EHS priorities.

### PEOPLE, TRAINING & BEHAVIORS

Every Bayswater employee is carefully selected, required to adhere to our company safety protocols, and undergoes rigorous EHS training and periodic evaluation. The EHS Committee annually defines and implements an appropriate employee training curriculum. Within this curriculum, all Bayswater employees are required to attend selected EHS meetings and training courses to guarantee they have the knowledge and skills to uphold company safety protocols and remain in compliance with all local, state, and federal regulations.

### FACILITY CONSTRUCTION & MAINTENANCE

All Bayswater facilities are operated and maintained under industry-recognized standards, procedures, and management systems. The mechanical integrity of all equipment is safeguarded by industry-standard inspections and corrosion control systems. Each Bayswater facility undergoes routine inspections by our employees, contractors, and regulatory officials. Bayswater designs and constructs all new facilities

with the best available technologies to ensure the highest safety, security, health, and environmental standards are met or exceeded over the course of each facility's operational life. After construction, we implement upgrades and modifications to existing facilities to leverage new technologies and innovations, maintain adherence to current regulations, and meet our own high operational and safety standards.

### SAFETY METRICS, ASSESSMENT & IMPROVEMENT

Total Recordable Incident Rate (TRIR) is the standard industry metric to track the safety of operations. At Bayswater, we use TRIR data to monitor and evaluate the safety of our operations and compare against industry peers. With a consistent focus on making our operations as safe as possible, Bayswater's TRIR data is regularly reviewed with the executive team, employees, and contractors, as well as published in our quarterly investor reports. TRIR is measured in incidents per 200,000 man hours worked.

In 2024, we maintained our strong safety record with a combined TRIR of 0.42. While total man hours held steady in 2024, we managed to cut our combined TRIR in half from 0.81 in 2023 to 0.42 in 2024. This improvement continues to underscore the Bayswater team's firm commitment to health, safety, and operational excellence.

Man Hours	Q1 2024 (hrs)	Q2 2024 (hrs)	Q3 2024 (hrs)	Q4 2024 (hrs)	2024 Total (hrs)
Bayswater	36,414	38,266	39,524	40,458	154,662
Contractor	270,605	341,117	374,973	299,851	1,286,546
<b>Total</b>	<b>307,019</b>	<b>379,383</b>	<b>414,497</b>	<b>340,309</b>	<b>1,441,208</b>
<b>Recordable Incidents</b>	2	0	1	0	3
<b>TRIR</b>	1.30	0.00	0.48	0.00	0.42
<b>Rolling 4 QTR TRIR</b>	0.75	0.74	0.56	0.42	—

Figure 8: Total Recordable Incident Rate (TRIR) data is calculated based on recordable incidents and man hours worked by Bayswater employees and contractors. In 2024, Bayswater's combined TRIR was 0.42, which is a significant decrease from our 2023 combined TRIR of 0.81.

## CONTRACTOR MANAGEMENT

Bayswater holds contractors to the same high safety standard expected from our employees. To ensure contractors align with EHS requirements prior to engaging their services, Bayswater utilizes the ISNetworld (ISN) system—an industry contractor safety management platform that facilitates the selection of vendors through transparent EHS performance metrics and includes access to contractor performance. Through ISN, we are able to review the capabilities and competencies of a potential contractor. We then work together to ensure Bayswater's safety protocols are upheld and EHS objectives are achieved.

In 2024, Bayswater's Contractor TRIR—shown in Figure 9—continued to steadily decrease. This data represents the annual performance of Bayswater's active contractors. As seen in Figure 10, Bayswater improved our Contractor TRIR performance in comparison to our peers. We have had a Contractor TRIR in the first quartile for the last couple years, further emphasizing our record of and ongoing commitment to a strong safety standard.

***“Bayswater’s contractors’ TRIR has decreased by 18% over the past three years” (ISN, 2025).***

## Total Recordable Incident Rates (TRIR) Over Time

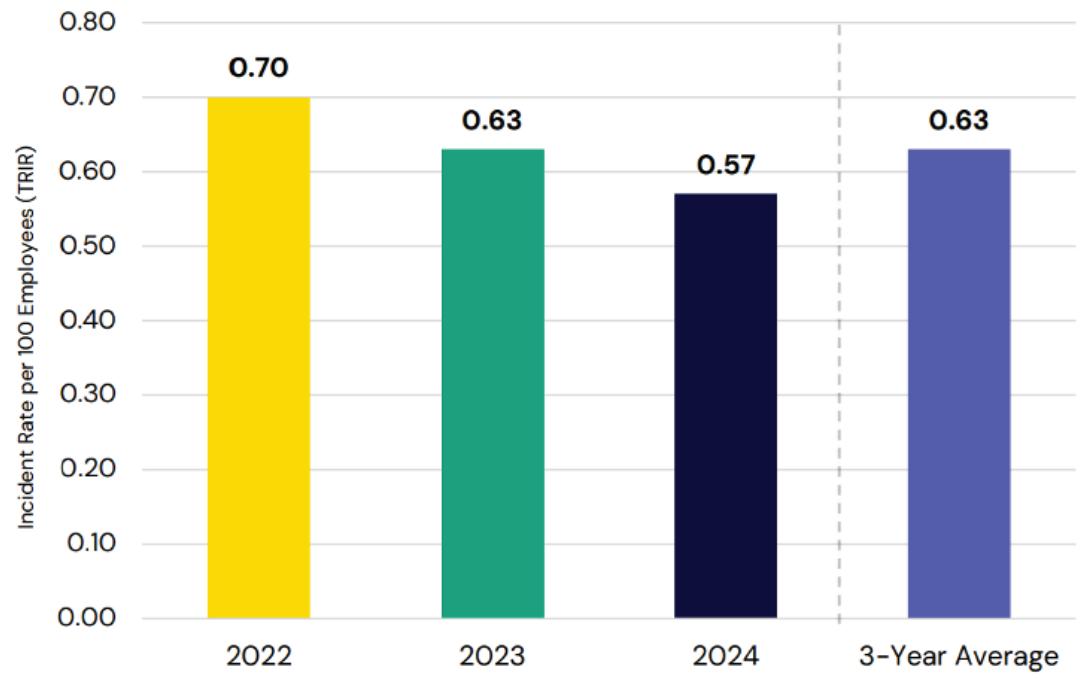


Figure 9: ISN's Interactive Analytics Report shows that Bayswater's 2023 Contractor TRIR falls into the 1st quartile in comparison to that of our industry peers with a similarly sized contractor base.

# Interactive Analytics



## CRISIS INCIDENT & EMERGENCY MANAGEMENT

Bayswater's primary goal is to conduct business without accident, harm to people, or damage to the environment. We work diligently to prevent a crisis incident from taking place. However, we remain prepared in the event an incident does occur. During an incident or emergency, decisiveness and response time directly impact the extent of personal injury, public health risk, environmental damage, and equipment loss. To ensure a timely and appropriate response, Bayswater employs the following three-pronged emergency management approach:



