UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2024

or

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

For the transition period from to

Commission File Number: 001-35380

Vital Energy

Vital Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**45-3007926**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

521 E. Second Street	**Suite 1000**	
Tulsa	**Oklahoma**	**74120**
(Address of principal executive offices)		(Zip code)

(918) 513-4570

(Registrant's telephone number, including area code)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, $0.01 par value per share	**VTLE**	**New York Stock Exchange**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

Number of shares of registrant's common stock outstanding as of November 1, 2024: 38,152,944

VITAL ENERGY, INC.
FOR THE QUARTER ENDED SEPTEMBER 30, 2024
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Glossary of Oil and Natural Gas Terms and Certain Other Terms

The following terms are used throughout this Quarterly Report on Form 10-Q (this "Quarterly Report"):

"*Argus WTI Formula Basis*"—The outright price at Cushing that is used as the basis for pricing all other Argus US Gulf coast physical crudes.

"*Argus WTI Midland*"—An index price reflecting the weighted average price of WTI at the pipeline and storage hub at Midland.

"*Basin*"—A large natural depression on the earth's surface in which sediments, generally brought by water, accumulate.

"*Bbl*" or "*barrel*"—One stock tank barrel, of 42 U.S. gallons liquid volume, used herein in reference to crude oil, condensate, natural gas liquids or water.

"*Bbl/d*"—Bbl per day.

"*Benchmark Prices*"—The unweighted arithmetic average first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period before differentials, as required by SEC guidelines.

"*BOE*"—One barrel of oil equivalent, calculated by converting natural gas to oil equivalent barrels at a ratio of six Mcf of natural gas to one Bbl of oil.

"*BOE/d*"—BOE per day.

"*Btu*"—British thermal unit, the quantity of heat required to raise the temperature of a one pound mass of water by one degree Fahrenheit.

"*Completion*"—The process of treating a drilled well followed by the installation of permanent equipment for the production of oil or natural gas, or in the case of a dry hole, the reporting of abandonment to the appropriate agency.

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

"*Exchange Act*" —The Securities Exchange Act of 1934, as amended.

"*Formation*"—A layer of rock which has distinct characteristics that differ from nearby rock.

"*Fracturing*" or "*Frac*"—The propagation of fractures in a rock layer by a pressurized fluid. This technique is used to release petroleum and natural gas for extraction.

"*GAAP*"—Generally accepted accounting principles in the United States.

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

"Henry Hub"—A natural gas pipeline delivery point in south Louisiana that serves as the benchmark natural gas price underlying NYMEX natural gas futures contracts.

"*Horizon*" —A term used to denote a surface in or of rock, or a distinctive layer of rock that might be represented by a reflection in seismic data.

"*Initial Production*"—The measurement of production from an oil or gas well when first brought on stream. Often stated in terms of production during the first thirty days.

"*Liquids*"—Describes oil, condensate and natural gas liquids.

"*MBbl*"—One thousand barrels of crude oil, condensate or natural gas liquids.

"*MBOE*"—One thousand BOE.

"*Mcf*"—One thousand cubic feet of natural gas.

"*MMBtu*"—One million Btu.

"*MMcf*"—One million cubic feet of natural gas.

"*Natural gas liquids*" or "*NGL*"—Components of natural gas that are separated from the gas state in the form of liquids, which include propane, butanes and ethane, among others.

"*Net acres*"—The percentage of gross acres an owner has out of a particular number of acres, or a specified tract. An owner who has 50% interest in 100 acres owns 50 net acres.

"*NYMEX*"—The New York Mercantile Exchange.

"*OPEC*"—The Organization of the Petroleum Exporting Countries.

"*Proved reserves*"—The estimated quantities of oil, natural gas and natural gas liquids that geological and engineering data demonstrate with reasonable certainty to be commercially recoverable in future years from known reservoirs under existing economic and operating conditions.

"*Realized prices*"—Prices which reflect adjustments to the Benchmark Prices for quality, transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point without giving effect to our commodity derivative transactions.

"*Reservoir*"—A porous and permeable underground formation containing a natural accumulation of producible oil and/or natural gas that is confined by impermeable rock or water barriers and is separate from other reservoirs.

"*SEC*" — The U.S. Securities and Exchange Commission.

"*Securities Act*" — The Securities Act of 1933, as amended.

"*Senior Secured Credit Facility*" — The Fifth Amended and Restated Credit Agreement among Vital Energy, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Vital Midstream Services, LLC, as guarantor, and the banks signatory thereto.

"*Spacing*"—The distance between wells producing from the same reservoir.

"*Standardized measure*"—Discounted future net cash flows estimated by applying realized prices to the estimated future production of year-end proved reserves. Future cash inflows are reduced by estimated future production and development costs based on period end costs to determine pre-tax cash inflows. Future income taxes, if applicable, are computed by applying the statutory tax rate to the excess of pre-tax cash inflows over our tax basis in the oil and natural gas properties. Future net cash inflows after income taxes are discounted using a 10% annual discount rate.

"*WAHA*"—Waha West Texas Natural Gas Index price as quoted in Platt's Inside FERC.