Emergency  
Plans

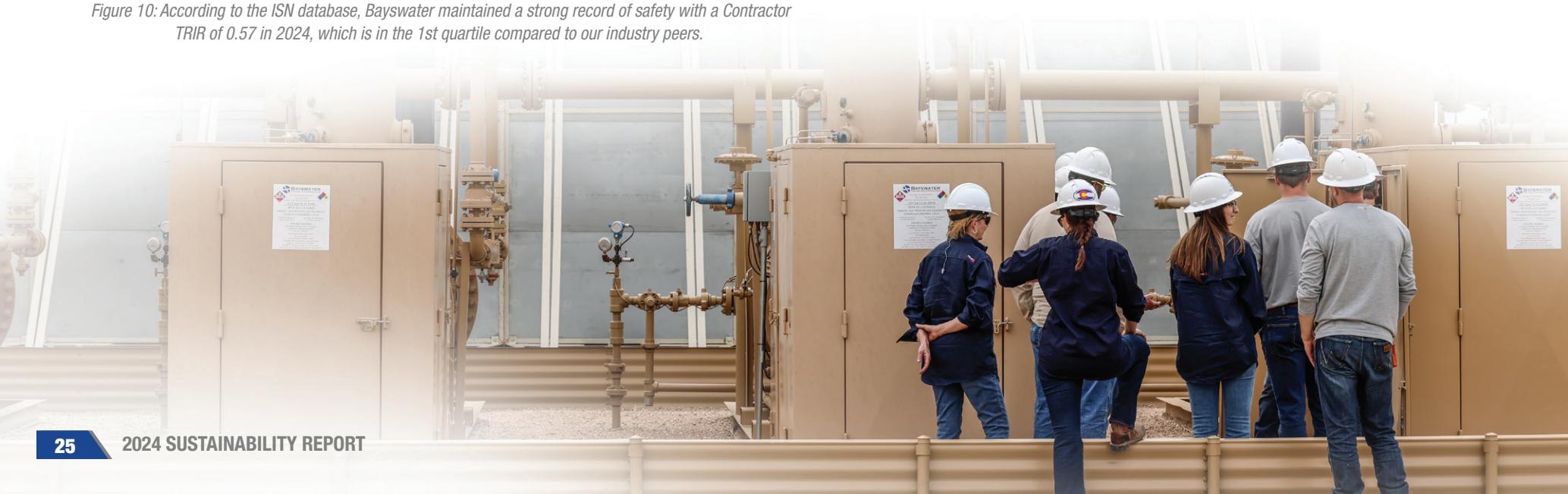


Tactical  
Response Plans



Business  
Continuity Plans

Our emergency management approach is based on the Incident Command System (ICS) put forth by the National Incident Management System (NIMS). Utilizing the NIMS structure as the basis for our approach enables response to all incidents quickly and appropriately. Bayswater routinely reviews and updates each of the three pillars of our emergency management framework. Updates are rapidly distributed to employees, contractors, and local first responders to ensure up-to-date awareness of roles and responsibilities in the event of a crisis incident or emergency.





# \$283 MILLION

IN TAXES & ROYALTIES  
PAID IN CO & TX IN 2024

## OUR COMMUNITY COMMITMENT

Bayswater is committed to supporting the communities near our operations because it is mutually beneficial for local communities, our operations and industry in the following ways:

- Developing and maintaining trust with local communities to uphold the social license to operate that is critical for our industry.
- Investing in our current and future workforce, with a particular focus in science, technology, engineering, and mathematics (STEM) programs.
- Supporting partner industries (e.g., agriculture) that are equally vital to local economies.
- Building more resilient communities where our employees live and work.

Our philanthropic efforts are targeted to support community-driven initiatives, cultivate meaningful partnerships, and advance local projects leading to diverse, tangible improvements for the community.

## Strengthening Local & State Economies

In 2024, Bayswater expanded our teams and operations in Colorado and Texas and continued to drive local economies. We contributed more than \$283 million in taxes and royalties combined in Colorado and Texas—surpassing our 2023 total of \$262 million—underscoring our role as a consistent and valuable economic partner to the states and communities where we operate.

Bayswater's economic contributions extend beyond taxes and royalties. In 2024, we supported approximately 500 full-time equivalent employees and contractors in Weld County, Colorado and Howard County, Texas—providing high-quality, good paying jobs that strengthen local economies. Further, that does not consider the local workforce and service providers that indirectly support our operations. This scale of employment highlights the vital role we play as one small, privately held operator in driving local economic vitality and fostering prosperous, self-sustaining communities.

## Bayswater's Personal Match Program

Another cornerstone of Bayswater's company culture is its commitment to giving and service. In 2021, we wanted to encourage this philanthropic spirit, and champion the causes that matter to our employees. As a result, we launched the *Bayswater Personal Match Program*, enabling any Bayswater employee to submit a charitable donation request up to \$5,000 per year and we will match it. Any Bayswater employee or a member of their immediate family can submit a match request.

2024 marked the third year of the program, generating over \$33,000 in employee donations which we matched. Thanks to this program, Bayswater's charitable giving has expanded to include causes important to our team. Below is the list of charitable organizations supported through the *Bayswater Personal Match Program* in 2024.

- Dawson County Public Library
- Five Parks Piranhas Swim Team
- Friends of Amy B.H. GreenwellIn
- Girls Inc. of Metro Denver
- Grand Lake Creative District
- GuateStar
- KWO Ministries
- Lamesa Independent
- RVHS Wrestling Boosters
- Sri Venkateswara Swamy Temple
- Stack Up
- Surfrider Spirit Sessions
- The Rosary Team
- Van Arsdale Elementary School
- Wisner Pilger Public Schools



**\$33K**  
IN MATCHED  
DONATIONS IN 2024

## COMMUNITY SERVICE & GIVING BACK

Beyond the Personal Match Program, Bayswater has an ongoing community engagement program run by a committee of Denver and Eaton employees and overseen by President and CEO Steve Struna. The program is focused on the communities where Bayswater operates and supports the following key themes:

- Education, particularly science, technology, engineering and mathematics (STEM).
- Youth athletics, leadership development and mentorship programs.
- Charitable organizations that assist individuals and families in need.
- First responders in the communities near our operations.
- Partner industries (e.g., agriculture) that are equally vital to the community.
- Annual community events and celebrations.

Another important aspect of this program is ensuring our engagement is both intentional and consistent. Here are a few 2024 community engagement examples orchestrated by this program:

- Secured a show sponsorship of the Howard County Junior Livestock Auction to support young agricultural leaders in Howard County, Texas.
- Obtained top level sponsorship of the Colorado Science & Engineering Fair to support Colorado youth interested in STEM career paths.
- Orchestrated a volunteer event for Bayswater employees at Weld Food Bank, resulting in the packaging of over 13,000 pounds of food and 400 food donation kits for local seniors.
- Partnered with the Ault-Pierce volunteer fire department to build an oil and gas training facility.

These examples offer a glimpse into the wide-ranging and diverse impact of this program. Through Bayswater's community outreach program, our aim is that support goes beyond one-time efforts and instead is centered around sustained, meaningful commitment that supports critical community programs and events, and fosters lasting partnerships within local communities.

## BRENNNA HAHN

JIB Accountant



### Bayswater Tenure: Over 7 Years

#### Describe your responsibilities in your current role.

As the JIB Accountant at Bayswater, I manage the monthly process of billing our working interest partners for their share of the costs incurred during the life of the well.

#### What led you to work in the oil & gas industry?

Both of my parents worked in the oil & gas industry and always told me how exciting, intense and rewarding it was. They also warned me it is a very volatile business, but I appreciate a challenge! I also saw it as an opportunity to learn about an industry most people know nothing, or have misconceptions, about.

#### What do you appreciate most about working at Bayswater?

I love the people and the relationships I have built here. It is hard to have a bad day at Bayswater; there is always someone to talk to that will make your day a little brighter.

#### Tell us about your family.

I actually met my husband right here at Bayswater! We got married in August 2022 and welcomed a baby girl in August 2024, making us a family of four. Bayswater will always have a special place in my heart for bringing us together.





# OUR GOVERNANCE

# Our Governance

Bayswater was founded on the core values of conducting our business ethically, honestly, and openly; and also being a leader in the responsible development of the domestic oil and natural gas resources that are fundamental to modern society. We have built and continue to govern our company on those foundational principles.

## OUR GOVERNANCE STRUCTURE

Since late 2016, Bayswater has been a Registered Investment Advisor with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisers Act of 1940, as amended (Advisers Act). Due to our registration with the SEC, Bayswater is subject to SEC compliance standards and audits.\*

Bayswater is governed by a seven-person Investment Committee that includes two principals and five other designated members. The Investment Committee oversees all acquisition, divestment, and capital deployment activities for Bayswater. A Limited Partner Advisory Committee (LPAC) also meets annually, or as the need arises over the course of the year, to address any potential conflicts or firm continuity issues. Working in concert, these three elements—SEC compliance requirements, the Investment Committee structure, and the LPAC—combine to ensure Bayswater's corporate governance is strong and sustainable for years to come.

## OUR CORE VALUES

Bayswater's founders envisioned and built our company around the core values detailed in the introduction of this report. Distilled down into the following main components, our core values serve as the framework for our company culture and business dealings:

- Long-term mutually advantageous business relationships.
- Executional excellence fostered in a multi-disciplinary team environment.
- An entrepreneurial culture, flat organization, and equity ownership.
- Conducting our work without accident, without harm to people, and without damage to the environment.
- Being a good neighbor, earning our “social license to operate” daily, and being a good corporate citizen.

As representatives of Bayswater, we expect our employees and contractors to embody these core values in their daily activities. Our success as a firm in the short- and long-term is predicated on upholding these values in every business decision, action, and relationship.

\*Registration as an Investment Advisor does not imply nor guarantee a certain level of skill or training.



## OUR FOCUS ON COMPLIANCE

To ensure appropriate corporate conduct, Bayswater has enacted several compliance practices:

1. Maintaining a Compliance Manual.
2. Retaining a third-party compliance consultant.
3. Appointing a Chief Compliance Officer.

Bayswater has implemented the following procedures to cultivate a strong and ethical company culture and prevent or detect any compliance violations:

- Fostering a culture of integrity, openness, and professionalism.
- Conducting training for employees regarding policies and procedures in the Compliance Manual.
- Requiring employee participation in an annual Compliance Questionnaire certifying compliance with all policies and procedures.
- Periodic testing of policies and procedures to ensure adequacy and effectiveness.
- Regularly reviewing supervisory hierarchies and functions to ensure appropriate supervision.
- Conducting and documenting due diligence of service providers for expertise and reputation.
- Investigating material, reported, or detected violations.
- Enforcing the Compliance Manual and taking effective remedial action for any violations.

The Bayswater Compliance Manual and annual compliance assurance efforts are organized around key themes pertaining to Bayswater's fiduciary duties of care and loyalty. Each theme has a set of performance expectations and an associated risk matrix. Risks to performance and potential issues are identified, and appropriate steps—such as additional training, specialized tools, and process-oriented solutions—are developed to mitigate those compliance risks.

Bayswater is committed to fostering a culture dedicated to effective problem-solving, innovation, loyalty, and integrity. Our governance model provides the structure necessary to ensure that culture is upheld across our operations.

## OUR CODE OF ETHICS

Built upon a strong ethical foundation, we strive to cultivate a company culture grounded in integrity, honesty, and professionalism. We pride ourselves on adhering to the highest regulatory standard, operating in accordance with all federal, state, and local regulations as a responsible member of the oil and natural gas industry and in compliance with all SEC regulations as a Registered Investment Advisor.

To set clear expectations and enforcement mechanisms, every Bayswater employee is provided with the Bayswater Compliance Manual. This manual includes our Code of Ethics, which all employees are expected to meet or exceed as a condition of employment. This promotes a consistent high ethical standard across the Bayswater team and operations.

Our Code of Ethics and Compliance Manual outline the requirements and expectations of ethical conduct in four main categories:

1. Standards of conduct.
2. Prohibitions against insider trading and the use of material non-public information.
3. Conflicts of interest.
4. Confidentiality of business information and protecting investor privacy.



## BUSINESS CONTINUITY, SAFETY & CYBERSECURITY

Bayswater prioritizes safety in every aspect of our operations, including cybersecurity and protecting our digital systems and data integrity. We understand that a cybersecurity threat or breach can result in a massive disruption in our day-to-day operations. To safeguard business continuity, we employ strong cybersecurity protocols and retain a third-party information technology (IT) service provider that utilizes modern and innovative cybersecurity services.

### Data Protection

Data is a vital asset for our business. Bayswater utilizes several layers of protection to guarantee our data is frequently backed up and continuously protected from external threats. We also employ a comprehensive program to ensure we have the necessary steps in place for disaster recovery, and all Bayswater employees are required to complete cybersecurity awareness training to limit the possibility of scams and other external cyberthreats.

To further reduce the potential for data breaches, Bayswater enforces several policies, including:

- Requiring user systems and employee stations to lock automatically after a designated span of inactivity.
- Ensuring sensitive information is only available to those employees who have been given specific access.
- Limiting wireless network access to those with Bayswater usernames and passwords.
- Erasing data from all decommissioned devices prior to disposal.
- Data on mobile user workstations (laptops) is encrypted at rest.
- MFA (Multi-Factor Authentication) is used to authenticate remote access to Bayswater data whenever possible.

Senior Bayswater team members are invited to quarterly Fractional Chief Information Officer (FCIO) meetings by our IT service provider to ensure the company utilizes the latest technology and stays current with data protection best practices.





## OUR INDUSTRY ADVOCACY

Bayswater is a firm believer in proactively engaging in public awareness, education, and advocacy efforts for responsible oil and natural gas production in the United States. Not only are these pursuits critical to our overall mission as a company and industry, but also to the success of our modern American society that is highly dependent upon affordable, reliable energy.

Since 2021, Bayswater has been a member of the **American Petroleum Institute (API)**, a national trade organization representing almost 600 diverse oil and natural gas industry members with the mission of promoting safety industry-wide and influencing key public policy pertinent to the advancement of a strong domestic oil and natural gas industry in the United States. Through our API membership, we have enhanced our visibility and influence of critical energy policy at both the federal and state levels. We take great pride in playing a role in the development of smart U.S. energy policy that supports responsible, reliable, and affordable energy development.

Bayswater is also a member of **Western Energy Alliance**, a regional trade association representing 200 independent producers across the West. The Alliance serves as the voice of industry in important policy conversations at the federal level and promotes environmentally responsible oil and natural gas exploration and production in the West. With our Western Energy Alliance membership, Bayswater stays attuned to regional developments impacting the broader oil and natural gas industry in the western United States, including in Colorado.

Leading the nation with the strongest oil and natural gas regulations, Colorado is an epicenter in modern and future energy policy discussions. In Colorado, Bayswater takes great pride in being an active participant in the statewide energy conversation through diverse avenues of engagement. Through our **Colorado Oil and Gas Association (COGA)** membership, Bayswater is an active member in the ongoing energy policy and regulatory conversation providing the unique and crucial perspective of a small, privately-owned operator.

Bayswater is also an active participant in the effort to drive public awareness and educate Coloradans on oil and natural gas production through **Coloradans for Responsible Energy Development (CRED)**, a statewide educational program on oil and natural gas production. In 2024, CRED was comprised of Bayswater and five other member companies that serve as industry leaders in responsible energy production in Colorado.

Bayswater is a member company of Protecting Colorado's Environment, Economy, and Energy Independence (**Protect Colorado**)—a ballot issue committee that supports citizen-led ballot initiatives that promote a vibrant Colorado business community and economy and opposes initiatives that would harm Colorado's economy and way of life.

Bayswater represents the Colorado oil and natural gas industry in the larger business community through our membership with **Colorado Concern**, a unique alliance of executives from a range of sectors and industries who are committed to improving Colorado's business environment. Specific to our Texas operations, Bayswater became a member of the **Texas Independent Producers and Royalty Owners Association (TIPRO)** in late 2021.

As mentioned previously, when it comes to our Texas operations, we strive to perform at the same high operational standard required in the Colorado regulatory environment and expand many of our responsible BMPs from Colorado into our Texas operations even if it goes beyond what is regulatorily mandated. As such, we bring a unique perspective to Texas oil and natural gas policy discussions and look forward to the opportunity to actively engage moving forward. Through our TIPRO membership, Bayswater stays informed of important oil and natural gas regulatory developments, can build relationships with important Texas elected officials and policymakers, and has the means to productively engage in local, state, and federal level conversations to advocate for smart energy policy in the state of Texas.

## LOOKING AHEAD

Greenhouse emission reduction, land and water management, health and safety systems, and community impact mitigation in upstream oil and natural gas production are each complex challenges that do not have one-size-fits-all solutions. The Bayswater team continues to assess each step in the drilling, completions, and production stages and continues to refine and update our integrated strategies and technologies to optimize our operational efficiency and minimize our overall cumulative impact on public health, wildlife, and the environment. We are proud of our progress to date but keep our eyes on the horizon and aim for continued improvement in 2025 and beyond with key near-term next steps and future goals mapped out in our *Green Operating Agenda*. We remain committed to advancing the standard for what it means to responsibly produce U.S. oil and natural gas.



# 2024 KEY METRICS REPORT

Bayswater's 2024 Key Metrics Report contains data pertaining to both Sustainability Accounting Standards Board (SASB) and American Exploration & Production Council (AXPC) guidelines. This report includes both retrospective data for 2024, as well as prospective statements looking to future operations. These prospective statements are designed to project future Bayswater operations, including but not limited to company plans, activities, processes and procedures, and expectations. All statements made in this report, other than those addressing retrospective data and analysis, are based on assumptions and information currently available at the time of publication. Changes that may occur in the future may be done based on actions within or outside of Bayswater's control. From time to time, Bayswater may choose to update its prospective statements, however is under no requirement to do so.