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

"*WTI*"—West Texas Intermediate grade crude oil. A light (low density) and sweet (low sulfur) crude oil, used as a pricing benchmark for NYMEX oil futures contracts.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Various statements contained in or incorporated by reference into this Quarterly Report are forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act. These forward-looking statements include statements, projections and estimates concerning our operations, performance, business strategy, oil, NGL and natural gas reserves, drilling program capital expenditures, liquidity and capital resources, the timing and success of specific projects, outcomes and effects of litigation, claims and disputes, derivative activities and potential financing. Forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "potential," "could," "may," "will," "foresee," "plan," "goal," "should," "intend," "pursue," "target," "continue," "suggest" or the negative thereof or other variations thereof or other words that convey the uncertainty of future events or outcomes. Forward-looking statements are not guarantees of performance. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. Among the factors that significantly impact our business and could impact our business in the future are:

- the volatility of oil, NGL and natural gas prices, including our area of operation in the Permian Basin;
- continuing and/or worsening inflationary pressures and associated changes in monetary policy that may cause costs to rise;
- changes in domestic and global production, supply and demand for oil, NGL and natural gas, and actions by the Organization of the Petroleum Exporting Countries members and other oil exporting nations ("OPEC+");
- our ability to execute our strategies, including our ability to successfully identify and consummate strategic acquisitions at purchase prices that are accretive to our financial results and to successfully integrate acquired businesses, assets and properties;
- our ability to realize the anticipated benefits of acquisitions, including effectively managing our expanded acreage;
- reduced demand due to shifting market perception towards the oil and gas industry;
- our ability to optimize spacing, drilling and completions techniques in order to maximize our rate of return, cash flows from operations and stockholder value;
- the ongoing instability and uncertainty in the United States ("U.S.") and international energy, financial and consumer markets that could adversely affect the liquidity available to us and our customers and the demand for commodities, including oil, NGL and natural gas;
- competition in the oil and gas industry;
- our ability to discover, estimate, develop and replace oil, NGL and natural gas reserves and inventory;
- insufficient transportation capacity in the Permian Basin and challenges associated with such constraint, and the availability and costs of sufficient gathering, processing, storage and export capacity;
- a decrease in production levels which may impair our ability to meet our contractual obligations and ability to retain our leases;
- risks associated with the uncertainty of potential drilling locations and plans to drill in the future;
- the inability of significant customers to meet their obligations;
- revisions to our reserve estimates as a result of changes in commodity prices, decline curves and other uncertainties;
- the availability and costs of drilling and production equipment, supplies, labor and oil and natural gas processing and other services;
- the effects, duration and other implications of, including government response to, widespread epidemic or pandemic diseases;

- ongoing war and political instability in Ukraine, Israel and the Middle East and the effects of such conflicts on the global hydrocarbon market and supply chains;
- loss of senior management or other key personnel;
- risks related to the geographic concentration of our assets;
- capital requirements for our operations and projects;
- our ability to hedge commercial risk, including commodity price volatility, and regulations that affect our ability to hedge such risks;
- our ability to continue to maintain the borrowing capacity under our Senior Secured Credit Facility (as defined herein) or access other means of obtaining capital and liquidity, especially during periods of sustained low commodity prices;
- our ability to comply with restrictions contained in our debt agreements, including our Senior Secured Credit Facility and the indentures governing our senior unsecured notes, as well as debt that could be incurred in the future;
- our ability to generate sufficient cash to service our indebtedness, fund our capital requirements and generate future profits;
- drilling and operating risks, including risks related to hydraulic fracturing activities and those related to inclement or extreme weather, impacting our ability to produce existing wells and/or drill and complete new wells over an extended period of time;
- the impact of legislation or regulatory initiatives intended to address induced seismicity on our ability to conduct our operations;
- U.S. and international economic conditions and legal, tax, political and administrative developments, including the effects of energy, trade and environmental policies and existing and future laws and government regulations as well as volatility in the political, legal and regulatory environments as a result of the U.S. presidential election;
- our ability to comply with federal, state and local regulatory requirements;
- the impact of repurchases, if any, of securities from time to time;
- our ability to maintain the health and safety of, as well as recruit and retain, qualified personnel necessary to operate our business;
- evolving cybersecurity risks such as those involving unauthorized access, denial-of-service attacks, third-party service provider failures, malicious software, data privacy breaches by employees, insiders or others with authorized access, cyber or phishing attacks, ransomware, social engineering, physical breaches or other actions;
- our ability to secure or generate sufficient electricity to produce our wells without limitations; and
- our belief that the outcome of any legal proceedings will not materially affect our financial results and operations.

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

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various factors, including those set forth under "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report, and under "Item 1A. Risk Factors," in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (the "2023 Annual Report") and those set forth from time to time in our other filings with the SEC. These documents are available through our website or through the SEC's Electronic Data

Gathering and Analysis Retrieval system at https://www.sec.gov. In light of such risks and uncertainties, we caution you not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date of this Quarterly Report, or if earlier, as of the date they were made.

Should one or more of the risks or uncertainties described herein occur, or should underlying assumptions prove incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements. All forward-looking statements, expressed or implied, included in this Quarterly Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report.