# GREENHOUSE GAS EMISSIONS

**METRIC:**

Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations

**GUIDANCE:**

Sustainability Accounting Standards Board (SASB)

**UNIT OF MEASURE:**

Metric tons (t) CO<sub>2</sub>-e, Percentage (%)

**CODE:**

EM-EP-110a.1

**BAYSWATER RESPONSE:**

Calendar year 2024 gross global Scope 1 emissions: 501,000 t CO<sub>2</sub>-e

Percentage Methane: (2188.9 CH<sub>4</sub> in a 25 GWP / 501,000 t CO<sub>2</sub>-e) x 100 = 10.92%

Zero of 2024 Scope 1 emissions were covered under emission-limiting regulations.

*Important note: All emissions totals were based on the total greenhouse gas emissions Bayswater reported in 2024 under the U.S. Environmental Protection Agency (EPA)'s Greenhouse Gas Reporting Program—Subpart W using actual measurements, engineering calculations, and EPA-approved emission factors.*

**METRIC:**

Scope 1 Greenhouse Gas (GHG) Emissions

**GUIDANCE:**

American Exploration & Production Council (AXPC)

**UNIT OF MEASURE:**

Metric tons (t) CO<sub>2</sub>-e

**BAYSWATER RESPONSE:**

501,000 t CO<sub>2</sub>-e

**METRIC:**

Scope 1 GHG Intensity

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Scope 1 GHG Emissions (Metric tons (t) CO<sub>2</sub>-e) / Gross Annual Production - As Reported Under Subpart W (MBoe)

**BAYSWATER RESPONSE:**

23.82 t CO<sub>2</sub>-e / MBoe

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**METRIC:**

Percent of Scope 1 GHG Emissions Attributed to Boosting and Gathering Segment

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Percentage (%)

**BAYSWATER RESPONSE:**

0%

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**METRIC:**

Scope 2 Greenhouse Gas (GHG) Emissions

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Metric tons (t) CO<sub>2</sub>-e

**BAYSWATER RESPONSE:**

85,010 t CO<sub>2</sub>-e

*Important note: Scope 2 GHG emissions are calculated using EPA-developed emission factors that are found in the Emissions & Generation Resource Integrated Database (eGrid).*

**METRIC:**

Scopes 1 & 2 Combined GHG Intensity

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Scope 1 GHG Emissions (Metric tons CO<sub>2</sub>-e) + Scope 2 GHG Emissions (Metric tons CO<sub>2</sub>-e) / Gross Annual Production as Reported Under Subpart W (MBoe)

**BAYSWATER RESPONSE:**

27.86 t CO<sub>2</sub>-e / MBoe

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**METRIC:**

Scope 1 Methane Emissions

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Metric tons (t) CH<sub>4</sub>

**BAYSWATER RESPONSE:**

2188.9 t CH<sub>4</sub>

---

**METRIC:**

Scope 1 Methane Intensity

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Scope 1 Methane Emissions (Metric tons (t) CH<sub>4</sub>) / Gross Annual Production - As Reported Under Subpart W (MBoe)

**BAYSWATER RESPONSE:**

0.10 t CH<sub>4</sub> / MBoe

**METRIC:**

Percent of Scope 1 Methane Emissions Attributed to Boosting and Gathering Segment

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Percentage (%)

**BAYSWATER RESPONSE:**

0%

**METRIC:**

Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Metric tons (t) CO<sub>2</sub>-e

**CODE:**

EM-EP-110a.2

**BAYSWATER RESPONSE:**

Total Scope 1 Greenhouse Gas (GHG) emissions in 2024: 501,000 t CO<sub>2</sub>-e

Amount of gross global Scope 1 emissions from:

1. Flaring & Venting: 264,103 t CO<sub>2</sub>-e
2. Other combustion (other than flaring): 210,355 t CO<sub>2</sub>-e
3. Process emissions: 0 t CO<sub>2</sub>-e
4. Other vented emissions: 25,500 t CO<sub>2</sub>-e
5. Fugitive emissions: 1,042 t CO<sub>2</sub>-e

*Important note: The “other combustion” sources of Scope 1 emissions include: heaters, engines (compression, drill rigs, completions), and storage tank ECDs.*

**METRIC:**

Gross Annual Volume of Flared Gas

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Thousand cubic feet (Mcf)

**BAYSWATER RESPONSE:**

2,003,490 Mcf

---

**METRIC:**

Percentage of Gas Flared Per Mcf of Gas Produced

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Percentage (%)

**BAYSWATER RESPONSE:**

4.84%

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**METRIC:**

Volume of Gas Flared Per Barrel of Oil Equivalent Produced

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Thousand cubic feet (Mcf) / Barrel of Oil Equivalent (Boe)

**BAYSWATER RESPONSE:**

0.095 Mcf / Boe

**METRIC:**

Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

N/A

**CODE:**

EM-EP-110a.3

**BAYSWATER RESPONSE:**

In 2024, Bayswater continued our multi-faceted efforts to proactively reduce Scope 1 emissions from its operations. The table below compares 2024 performance on key emission metrics to the previous four years.

Key Emission Metrics	2020	2021	2022	2023	2024
Annual Production, MBOE	5,661	9,533	16,924	18,217	21,034
Gross Global Scope 1 Emissions, t CO <sub>2</sub> -e	174,669	242,145	353,747	296,958	501,000
Percentage Methane in Scope 1 emissions	1.12%	0.73%	0.50%	0.55%	0.44%
GHG Intensity, t CO <sub>2</sub> -e/MBOE	29.37	25.40	20.84	16.30	23.82
Colorado	29.54	20.82	14.58	16.01	11.79
Texas	28.61	47.13	32.76	17.30	44.95
Methane Intensity, t CH <sub>4</sub> /MBOE	0.21	0.19	0.10	0.10	0.10
Colorado	0.16*	0.14	0.08	0.07	0.04
Texas	0.62	0.40	0.15	0.14	0.21
Flared Volumes, MCF	32,686	198,500	798,063	1,320,730	2,003,490
Colorado	0	0	0	0	0
Texas	32,686	198,500	798,063	1,320,730	2,003,490
Percentage of gas Flared per MCF Produced	0.20%	1.21%	2.40%	4.06%	4.84%
Colorado	0%	0%	0%	0%	0
Texas	2.3%	14%	17%	19%	18%

\* Bayswater's Colorado methane intensity in 2020 was erroneously reported as 0.26 in previous Sustainability Reports.

Of note in the above table, Bayswater's GHG intensity increased in 2024, due to the increased flaring that occurred in Texas. The increased flaring was due to ongoing issues with third party gas takeaway and the continued build out of the acid gas injection plant. Although the plant proved to be very effective, unreliable downstream takeaway limited the amount of gas that could be treated and sold, resulting in many intermittent flaring events. Moving forward into 2025, flaring is expected to decrease with Train 2 of the acid gas injection plant coming online and connection to additional third-party takeaway pipelines. In 2024, Bayswater had several new pads that were fully electrified and powered all compression using electric motors.

Some of the notable emission mitigation efforts implemented or continued in 2024 include:

- Constructing and utilization of a sour gas treatment facility combined with an injection well system in Texas, allowing Bayswater to move toward the discontinuance of flaring and eliminating the emissions from flaring.
- Utilizing instrument air systems to operate on-site pneumatic controllers on production sites in both Colorado and Texas operations to eliminate methane and VOC emissions.
- Piloting nitrogen-powered pneumatic controllers on rural Colorado locations where instrument air systems are not feasible to eliminate methane and VOC emissions.
- Installing lock-down thief hatches and auto gauging on oil storage tanks.
- Expanding employment of continuous air monitoring devices, including the use of long-range laser technology for detection and quantification of methane emissions.
- Utilizing Vapor Recovery Unit (VRUs) systems capturing flash gas from production equipment.
- Utilizing storage tank vapor capture systems, reducing on-site combustion and VOC emissions.
- Utilizing sealed tanks and permanent production equipment for flowback operations.
- Employing electric motors for VRU systems and for larger gas compression applications (gas lift).
- Accessing the electric grid and transitioning to line power at the majority of Texas locations and therefore eliminating the majority of generators and subsequent emissions.
- Routing of emissions associated with routine compressor and engine maintenance to sales.
- Utilizing surge vessels on new and existing Colorado locations to dramatically reduce the number of above-ground storage tanks, resulting in a significant reduction in emissions from storage tanks.
- Constructing and utilizing permanent pipeline infrastructure to transport produced water in Colorado, eliminating the need for 200 daily truck trips and subsequent tailpipe emissions.

Bayswater continues to improve our emission reduction efforts wherever possible in every facet of our operations. Moving forward, our objective is to further reduce our Scope 1 emissions with the ultimate goal of achieving net zero operations. To achieve this, our team routinely evaluates our operations, existing data and technology, and new innovations in the industry, and maintains an evolving list of short- and long-term emission reduction strategies.

In 2024, Bayswater continued to expand proven technology along with testing new innovations in our Colorado operations. We continue the use of storage tank vapor collection technology as it continues to prove successful to mitigate a consistent source of Scope 1 emissions from storage tanks. In 2024, Bayswater continued to incorporate the use of surge vessels on new locations and several existing sites, which allows Bayswater to direct oil and water production to onsite pipelines for takeaway. This reduces the amount of oil and water production going to above-ground storage tanks and, therefore, reduces emissions from these sources. In 2024, Bayswater expanded the use of two new technologies on Colorado production sites that enhanced our Scope 1 emission reduction efforts: LongPath's advanced laser system and Kathairos Solutions' nitrogen-powered pneumatic devices. The LongPath emission monitoring sensor technology strengthens our emissions monitoring program, allowing Bayswater to pinpoint methane-specific greenhouse gas molecules within up to a 2.5-mile radius of installation. The Kathairos Solutions devices provide an alternative for natural gas-powered pneumatic devices on remote production sites, eliminating a consistent source of methane emissions.

In our Texas operations, the delineation of our acreage position in Howard and Mitchell Counties has proven up a significant amount of oil and natural gas reserves laden with Hydrogen Sulfide (H<sub>2</sub>S). The amount of H<sub>2</sub>S in the produced gas stream on our eastern-most acreage exceeds pipeline specifications and has necessitated the flaring of the sour gas that is associated with the produced oil, which is one of the reasons for a year-over-year increase in flared gas volumes—a trend that continued into 2024. In mid-2023, Bayswater completed construction efforts on a sour gas processing facility that removes H<sub>2</sub>S and CO<sub>2</sub> from the produced gas stream and allows the sale of pipeline specification gas from our eastern Howard County operations. Combined with an injection well system, the use of these facilities is reducing our Scope 1 emissions in our Texas operations by reducing the need for flaring. At the end of 2024, Bayswater commenced construction on an expansion of the plant, which was completed in April 2025 and expanded the throughput capacity from 17 mmcf/day to 70 mmcf/day.

As we continue to improve operations and reduce, eliminate, or offset Scope 1 emissions, some of our forward-looking aspirational goals and plans include the following:

- Minimal reliance on tanks for the storage and primary usage of pipe for all hydrocarbons.
- Expansion of continuous air monitoring technologies to all Bayswater sites.
- Utilization of natural gas and electrified drilling rigs and frac fleets.
- Employment of solar arrays to power select field or production operations.
- Continued enhancements to the sour gas processing facility in Texas, for eliminating flaring and potential carbon capture benefits.
- Proactive implementation of effective, state-specific, carbon-offset strategies.

These are some examples of short- and long-term objectives Bayswater has prioritized to make continued progress in reducing Scope 1 emissions across our operational footprint. We are committed to achieving our ultimate goal of net zero operations and will demonstrate our progress towards this goal with each annual ESG report moving forward.

# WATER MANAGEMENT

## METRIC:

(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress

## GUIDANCE:

SASB

## UNIT OF MEASURE:

Thousand cubic meters (m<sup>3</sup>), Percentage (%)

## CODE:

EM-EP-140a.1

## BAYSWATER RESPONSE:

1. Total water withdrawn: 37,881,858 barrels (bbls) x 0.16 m<sup>3</sup>/bbl = 6,061.1 thousand m<sup>3</sup>

2. Total water consumed: 37,881,858 barrels (bbls) x 0.16 m<sup>3</sup>/bbl = 6,061.1 thousand m<sup>3</sup>

0% of fresh water is consumed in High or Extremely High Baseline Water Stress regions in either our Colorado or Texas operations

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## METRIC:

Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water

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## GUIDANCE:

SASB

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## UNIT OF MEASURE:

Thousand cubic meters (m<sup>3</sup>), Percentage (%), Metric tons (t)

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## CODE:

EM-EP-140a.2

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## BAYSWATER RESPONSE:

Volume of produced water and flowback generated: 5,815.22 thousand m<sup>3</sup>

1. Discharged: 0%

2. Injected: 100%

3. Recycled: 0%; Hydrocarbon content in discharged water: 0%

*Important note: Bayswater prioritizes water recycling when feasible. Unfortunately, our 2024 operations did not allow for water recycling for various reasons. In our Texas operations, Bayswater was unable to recycle water because the 2024 completions were either in high H<sub>2</sub>S areas and the water would be unsafe to recycle, or not close to a produced water pipeline, which would require miles of above ground produced water transfer. In Colorado, Bayswater did not have a 2024 pad with enough surface area or a water pipeline to allow recycling. The ECMC and the Colorado Produced Water Consortium are working on guidelines to make recycling water in the DJ Basin easier for operators but had not released their recommendations as of 2024.*

**METRIC:**

Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Percentage (%)

**CODE:**

EM-EP-140a.3

**BAYSWATER RESPONSE:**

100% of all wells drilled and hydraulically fractured by Bayswater are reported to FracFocus, publicly disclosing all fracturing fluid chemicals used.

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**METRIC:**

Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Percentage (%)

**CODE:**

EM-EP-140a.4

**BAYSWATER RESPONSE:**

In accordance with state regulations, Bayswater conducts water baseline assessments specifically in our Colorado operations. During these assessments, 0% of ground or surface water quality had deteriorated compared to baseline data.

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**METRIC:**

Fresh Water Intensity

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Fresh Water Consumed (Bbl) / Gross Annual Production (Boe)

**BAYSWATER RESPONSE:**

1.801 Bbl / Boe

**METRIC:**

Produced Water Recycle Rate

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Percentage (%)

**BAYSWATER RESPONSE:**

0%

*Important note: Bayswater prioritizes water recycling when feasible. Unfortunately, our 2024 operations did not allow for water recycling for various reasons. In our Texas operations, Bayswater was unable to recycle water because the 2024 completions were either in high H<sub>2</sub>S areas and the water would be unsafe to recycle, or not close to a produced water pipeline, which would require miles of above ground produced water transfer. In Colorado, Bayswater did not have a 2024 pad with enough surface area or a water pipeline to allow recycling. The Colorado Energy & Carbon Management Commission (ECMC) and the Colorado Produced Water Consortium are working on guidelines to make recycling water in the DJ Basin easier for operators but had not released their recommendations as of 2024.*

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**METRIC:**

Does your company use WRI Aqueduct, GEMI, Water Risk Filter, Water Risk Monetizer, or other comparable tool or methodology to determine the water stressed areas in your portfolio?

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

N/A

**BAYSWATER RESPONSE:**

Yes, Bayswater has utilized the online database tool WRI Aqueduct to review water stress in its operating areas.

# BIODIVERSITY IMPACTS

**METRIC:**

Description of environmental management policies and practices for active sites

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

N/A

**CODE:**

EM-EP-160a.1

**BAYSWATER RESPONSE:**

In 2024 and recent years, Bayswater's active oil and natural gas operations were focused on agricultural and range land in Weld County, Colorado as well as Howard and Mitchell Counties, Texas. Bayswater's operations take place far from large population areas. Bayswater collaborates with key stakeholders, such as farmers, ranchers, landowners, and community leaders to minimize the impact of our operations to the rural communities near our operations.

**KEY ENVIRONMENTAL MANAGEMENT POLICIES & PRACTICES**

At Bayswater, we are confident in our ability to produce oil and natural gas resources while remaining good stewards of the environment. We approach every project with this mindset, employing thoughtful methods and meticulous planning to responsibly produce energy resources while protecting the surrounding environment.