Part I

Item 1. Consolidated Financial Statements (Unaudited)

Vital Energy, Inc.
Consolidated balance sheets
(in thousands, except share data)
(Unaudited)

	September 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 22,192	$ 14,061
Accounts receivable, net	224,958	238,773
Derivatives	146,074	99,336
Other current assets	26,038	18,749
Total current assets	419,262	370,919
Property and equipment:		
Oil and natural gas properties, full cost method:		
Evaluated properties	13,352,711	11,799,155
Unevaluated properties not being depleted	241,410	195,457
Less: accumulated depletion and impairment	(8,276,433)	(7,764,697)
Oil and natural gas properties, net	5,317,688	4,229,915
Midstream and other fixed assets, net	133,784	130,293
Property and equipment, net	5,451,472	4,360,208
Derivatives	75,645	51,071
Operating lease right-of-use assets	132,132	144,900
Deferred income taxes	137,277	188,836
Other noncurrent assets, net	35,223	33,647
Total assets	$ 6,251,011	$ 5,149,581
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 164,540	$ 159,892
Accrued capital expenditures	108,977	91,937
Undistributed revenue and royalties	188,611	194,307
Operating lease liabilities	86,795	70,651
Other current liabilities	77,409	78,802
Total current liabilities	626,332	595,589
Long-term debt, net	2,433,271	1,609,424
Asset retirement obligations	87,995	81,680
Operating lease liabilities	41,566	71,343
Other noncurrent liabilities	6,006	6,288
Total liabilities	3,195,170	2,364,324
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized, and zero and 595,104 issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	—	6
Common stock, $0.01 par value, 80,000,000 shares authorized, and 38,168,725 and 35,413,551 issued and outstanding as of September 30, 2024 and December 31, 2023, respectively	382	354
Additional paid-in capital	3,819,118	3,733,775
Accumulated deficit	(763,659)	(948,878)
Total stockholders' equity	3,055,841	2,785,257
Total liabilities and stockholders' equity	$ 6,251,011	$ 5,149,581

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

Vital Energy, Inc.
Consolidated statements of operations
(in thousands, except per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Revenues:				
Oil sales	$ 416,668	$ 375,166	$ 1,274,119	$ 940,982
NGL sales	41,807	38,303	128,752	97,196
Natural gas sales	(9,724)	21,234	3,150	48,260
Sales of purchased oil	8,986	3	8,986	14,192
Other operating revenues	1,497	808	2,937	2,453
Total revenues	459,234	435,514	1,417,944	1,103,083
Costs and expenses:				
Lease operating expenses	107,686	66,040	327,156	173,939
Production and ad valorem taxes	27,244	27,360	84,937	69,498
Oil transportation and marketing expenses	12,445	10,795	34,477	32,391
Gas gathering, processing and transportation expenses	4,602	371	12,066	371
Costs of purchased oil	9,331	101	9,331	14,856
General and administrative	22,005	28,641	74,934	73,053
Depletion, depreciation and amortization	187,063	120,499	527,468	310,618
Other operating expenses, net	1,754	1,703	5,365	4,538
Total costs and expenses	372,130	255,510	1,075,734	679,264
Gain on disposal of assets, net	839	149	1,005	540
Operating income	87,943	180,153	343,215	424,359
Non-operating income (expense):				
Gain (loss) on derivatives, net	226,553	(135,321)	82,064	(132,875)
Interest expense	(40,119)	(39,305)	(124,230)	(99,388)
Loss on extinguishment of debt, net	—	—	(66,115)	—
Other income, net	1,247	1,739	5,921	3,697
Total non-operating income (expense), net	187,681	(172,887)	(102,360)	(228,566)
Income before income taxes	275,624	7,266	240,855	195,793
Income tax benefit (expense)	(60,324)	(2,373)	(54,984)	217,851
Net income	215,300	4,893	185,871	413,644
Preferred stock dividends	—	—	(652)	—
Net income available to common stockholders	$ 215,300	$ 4,893	$ 185,219	$ 413,644
Net income per common share:				
Basic	$ 5.75	$ 0.27	$ 5.08	$ 23.44
Diluted	$ 5.73	$ 0.26	$ 4.97	$ 23.32
Weighted-average common shares outstanding:				
Basic	37,459	18,455	36,472	17,646
Diluted	37,580	18,569	37,370	17,740

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

Vital Energy, Inc.
Consolidated statements of stockholders' equity
(in thousands)
(Unaudited)

	Preferred Stock		Common stock		Additional paid-in capital	Treasury stock (at cost)		Accumulated deficit	Total
	Shares	Amount	Shares	Amount		Shares	Amount		
Balance, December 31, 2023	595	$ 6	35,414	$ 354	$ 3,733,775	—	$ —	$ (948,878)	$ 2,785,257
Restricted stock awards	—	—	445	5	—	—	—	—	5
Restricted stock forfeitures	—	—	(5)	—	(4)	—	—	—	(4)
Stock exchanged for tax withholding	—	—	(72)	(1)	(3,410)	72	3,411	—	—
Retirement of treasury stock	—	—	—	—	—	(72)	(3,411)	—	(3,411)
Share-settled equity-based compensation	—	—	—	—	4,348	—	—	—	4,348
Equity issued for acquisition of oil and natural gas properties	980	10	879	9	78,721	—	—	—	78,740
Net loss	—	—	—	—	—	—	—	(66,131)	(66,131)
Balance, March 31, 2024	1,575	16	36,661	367	3,813,430	—	—	(1,015,009)	2,798,804
Restricted stock awards	—	—	13	—	—	—	—	—	—
Restricted stock forfeitures	—	—	(8)	—	—	—	—	—	—
Stock exchanged for tax withholding	—	—	—	—	(9)	—	9	—	—
Retirement of treasury stock	—	—	—	—	—	—	(9)	—	(9)
Share-settled equity-based compensation	—	—	—	—	4,865	—	—	—	4,865
Equity issued for acquisition of oil and natural gas properties	—	—	(76)	(1)	(3,811)	—	—	—	(3,812)
Preferred stock conversion	(1,575)	(16)	1,575	16	—	—	—	—	—
Preferred stock dividend paid	—	—	—	—	—	—	—	(652)	(652)
Net income	—	—	—	—	—	—	—	36,702	36,702
Balance, June 30, 2024	—	—	38,165	382	3,814,475	—	—	(978,959)	2,835,898
Restricted stock awards	—	—	12	—	—	—	—	—	—
Restricted stock forfeitures	—	—	(5)	—	—	—	—	—	—
Stock exchanged for tax withholding	—	—	(3)	—	(113)	3	113	—	—
Retirement of treasury stock	—	—	—	—	—	(3)	(113)	—	(113)
Share-settled equity-based compensation	—	—	—	—	4,756	—	—	—	4,756
Net income	—	—	—	—	—	—	—	215,300	215,300
Balance, September 30, 2024	—	$ —	38,169	$ 382	$ 3,819,118	—	$ —	$ (763,659)	$ 3,055,841