Before drilling begins at each site, Bayswater conducts months of intensive planning, permitting, and collaboration with surface owners, state and county regulatory officials, and local community leaders. This work ensures the location of wells, pad infrastructure, and access roads has a mitigated impact on the community and environment, all while meeting state and county regulations and efficiently accessing the target oil and natural gas reserves. Bayswater has proven to have an in-depth understanding of the pre-drilling planning and permitting process required for our Colorado operations, which we carry over into our Texas operations despite having a different regulatory environment and very sparsely populated rural operations. Since the historic innovation of horizontal drilling combined with hydraulic fracturing, Bayswater has been able to dramatically reduce our surface footprint by increasing the number of horizontal wells on each pad. On every site, Bayswater employs comprehensive environmental management practices designed to mitigate or eliminate any impact on the local community, wildlife, and ecosystems. This ensures each stage of our operations—drilling, completion, and production—is thoughtfully designed and sustainably executed, employing the best management practices on all sites.

**WILDLIFE & BIODIVERSITY MANAGEMENT**

Bayswater carefully plans the locations where we conduct our operations to minimize our environmental impact and ensure we are adhering to all regulations. While there is little sensitive habitat within Bayswater's operations, in instances where we do operate around sensitive habitat areas, Bayswater plans and operates in accordance with local, state, and federal regulations, and integrates expert guidance specific to the issues at each site.

## ***Colorado Area of Operations***

Common in Bayswater's Colorado area of operations, raptor habitats are located in the same vicinity with the state monitoring several roosting and nesting sites of the more sensitive species. Bayswater monitors raptor habitats near our locations and will delay operations on a location to prevent disturbance of nearby springtime nesting activity.

Pronghorn and Mule Deer Winter Concentration Areas are also located to the north and east of Bayswater's area of operations. As Bayswater is careful to plan and conduct operations outside of these areas, these designated concentration areas generally do not overlap with our operations and, therefore, do not impact our business activities.

Finally, the state has designated certain streams that intersect Bayswater's area of operations as "Aquatic Native Species Conservation Waters." In accordance with state regulation, no Bayswater operations are within the 500-foot buffer zone around these protected streams.

Specific to our Colorado operations and wildlife management, in 2024, the Colorado Energy and Carbon Management Commission went through a rulemaking process to update High Priority Habitat (HPH) maps and regulations related to oil and natural gas development and wildlife conservation. As part of Senate Bill 19-181, the Commission adopted a new definition of HPH, which included updating the maps and rules on a periodic basis. In 2024, the Commission went through a rulemaking process and produced updated HPH maps and rules for big game seasonal habitats, Columbian sharp-tailed grouse winter range, bald eagle roost sites, least tern and piping plover production areas, and bat winter hibernacula. Bayswater closely monitored the rulemaking, but no Bayswater Colorado operations were impacted by the updated HPH maps.

## ***Texas Area of Operations***

Bayswater's Permian Basin operations in Howard County, Texas are not located on or near any protected areas or areas designated for biodiversity conservation.

## **SPILL PREVENTION**

Operationally, we strive to capture, contain, and transport every recovered hydrocarbon and produced water byproduct. As a business, it is in our best interest to do everything in our power to prevent any loss of oil or natural gas from the drill site to the end customer. The prevention of spills is also in the best interests of our stakeholders, the local community, and the environment. Increased utilization of pipelines instead of trucks to transport both hydrocarbons and produced water effectively reduces the likelihood of spills.

All our operations meet or exceed local, state, and federal requirements for spill prevention and containment plans. For instance, we install liners under drilling and completion operations where fluids are stored as well as under all oil and water storage tanks at production facilities. We have also placed containment berm structures that surround each piece of equipment at production facilities to capture and contain any potential liquids—hydrocarbon, byproduct, or water—before it reaches the soil in the event of a spill.

While our primary aim is prevention, we do our best to anticipate a potential spill and ensure each site is adequately prepared in the event of a spill taking place. We have a Spill Prevention, Control and Countermeasures (SPCC) Plan for each Bayswater site certifying the existence of sufficient secondary containment to handle oil and/or water releases from on-site storage vessels. A formal Oil Spill Contingency Plan (OSCP) is also in place to address emergency spills and is unique to each location.

## **STORMWATER MANAGEMENT**

Stormwater management is an essential component of the planning process for each Bayswater site. Our team conducts thorough planning when designing and constructing each location's long-term infrastructure to appropriately manage and drain stormwater. Through every stage of the oil and natural gas development process, our goal for each site is to ensure its long-term sustainability.

**METRIC:**

(1) Number and (2) aggregate volume of hydrocarbon spills, (3) volume in Arctic, (4) volume impacting shorelines with ESI rankings 8-10, and (5) volume recovered

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Numbers, Barrels (Bbl)

**CODE:**

EM-EP-160a.2

**BAYSWATER RESPONSE:**

1. Number of hydrocarbon spills: 2
2. Aggregate volume of hydrocarbon spills: 350 Bbls
3. Volume in Arctic: N/A; No spills in Arctic.
4. Volume impacting shorelines with ESI index 8-10: N/A; No spills impacting shorelines with ESI index 8-10.
5. Volume recovered: 0 Bbls

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**METRIC:**

Spill Intensity

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

Produced Liquids Spills (Bbl) / Total Produced Liquids (MBbl)

**BAYSWATER RESPONSE:**

0.007 Bbl / MBbl

*Important Note: This spill intensity calculation accounts for all 2024 spills regardless of fluid.*

**METRIC:**

Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat

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**GUIDANCE:**

SASB

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**UNIT OF MEASURE:**

Percentage (%)

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**CODE:**

EM-EP-160a.3

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**BAYSWATER RESPONSE:**

Bayswater 2024 operations and lease position in Weld County, Colorado are in proximity to areas that have been designated as Habitat Areas by the ECMC under Rule 1202d. The designated Habitat Areas in the vicinity of Bayswater operations include:

- Mule Deer Winter Concentration Areas
- Mule Deer Severe Winter Range
- Pronghorn Winter Concentration Area
- Aquatic Native Species Conservation Waters

In 2024, no Bayswater operations or leases overlapped with these areas, nor were they impacted by the proximity to the designated areas; therefore, 0% of Bayswater proved or probable reserves in Weld County are located in or near these sites.

Specific to wildlife habitats in Colorado, the ECMC underwent a rulemaking in 2024 to update High Priority Habitat (HPH) maps and regulations related to oil and natural gas development and wildlife conservation rules for big game seasonal habitats, Columbian sharp-tailed grouse winter range, bald eagle roost sites, least tern and piping plover production areas, and bat winter hibernacula. Bayswater closely monitored the rulemaking process, and no Bayswater Colorado operations or reserves were impacted by the updated HPH maps.

Bayswater's 2024 operations and reserves in Howard County, Texas were not in proximity to, nor involved with any areas designated as Endangered Species habitat or having protected conservation status.

# SECURITY, HUMAN RIGHTS & RIGHTS OF INDIGENOUS PEOPLES

**METRIC:**

Percentage of (1) proved and (2) probable reserves in or near areas of conflict

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Percentage (%)

**CODE:**

EM-EP-210a.1

**BAYSWATER RESPONSE:**

0%

**METRIC:**

Percentage of (1) proved and (2) probable reserves in or near indigenous land

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Percentage (%)

**CODE:**

EM-EP-210a.2

**BAYSWATER RESPONSE:**

0%

**METRIC:**

Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict

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**GUIDANCE:**

SASB

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**UNIT OF MEASURE:**

N/A

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**CODE:**

EM-EP-210a.3

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**BAYSWATER RESPONSE:**

Bayswater does not have any operations located in or near areas of conflict.

# COMMUNITY RELATIONS

**METRIC:**

Discussion of process to manage risks and opportunities associated with community rights and interests

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

N/A

**CODE:**

EM-EP-210b.1

**BAYSWATER RESPONSE:**

Community outreach and local stakeholder relations is foundational to Bayswater's approach and operations. Our objective is to be a good corporate neighbor by responsibly developing oil and natural gas resources in a thoughtful and sustainable way that mitigates the impact to the local communities near our operations. In the initial stages of each Bayswater project, our team goes beyond notification regulatory requirements and engages with local community stakeholders, including surface owners, nearby residents, community leaders, and local, county, and state officials. We aim to foster ongoing and open communication with diverse local stakeholders through the duration of our operations to better understand and immediately address the questions, concerns, and needs of key stakeholders and the local community at large.

Trust is a cornerstone of community outreach and local stakeholder relations. By approaching these conversations with transparency and deference, we strive to build trust with local communities and stakeholders through open communication and meaningful engagement. At Bayswater, we understand and respect that our industry depends upon a "social license to operate" from the communities near our operations, which is built on trust. In every action, Bayswater aims to reinforce the trust we have built with local communities.

Colorado continues to lead the nation with the strictest regulatory standard for oil and natural gas production that prioritizes the protection of public health, safety, wildlife, and the environment. Bayswater meets or exceeds all local and state regulations in our Colorado operations, including those specific to notifying and mitigating risks to local communities near our operations. Further, despite having a less stringent regulatory environment, Bayswater is dedicated to incorporating the same high operational standards we utilize in Colorado to our Texas operations.

Under the new Colorado oil and natural gas rules that went into effect in January 2021, Bayswater has successfully received a total of five OGDP permit approvals including plans to drill 115 horizontal wells. By working closely with the community, Bayswater is able to reduce the number of locations required to drill these wells and optimize the present and future surface use, minimizing our surface impact to the community and environment. In 2024, Bayswater did not seek permits for new Colorado locations and pursued development on permitted locations grandfathered in under the old rules. However, despite these sites being grandfathered in, Bayswater maintained our high operational standard in alignment with the new rules.

Finally, as aforementioned, Bayswater strives to be a good neighbor that has a positive impact on the communities where we operate. We seek out diverse opportunities to meaningfully engage with, support, and give back to local communities. As a proud and responsible oil and natural gas operator, Bayswater proactively engages in the local and state conversation about oil and natural gas production in the United States. This is of particular importance in our Colorado operations where Bayswater takes on several proactive approaches to inform Coloradans about energy and responsible oil and natural gas production. Particularly in Colorado, Bayswater has a seat at the table with industry leaders, trade associations, and Colorado's numerous elected officials, regulators, and interest groups to discuss critical energy policies and issues.

**METRIC:**

(1) Number and (2) duration of non-technical delays

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Number, Days

**CODE:**

EM-EP-210b.2

**BAYSWATER RESPONSE:**

1. Number: 0
2. Duration: N/A

In 2024, Bayswater did not experience non-technical delays in planned operations.

# WORKFORCE HEALTH & SAFETY

**METRIC:**

(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) direct employees, and (b) contract employees

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Rate, Hours (h)

**CODE:**

EM-EP-320a.1

**BAYSWATER RESPONSE:**

1. TRIR: Employees: 0.00; Contractors: 0.47
2. Fatality Rate: Employees: 0; Contractors: 0
3. NMFR: Employees: 1.29; Contractors: 0.16
4. Average hours of health, safety, and emergency response training for:
  - A. Full-time employees: 24 hours/year, 2 hours per month.
  - B. Contract employees: Contract lease operators for Bayswater are included in monthly safety training.

**METRIC:**

Employee TRIR

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

# of Employee OSHA Recordable Cases x 200,000 / Annual Employee Workhours

**BAYSWATER RESPONSE:**

0

**METRIC:**

Contractor TRIR

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

# of Contractor OSHA Recordable Cases x 200,000 / Annual Employee Workhours

**BAYSWATER RESPONSE:**

0.47

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**METRIC:**

Combined TRIR

**GUIDANCE:**

AXPC

**UNIT OF MEASURE:**

# of Combined OSHA Recordable Cases x 200,000 / Annual Employee plus Contractor Workhours

**BAYSWATER RESPONSE:**

0.42

**METRIC:**

Discussion of management systems used to integrate a culture of safety throughout the exploration and production life cycle

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

N/A

**CODE:**

EM-EP-320a.2

**BAYSWATER RESPONSE:**

At every Baywater location, our business model and company culture is built upon the fundamental tenet of conducting our business without accident, without harm to people, and without damage to the environment.

Bayswater's overall success and safety performance is dependent upon the behavior and actions of each employee and contractor. Our team—employees and contractors alike—is carefully selected and trained with each individual's skillset and competencies regularly assessed. Both employees and contractors regularly engage in health, safety, and environmental meetings and trainings, ensuring knowledge and adoption of the latest safety management procedures as well as adherence to all federal, state, and local rules and regulations.

Each Bayswater facility is regularly inspected by Bayswater employees and periodically inspected by regulatory officials. All Bayswater facilities are operated and maintained to promote safe, healthy, secure, and environmentally sustainable performance.

**SAFETY METRICS**

Total Recordable Incident Rate (TRIR) is the standard industry metric used to measure and track operational safety. While on Bayswater locations, our employees and contractors are required to report all accidents and injuries, which, when compared with manhours worked, determines TRIR. We use this metric to consistently monitor and improve the safety of our operations. To uphold a companywide culture of safety, Bayswater's TRIR is reviewed regularly by the executive team, all employees, and contractors.

**CONTRACTOR MANAGEMENT**

Both Bayswater employees and contractors are expected to meet the same high safety standard. Bayswater understands that contractors, suppliers, and other business partners are key to our company's success and safety performance. Consequently, we diligently assess independent contractors' safety management systems prior to and during services being executed on our behalf.

Bayswater utilizes an internal Contractor Safety Management Program that enables us to select vendors with Environmental, Health, and Safety (EHS) programs that are aligned with our EHS values, along with continued monitoring of contractor safety performance. Since 2016, Bayswater has utilized ISNetworld (ISN) to monitor contractor performance through the collection, maintenance, and verification of contractor safety information. All Bayswater contractors must submit their safety and training programs, safety performance data, and proof of insurance for review. ISN then conducts an independent verification of the collected data, evaluating each contractor on the strength of their EHS management systems.

Bayswater selects independent contractors based on their performance against our benchmarks established within ISN. Each contractor must be approved by Bayswater representatives directly involved in the planned operations. We maintain an approved vendors list of vetted, proven contractors that adhere to Bayswater's EHS standards and values and, generally, only contractors from that list are selected to work on Bayswater operations. Every contractor is expected to comply with their respective EHS policies and programs, Bayswater's safety protocols and objectives, and all local, state, and federal regulations.

# RESERVE VALUATION & CAPITAL EXPENDITURES

## METRIC:

Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions

## GUIDANCE:

SASB

## UNIT OF MEASURE:

Million barrels (MMbbls), Million standard cubic feet (MMscf)

## CODE:

EM-EP-420a.1

## BAYSWATER RESPONSE:

0 MMbbl; 0 MMscf

When it comes to assessing the sensitivity of Bayswater's hydrocarbon reserve levels to future price projection scenarios specific to the price on carbon emissions, the most pertinent future development would be the advent of a federal tax on carbon emissions. Based on Bayswater's annual production of 21,034 MBOE in 2024 and the Scope 1 GHG emissions total of 501,000 t CO<sub>2</sub>-e (as reported in EM-EP-110a.1), we determined that our Scope 1 GHG emissions per BOE was 0.0238 t CO<sub>2</sub>-e. According to a Center on Global Energy Policy Analysis, projections for potential federal legislation requiring a carbon tax ranged between \$20 - \$50 per ton of CO<sub>2</sub>-e. Cross-referencing this range with our Scope 1 GHG emissions per BOE, we found that translates to a \$0.48 - \$1.19 tax per BOE. This calculation suggests a reduction in profit margin per BOE of between 0.97 - 2.43% on a 2024 gross profit margin of 78.0%. Bayswater management believes this reduction in gross margin to be relatively immaterial and would likely lead to, and be offset by, higher oil and natural gas prices for the end consumer. In conclusion, there is a high probability that a federal carbon tax would result in zero reserve loss for Bayswater, making our reserves not sensitive to future price projection scenarios accounting for a price on carbon emissions.

As of 2024, there has not been any state or federal fees on carbon emissions, so this analysis remains hypothetical.

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## METRIC:

Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves

## GUIDANCE:

SASB

## UNIT OF MEASURE:

Metric tons (t) CO<sub>2</sub>-e

## CODE:

EM-EP-420a.2

## BAYSWATER RESPONSE:

105,246,000 t CO<sub>2</sub>-e

**METRIC:**

Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets

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**GUIDANCE:**

SASB

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**UNIT OF MEASURE:**

N/A

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**CODE:**

EM-EP-420a.4

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**BAYSWATER RESPONSE:**

Bayswater is committed to responsible oil and natural development. With our assets located in the continental U.S., our operational strategy is focused on the richest resource plays, which generally combine the lowest breakeven costs, best development economics, and a competitive service sector. The central goal of Bayswater's business model is long-term profitability amidst market fluctuations and changing commodity prices. Bayswater is able to provide long-term value to stakeholders through executional excellence, the creation of strong, mutually advantageous business relationships, robust hedging programs, and the conservative use of debt.