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

Vital Energy, Inc.
Consolidated statements of stockholders' equity
(in thousands)
(Unaudited)

	Preferred Stock		Common stock		Additional paid-in capital	Treasury stock (at cost)		Accumulated deficit	Total
	Shares	Amount	Shares	Amount		Shares	Amount		
Balance, December 31, 2022	—	$ —	16,762	$ 168	$ 2,754,085	—	$ —	$ (1,643,507)	$ 1,110,746
Restricted stock awards	—	—	315	3	(3)	—	—	—	—
Restricted stock forfeitures	—	—	(3)	—	—	—	—	—	—
Stock exchanged for tax withholding	—	—	(49)	(1)	(2,458)	49	2,459	—	—
Retirement of treasury stock	—	—	—	—	—	(49)	(2,459)	—	(2,459)
Share-settled equity-based compensation	—	—	—	—	3,141	—	—	—	3,141
Net income	—	—	—	—	—	—	—	113,940	113,940
Balance, March 31, 2023	—	—	17,025	170	2,754,765	—	—	(1,529,567)	1,225,368
Restricted stock awards	—	—	6	—	—	—	—	—	—
Restricted stock forfeitures	—	—	(9)	—	—	—	—	—	—
Stock exchanged for tax withholding	—	—	(7)	—	(385)	7	385	—	—
Retirement of treasury stock	—	—	—	—	—	(7)	(385)	—	(385)
Share-settled equity-based compensation	—	—	—	—	3,711	—	—	—	3,711
Equity issued for acquisition of oil and natural gas properties	—	—	1,579	16	80,052	—	—	—	80,068
Net income	—	—	—	—	—	—	—	294,811	294,811
Balance, June 30, 2023	—	—	18,594	186	2,838,143	—	—	(1,234,756)	1,603,573
Restricted stock awards	—	—	6	—	—	—	—	—	—
Restricted stock forfeitures	—	—	(7)	—	—	—	—	—	—
Stock exchanged for tax withholding	—	—	(4)	—	(212)	4	212	—	—
Retirement of treasury stock	—	—	—	—	—	(4)	(212)	—	(212)
Share-settled equity-based compensation	—	—	—	—	3,807	—	—	—	3,807
Issuance of common stock, net of costs	—	—	3,163	32	160,971	—	—	—	161,003
Net income	—	—	—	—	—	—	—	4,893	4,893
Balance, September 30, 2023	—	$ —	21,752	$ 218	$ 3,002,709	—	$ —	$ (1,229,863)	$ 1,773,064

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

Vital Energy, Inc.
Consolidated statements of cash flows
(in thousands)
(Unaudited)

	Nine months ended September 30,	
	2024	**2023**
Cash flows from operating activities:		
Net income	$ 185,871	$ 413,644
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-settled equity-based compensation, net	11,248	8,402
Depletion, depreciation and amortization	527,468	310,618
Mark-to-market on derivatives:		
(Gain) loss on derivatives, net	(82,064)	132,875
Settlements received (paid) for matured derivatives, net	10,751	(14,320)
Loss on extinguishment of debt, net	66,115	—
Deferred income tax (benefit) expense	52,278	(220,149)
Other, net	19,608	8,311
Changes in operating assets and liabilities:		
Accounts receivable, net	13,815	(38,807)
Other current assets	(7,667)	(9,589)
Other noncurrent assets, net	(836)	1,266
Accounts payable and accrued liabilities	(21,281)	4,243
Undistributed revenue and royalties	(19,593)	199
Other current liabilities	(1,432)	(12,846)
Other noncurrent liabilities	(11,125)	(4,625)
Net cash provided by operating activities	743,156	579,222
Cash flows from investing activities:		
Acquisitions of oil and natural gas properties, net	(831,225)	(540,129)
Capital expenditures:		
Oil and natural gas properties	(633,279)	(455,046)
Midstream and other fixed assets	(16,630)	(10,692)
Proceeds from dispositions of capital assets, net of selling costs	2,741	2,343
Other, net	(1,776)	2,082
Net cash used in investing activities	(1,480,169)	(1,001,442)
Cash flows from financing activities:		
Borrowings on Senior Secured Credit Facility	1,440,000	630,000
Payments on Senior Secured Credit Facility	(715,000)	(700,000)
Issuance of senior unsecured notes	1,001,500	897,710
Extinguishment of debt	(952,214)	—
Proceeds from issuance of common stock, net of offering costs	—	161,003
Stock exchanged for tax withholding	(3,533)	(3,056)
Payments for debt issuance costs	(21,738)	(16,331)
Other, net	(3,871)	(1,846)
Net cash provided by financing activities	745,144	967,480
Net increase in cash and cash equivalents	8,131	545,260
Cash and cash equivalents, beginning of period	14,061	44,435
Cash and cash equivalents, end of period	$ 22,192	$ 589,695

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

Note 1—Organization and basis of presentation

Organization

Vital Energy, Inc. ("Vital Energy" or the "Company"), together with its wholly-owned subsidiaries, is an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties in the Permian Basin of West Texas. The Company has identified one operating segment: exploration and production. In these notes, the "Company" refers to Vital Energy and its subsidiaries collectively, unless the context indicates otherwise. All amounts, dollars and percentages presented in these unaudited consolidated financial statements and the related notes are rounded and, therefore, approximate.

Basis of presentation

The unaudited consolidated financial statements were derived from the historical accounting records of the Company and reflect the historical financial position, results of operations and cash flows for the periods described herein. The unaudited consolidated financial statements have been prepared in accordance with GAAP. All material intercompany transactions and account balances have been eliminated in the consolidation of accounts.

The unaudited consolidated financial statements have not been audited by the Company's independent registered public accounting firm, except that the consolidated balance sheet as of December 31, 2023 is derived from the Company's audited consolidated financial statements. In the opinion of management, the unaudited consolidated financial statements reflect all necessary adjustments to present fairly the Company's interim financial position, results of operations and cash flows. All adjustments are of a recurring nature unless otherwise disclosed herein.

Certain disclosures have been condensed or omitted from the unaudited consolidated financial statements. Accordingly, the unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the 2023 Annual Report.

Significant accounting policies

There have been no material changes in the Company's significant accounting policies during the nine months ended September 30, 2024.

As discussed in Note 2 in the 2023 Annual Report, the Company uses the full cost method of accounting for its oil and natural gas properties. This accounting method requires a quarterly full cost ceiling test. The full cost ceiling is based principally on the estimated future net cash flows from proved oil, NGL and natural gas reserves, which exclude the effect of the Company's commodity derivative transactions, discounted at 10%. The SEC guidelines require companies to use the unweighted arithmetic average first-day-of-the-month price for each month within the 12-month period prior to the end of the reporting period, which are then adjusted for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point without giving effect to the Company's commodity derivative transactions. These prices are utilized to calculate the estimated future net cash flows in the full cost ceiling calculation. Additional significant inputs included in the calculation of discounted cash flows used in the full cost ceiling calculation include the Company's estimate of operating and development costs, anticipated production of proved reserves and other relevant data. In the event the unamortized cost of evaluated oil and natural gas properties being depleted exceeds the full cost ceiling, as defined by the SEC, the excess is expensed in the period such excess occurs. Once incurred, a write-down of oil and natural gas properties is not reversible.

The unamortized cost of evaluated oil and natural gas properties being depleted did not exceed the full cost ceiling as of September 30, 2024 or September 30, 2023. As such, no full cost ceiling impairments were recorded during the nine months ending September 30, 2024 and September 30, 2023. There are numerous uncertainties inherent in the estimation of proved reserves and accounting for oil and natural gas properties in future periods. In addition to commodity prices, our production rates, levels of proved reserves, future development costs, changes in oilfield service costs, potential recognition of additional proved undeveloped reserves, transfers of unevaluated properties and other factors will determine the Company's actual ceiling test calculation and impairment analysis in future periods. As a result, the Company could incur a material non-cash full cost ceiling impairment in future quarters, which would have an adverse effect on its statement of operations.

See Note 2 in the 2023 Annual Report for further discussion of significant accounting policies.

Use of estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates are reasonable, actual results could differ.

See Note 2 in the 2023 Annual Report for further information regarding the use of estimates and assumptions.

Note 2—New accounting standards

The Company considered the applicability and impact of all Accounting Standards Updates ("ASU") issued by the Financial Accounting Standards Board ("FASB") to the Accounting Standards Codification. ASUs not discussed were assessed and determined to be either not applicable, the effects of adoption are not expected to be material or are clarifications of ASUs previously disclosed. There were no new material ASUs adopted during the nine months ended September 30, 2024. See below for discussion of ASUs not yet adopted.

Accounting pronouncements not yet adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which sets forth improvements to the current segment disclosure requirements in accordance with Topic 280 "Segment Reporting," including clarifying that entities with a single reportable segment are subject to both new and existing segment reporting requirements. ASU 2023-07 will be effective retrospectively for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but will not impact the Company's consolidated financial position, results of operations or cash flows.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires more detailed tax disclosures, including disaggregated information about an entity's effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The amendments in this accounting standard are effective for fiscal years beginning after December 15, 2024, on a prospective basis. Early adoption is permitted. Adoption of this ASU will result in additional disclosure, but will not impact the Company's consolidated financial position, results of operations or cash flows.

Note 3—Acquisitions

2024 acquisitions

Point Acquisition

On September 20, 2024 (the "Point Closing Date"), the Company, together with Northern Oil and Gas, Inc. ("NOG"), purchased certain oil and natural gas properties located in the Delaware Basin with an effective date of April 1, 2024 from Point Energy Partners Petroleum, LLC, Point Energy Partners Operating, LLC, Point Energy Partners Water, LLC and Point Energy Partners Royalty, LLC (collectively, "Point") for an aggregate purchase price of $1.0 billion in cash, including closing adjustments (the "Point Acquisition"). The Company agreed to purchase 80% of the acquired assets, consisting of approximately 16,300 net acres in Ward and Winkler Counties, and will operate the assets, and NOG agreed to purchase the remaining 20% of the assets. The Company's portion of the aggregate preliminary purchase price was $833.8 million, which consisted of (i) $816.1 million in cash and (ii) $17.7 million of estimated transaction-related expenses. The purchase price is subject to additional post-closing adjustments. Based on the relative fair values on the Point Closing Date, the acquired assets and liabilities assumed were allocated as follows: (i) $791.7 million to evaluated properties, (ii) $52.7 million to unevaluated properties, (iii) $5.2 million to revenue suspense liabilities, (iv) $2.9 million to asset retirement obligation liabilities and (v) $2.5 million to property tax liabilities. The Point Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets.