Bayswater deploys capital against a "mid-cycle" view of commodity prices and associated capital and operating costs, generally sustaining a constant level of capital spending and organizational capability. Focused on staying in business for the long-term, our operational strategy and decisions incorporate the potential impact that local, state, and federal regulations may have on the current and future oil and natural gas market and business environment. As we have demonstrated in our 2024 Sustainability Report and four previous reports, Bayswater has made significant progress to ensure our operations meet or exceed all regulatory mandates, while remaining efficient and sustainable for the long-term.

Despite the differences between the regulatory environments in Colorado and Texas, Bayswater works to hold our operations to a consistently high standard, implementing advancements and improvements required by Colorado regulations across our entire operational footprint. Our focus is on being proactive and demonstrating our long-term commitment to responsible oil and natural gas development in the United States.

# BUSINESS ETHICS & TRANSPARENCY

## METRIC:

Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index

## GUIDANCE:

SASB

## UNIT OF MEASURE:

Percentage (%)

## CODE:

EM-EP-510a.1

## BAYSWATER RESPONSE:

0% as Bayswater operations are 100% on-shore U.S. focused.

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## METRIC:

Description of the management system for prevention of corruption and bribery throughout the value chain

## GUIDANCE:

SASB

## UNIT OF MEASURE:

N/A

## CODE:

EM-EP-510a.2

## BAYSWATER RESPONSE:

Bayswater's business model and company culture is founded on and committed to operating honestly and ethically. Therefore, corruption and bribery are counter to the foundational principles of our company. Our Compliance Manual and Code of Ethics is distributed to all employees and clearly outlines Bayswater values and expectations of employee conduct. Further, we provide employee training on appropriate employee behavior and expectations. All Bayswater employees are required to adhere to these ethical standards when conducting daily business. Beyond our employees, Bayswater also considers it important to work with partners and hire contractors that are similarly aligned with our company's ethics, values, and principles.

In 2016, Bayswater became a Registered Investment Advisor and is registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisers Act of 1940, as amended (the "Advisers Act"). As a Registered Investment Advisor, Bayswater is required to strictly adhere to and comply with all SEC guidelines. Bayswater works with an outside compliance consultant to implement and adhere to the directives and objectives required by the SEC and defined in the Bayswater Compliance Manual.

# MANAGEMENT OF THE LEGAL & REGULATORY ENVIRONMENT

## METRIC:

Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry

## GUIDANCE:

SASB

## UNIT OF MEASURE:

N/A

## CODE:

EM-EP-530a.1

## BAYSWATER RESPONSE:

Bayswater is a small, privately-owned operator, and many of our internal corporate roles overlap when it comes to understanding and making operational decisions related to government regulations, and environmental or social factors affecting the oil and natural gas industry. To support our internal team, Bayswater retains several consultant teams with expertise in government affairs, public relations, and/or regulatory compliance. Beyond this, Bayswater actively engages with industry peers, regulatory agencies, industry organizations, and trade associations to navigate regulatory, environmental, and social factors that could potentially impact the oil and natural gas industry in the states and communities where we operate.

At the federal level, Bayswater's memberships with American Petroleum Institute (API) and Western Energy Alliance enables the company to remain apprised of federal energy policy discussions. Both organizations closely monitor federal policy developments impacting the oil and natural gas industry. They also represent and defend the interests of Bayswater and other member organizations serving as a voice for Bayswater in the federal legislative realm.

Since the passage of Senate Bill 181 in 2019, Colorado has undergone a comprehensive revamp of state oil and natural gas regulations, which include ongoing subsequent rulemakings. For Bayswater's Colorado operations, it is critical to stay informed of Colorado's rapidly changing regulatory environment. Bayswater actively participates in the local and statewide energy conversation through multiple and diverse avenues, including staying abreast of and engaging in discussions on key regulatory, environmental, and social factors that could impact industry. Bayswater is a member of the Colorado Oil and Gas Association (COGA), which keeps our company informed of proposed state legislation or regulatory changes that may impact the Colorado oil and natural gas industry. Additionally, Bayswater is one of six members in Coloradans for Responsible Energy Development (CRED), a statewide educational program about the importance of responsible oil and natural gas production in Colorado. Further, Bayswater is engaged in the broader energy and business conversation in Colorado through our participation in Colorado Concern, an alliance of statewide executives committed to enhancing Colorado's business environment.

For example, and a notable regulatory development in 2024, the Colorado Energy & Carbon Management Commission (ECMC) underwent a rulemaking process and adopted new cumulative impacts rules related to oil and natural gas development. According to an ECMC press release, "cumulative impacts refer to the combined effects on public health and the environment from the incremental impacts of a proposed oil and gas operation, alongside those from past, present, and foreseeable future developments." Thanks to Bayswater's membership with the aforementioned COGA and API, Bayswater remained informed of the Cumulative Impacts rulemaking process and final rules to ensure we remained in compliance with all new and existing regulations.

Specific to our Texas operations, Bayswater is a member of Texas Independent Producers and Royalty Owners Association (TIPRO), which keeps our company informed and engaged on key legislative and regulatory activity impacting the Texas industry.

# CRITICAL INCIDENT RISK MANAGEMENT

**METRIC:**

Description of management systems used to identify and mitigate catastrophic and tail-end risks

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

N/A

**CODE:**

EM-EP-540a.2

**BAYSWATER RESPONSE:**

Bayswater Response: Bayswater's Health, Safety and Environment (HSE) Committee regularly conducts reviews and assessments of potential risk at each stage of our operations. Notwithstanding, we understand that emergencies happen, and a timely and appropriate response is critical. As such, Bayswater has developed and maintains a comprehensive approach to emergency preparedness.

Bayswater's emergency management approach consists of Emergency Plans, Tactical Response Plans, and Business Continuity Plans. Ultimately, our goal is to conduct operations without accidents, harm to people, or damage to the environment. The purpose of Bayswater's emergency management strategy is to ensure ample preparedness for both rapid and appropriate incident response, protecting all employees and contractors, the public, the environment and wildlife, and property.

Our emergency organizational and management approach at our owned and operated facilities is based on the Incident Command System (ICS) from the National Incident Management System (NIMS), which expands our ability to respond based on the incident size and/or complexity. Bayswater's emergency protocols ensure the Emergency Command Centers are established and appropriately staffed and provided the necessary support as soon as possible after the occurrence of an emergency incident.

Bayswater routinely reviews and updates company Emergency Plans, Tactical Response Plans, and Business Continuity Plans, which cover all stages of Bayswater operations in drilling, completions, and production. We share these plans and any updates with employees, contractors, and local first responders to maintain awareness of roles, responsibilities, and appropriate steps in the event of an emergency.

Specific to our operations in Colorado, Bayswater continues to be an active participant in the Colorado Preparedness and Response Network, which provides collaborative emergency response resources to industry operators and local first responders to enhance field emergency response capabilities. By participating in this network, first responders have an increased familiarity with Bayswater sites and operations, which allows for a more expeditious response in the event of an emergency incident.

# ACTIVITY METRICS

**TOPIC:**

Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Thousand barrels per day (MBbl/day); Million standard cubic feet per day (MMscf/day)

**CODE:**

EM-EP-000.A

**BAYSWATER RESPONSE:**

In 2024, Bayswater reported gross annual production of approximately:

1. Oil: 38.6 MBbl per day
2. Natural Gas: 113.3 MMscf per day
3. Synthetic oil: N/A
4. Synthetic gas: N/A

**TOPIC:**

Number of offshore sites

**GUIDANCE:**

SASB

**UNIT OF MEASURE:**

Number

**CODE:**

EM-EP-000.B

**BAYSWATER RESPONSE:**

Bayswater does not operate offshore.

**TOPIC:**

Number of terrestrial sites

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**GUIDANCE:**

SASB

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**UNIT OF MEASURE:**

Number

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**CODE:**

EM-EP-000.C

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**BAYSWATER RESPONSE:**

As of December 31, 2024, Bayswater had 42 terrestrial sites.



# 2024



BAYSWATER