PEP Acquisition

On February 2, 2024 (the "PEP Closing Date"), the Company purchased additional working interests in producing properties associated with the Henry Acquisition (as defined herein), with an effective date of August 1, 2023 (the "PEP Acquisition") through PEP Henry Production Partners LP, PEP HPP Jubilee SPV LP, PEP PEOF Dropkick SPV, LLC, PEP HPP Dropkick SPV LP and HPP Acorn SPV LP. The aggregate purchase price of $77.6 million consisted of (i) 878,690 shares of the Company's common stock, par value $0.01 per share ("Common Stock") based upon the share price as of the PEP Closing Date, (ii) 980,272 shares of the Company's 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock, par value $0.01 per share ("Preferred Stock") based upon the share price as of the PEP Closing Date, (iii) $1.8 million cash consideration received for closing adjustments and (iv) $0.6 million in transaction-related expenses, inclusive of post-closing adjustments. The PEP Acquisition was accounted for as an asset acquisition, as substantially all the gross assets acquired are concentrated in a group of similar identifiable assets. The 980,272 shares of Preferred Stock were subsequently converted to an equal number of shares of Common Stock on May 23, 2024. See Note 5 for further discussion of the Preferred Stock conversion.

The "Henry Acquisition," which closed on November 5, 2023, consisted of the purchase of certain oil and natural gas properties in the Midland and Delaware basins, and was accounted for as a business combination. See Note 4 in the 2023 Annual Report for additional discussion of the Henry Acquisition and the Company's 2023 asset acquisitions.

2023 acquisitions

Forge Acquisition

On June 30, 2023, the Company purchased certain oil and natural gas properties located in the Delaware Basin, including approximately 24,000 net acres in Pecos, Reeves and Ward Counties, and related assets and contracts, with an effective date of March 1, 2023 from Forge Energy II Delaware, LLC. The aggregate purchase price of $397.5 million consisted of (i) $389.9 million in cash and (ii) $7.6 million in transaction-related expenses.

Driftwood Acquisition

On April 3, 2023 (the "Driftwood Closing Date"), the Company purchased certain oil and natural gas properties in the Midland Basin, including approximately 11,200 net acres located in Upton and Reagan Counties and related assets and contracts, inclusive of derivatives, with an effective date of January 1, 2023 (the "Driftwood Acquisition") from Driftwood Energy Operating, LLC. The aggregate purchase price of $201.7 million consisted of (i) $117.4 million of cash, (ii) 1,578,948 shares of Common Stock based upon the share price as of the Driftwood Closing Date and (iii) $4.2 million in transaction-related expenses.

During the second quarter of 2023, the Company acquired additional interests in producing properties associated with the Driftwood Acquisition through additional sellers that exercised their "tag-along" sales rights, for total cash consideration of $8.6 million, excluding customary purchase price adjustments.

Note 4—Debt

Long-term debt, net

The following table presents the Company's long-term debt and unamortized debt issuance costs, discounts and premiums included in "Long-term debt, net" on the consolidated balance sheets as of the dates presented:

(in thousands)	September 30, 2024	December 31, 2023
10.125% senior unsecured notes due 2028	$ —	$ 700,309
7.750% senior unsecured notes due 2029	298,214	298,214
9.750% senior unsecured notes due 2030	302,364	500,000
7.875% senior unsecured notes due 2032	1,000,000	—
Senior Secured Credit Facility	860,000	135,000
Total long-term debt	2,460,578	1,633,523
Unamortized debt issuance costs[1]	(25,463)	(21,800)
Unamortized discounts	(3,267)	(6,068)
Unamortized premiums	1,423	3,769
Total long-term debt, net	$ 2,433,271	$ 1,609,424

(1) Unamortized debt issuance costs related to the Senior Secured Credit Facility of $13.3 million and $14.1 million as of September 30, 2024 and December 31, 2023, respectively, are included in "Other noncurrent assets, net" on the consolidated balance sheets.

Senior Secured Credit Facility

On September 20, 2024, in connection with the closing of the Point Acquisition, the Company entered into the Thirteenth Amendment to the Senior Secured Credit Facility (the "Thirteenth Amendment"). The Thirteenth Amendment, among other things, increased the aggregate elected commitment to $1.5 billion under the Senior Secured Credit Facility. See Note 3 for additional discussion of the Point Acquisition.

As of September 30, 2024, the Senior Secured Credit Facility, which matures on September 13, 2027, had a maximum credit amount of $3.0 billion, a borrowing base and an aggregate elected commitment of $1.5 billion, and an outstanding balance of $860.0 million subject to a weighted-average interest rate of 8.093%. The Senior Secured Credit Facility contains both financial and non-financial covenants, all of which the Company was in compliance with for all periods presented. Additionally, the Senior Secured Credit Facility provides for the issuance of letters of credit, limited to the lesser of total capacity or $80.0 million. As of September 30, 2024 and December 31, 2023, the Company had no letters of credit outstanding under the Senior Secured Credit Facility. For additional information see Note 7 in the 2023 Annual Report. See Note 14 for discussion of additional borrowings and repayments on the Senior Secured Credit Facility subsequent to September 30, 2024.

March 2032 Notes

On March 28, 2024, the Company completed an offering of $800.0 million in aggregate principal amount of 7.875% senior unsecured notes due 2032 (the "Initial March 2032 Notes") for net proceeds of $784.8 million. The net proceeds from this offering and the Tack-On March 2032 Notes (defined below) were used to (i) extinguish in full the Company's outstanding 10.125% senior unsecured notes due 2028 (the "January 2028 Notes"), (ii) reduce the outstanding principal amount of the 9.750% senior unsecured notes due 2030 (the "September 2030 Notes") and (iii) repay a portion of the outstanding borrowings on the Senior Secured Credit Facility. On March 29, 2024, the Company settled a cash tender offer on the January 2028 Notes for an aggregate principal amount outstanding of $431.2 million.

On April 3, 2024, the Company completed an offering of an additional $200.0 million in aggregate principal amount of 7.875% senior unsecured notes due 2032 (the "Tack-On March 2032 Notes," and, together with the Initial March 2032 Notes, the "March 2032 Notes"), at 100.750% of par, under the same indenture dated as of March 28, 2024 for net proceeds of approximately $198.7 million. On April 3, 2024, the Company settled a cash tender offer on the September 2030 Notes of

$197.6 million and on April 29, 2024, the Company redeemed the remaining principal amount outstanding on the January 2028 Notes of $269.2 million at a redemption price of 105.063%.

Interest for the March 2032 Notes is payable semi-annually, in cash in arrears on April 15 and October 15 of each year, commencing October 15, 2024 with interest from closing to that date. The terms of the Company's March 2032 Notes include covenants, which are in addition to covenants in the Senior Secured Credit Facility that limit the Company's ability to incur indebtedness, make restricted payments, grant liens and dispose of assets. The March 2032 Notes are fully and unconditionally guaranteed on a senior unsecured basis by Vital Midstream Services, LLC and certain of the Company's future restricted subsidiaries, subject to certain automatic customary releases, including the sale, disposition or transfer of all of the capital stock or of all or substantially all of the assets of a subsidiary guarantor to one or more persons that are not the Company or a restricted subsidiary, exercise of legal defeasance or covenant defeasance options or satisfaction and discharge of the applicable indenture, designation of a subsidiary guarantor as a non-guarantor restricted subsidiary or as an unrestricted subsidiary in accordance with the applicable indenture, release from guarantee under the Senior Secured Credit Facility, or liquidation or dissolution.

The following table presents the components of the Company's loss on extinguishment of debt during the period presented:

(in thousands)	Nine months ended September 30, 2024
Principal amount tendered or redeemed	$ 897,945
Extinguishment of debt(1)	(952,214)
Early tender or redemption premiums	(54,269)
Write-off of debt issuance costs	(13,121)
Write-off of issuance discount	(2,311)
Write-off of issuance premium	3,586
Loss on extinguishment of debt, net(2)	$ (66,115)

(1) Amounts are included in "Extinguishment of debt" in cash flows from financing activities on the consolidated statements of cash flows.
(2) Amounts are included in "Loss on extinguishment of debt, net" on the consolidated statements of operations.

No loss on extinguishment of debt was recorded during the three months ended September 30, 2024.

Note 5—Stockholders' equity

Equity offering

On September 19, 2023, the Company completed the sale of 2,750,000 shares of its common stock for net proceeds of $140.0 million, after underwriting discounts, commissions and offering expenses. On September 29, 2023, the underwriters exercised their option to purchase an additional 412,500 shares of common stock, which resulted in net proceeds to the Company of $21.0 million, after underwriting discounts, commissions and offering expenses.

Equity transactions related to acquisitions of oil and natural gas properties

On May 22, 2024, in connection with the final settlement of the Maple Acquisition (as defined herein), 76,166 shares of the Company's common stock held in escrow were cancelled and returned to the Company's pool of authorized and unissued common stock. The "Maple Acquisition," which closed on October 31, 2023, consisted of the purchase of certain oil and natural gas properties in the Delaware Basin. See Note 4 in the 2023 Annual Report for additional discussion of the Maple Acquisition.

Preferred Stock

On May 23, 2024, upon recommendation of the Company's board of directors, stockholders approved the conversion of the remaining 1,575,376 outstanding shares of Preferred Stock to an equal number of shares of common stock. The conversion occurred on June 4, 2024. As a result of the conversion, the Company paid a dividend of $0.3 million for the period the Preferred Stock was outstanding during the second quarter of 2024.

Share repurchase program

On May 31, 2022, the Company's board of directors authorized a $200.0 million share repurchase program. The repurchase program commenced in May 2022 and was originally set to expire in May 2024. On May 23, 2024, the board of directors approved an amendment to the share repurchase program to (i) increase the shares of Common Stock which the Company may purchase to a total aggregate authorization of $237.3 million, and (ii) extend the expiration date to May 22, 2026. Share repurchases under the program may be made through a variety of methods, which may include open market purchases, including under plans complying with Rule 10b5-1 of the Exchange Act, and privately negotiated transactions. The timing and actual number of share repurchases will depend upon several factors, including market conditions, business conditions, the trading price of the Company's common stock and the nature of other investment opportunities available to the Company. No shares were repurchased during the nine months ended September 30, 2024 and 2023.

Note 6—Equity Incentive Plan

The Vital Energy, Inc. Omnibus Equity Incentive Plan (the "Equity Incentive Plan") provides for the granting of incentive awards in the form of restricted stock awards, stock option awards, performance share awards, performance unit awards, phantom unit awards and other awards. On May 23, 2024, the Company's stockholders approved an amendment and restatement to the Equity Incentive Plan, which increased the maximum number of shares of the Company's common stock issuable under the Equity Incentive Plan from 2,432,500 to 3,332,500 shares.

See Note 9 in the 2023 Annual Report for additional discussion of the Company's equity-based compensation awards.

The following table presents activity for equity-based compensation awards for the nine months ended September 30, 2024:

	Equity Awards		Liability Awards
(in thousands)	**Restricted Stock Awards**	**Performance Share Awards**	**Performance Unit Awards[(1)(2)]**
Outstanding as of December 31, 2023	472	48	158
Granted	470	—	141
Forfeited	(18)	—	—
Vested	(222)	—	(83)
Outstanding as of September 30, 2024	702	48	216

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(1) The performance unit awards granted on March 9, 2021 had a performance period of January 1, 2021 to December 31, 2023 and, as their market and performance criteria were satisfied, resulted in a 145.83% payout, or 120,297 units. As such, the granted awards vested and were paid out in cash on March 8, 2024 at $50.38 per unit based on the Company's closing stock price on the vesting date.

(2) On February 20, 2024 and April 1, 2024, the Company granted performance unit awards with a performance period of January 1, 2024 through December 31, 2026. The market criteria consists of: (i) relative total shareholder return comparing the Company's shareholder return to the shareholder return of the exploration and production companies listed in the Russell 2000 Index and (ii) absolute shareholder return. The performance criteria for these awards consists of: (i) earnings before interest, taxes, depreciation, amortization and exploration expense and three-year total debt reduction, (ii) growth in inventory and (iii) emissions reductions. Any units earned are expected to be paid in cash during the first quarter following the completion of the requisite service period, based on the achievement of market and performance criteria, and the payout can range from 0% to 225%.

As of September 30, 2024, total unrecognized cost related to equity-based compensation awards was $28.5 million, of which $4.0 million was attributable to liability awards which will be settled in cash rather than shares. Such cost will be recognized on a straight-line basis over an expected weighted-average period of 1.95 years.

Equity-based compensation

The following table reflects equity-based compensation expense for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2024	2023	2024	2023
Equity awards:				
Restricted stock awards	$ 4,421	$ 3,272	$ 12,615	$ 9,311
Performance share awards	335	535	1,354	1,348
Total share-settled equity-based compensation, gross	4,756	3,807	13,969	10,659
Less amounts capitalized	(943)	(870)	(2,721)	(2,257)
Total share-settled equity-based compensation, net	3,813	2,937	11,248	8,402
Liability awards:				
Performance unit awards and phantom unit awards	(411)	2,507	1,816	4,332
Total cash-settled equity-based compensation, gross	(411)	2,507	1,816	4,332
Less amounts capitalized	—	—	(14)	(50)
Total cash-settled equity-based compensation, net	(411)	2,507	1,802	4,282
Total equity-based compensation, net	$ 3,402	$ 5,444	$ 13,050	$ 12,684

Note 7—Net income per common share

Basic net income per common share is computed by first subtracting preferred stock dividends from net income to arrive at net income available to common stockholders, and then dividing net income available to common stockholders by the basic weighted-average common shares outstanding for the period. Diluted net income per common share is computed by dividing net income by the diluted weighted average common shares outstanding for the period, which reflects the potential dilution of preferred stock and non-vested equity-based compensation awards. See Notes 8 and 9 in the 2023 Annual Report for additional discussion of the Company's preferred stock and equity-based compensation awards, respectively.

The following table reflects the calculations of basic and diluted (i) weighted-average common shares outstanding and (ii) net income per common share for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands, except for per share data)	2024	2023	2024	2023
Net income	$ 215,300	$ 4,893	$ 185,871	$ 413,644
Less: Preferred Stock dividends	—	—	(652)	—
Net income available to common stockholders	$ 215,300	$ 4,893	$ 185,219	$ 413,644
Weighted-average common shares outstanding:				
Basic	37,459	18,455	36,472	17,646
Dilutive non-vested restricted stock awards	102	112	108	93
Dilutive non-vested performance share awards[(1)]	19	2	13	1
Dilutive preferred stock	—	—	777	—
Diluted	37,580	18,569	37,370	17,740
Net income per common share:				
Basic	$ 5.75	$ 0.27	$ 5.08	$ 23.44
Diluted	$ 5.73	$ 0.26	$ 4.97	$ 23.32
Anti-dilutive weighted-average common shares outstanding[(2)]:				
Non-vested restricted stock awards	396	270	104	268

(1) The dilutive effect of the non-vested performance shares for the three and nine months ended September 30, 2023 and 2024 were calculated assuming each respective performance period ended on September 30, 2023 and 2024.

(2) Shares excluded from the diluted net income per common share calculation because their effect would be anti-dilutive.

Note 8—Derivatives

The Company has two types of derivative instruments as of September 30, 2024: (i) commodity derivatives and (ii) a contingent consideration derivative. See Note 9 for discussion of fair value measurement of derivatives on a recurring basis and Note 14 for discussion of derivatives subsequent events. The Company's derivatives were not designated as hedges for accounting purposes, and the Company does not enter into such instruments for speculative trading purposes. Accordingly, the changes in derivative fair values are recognized in "Gain (loss) on derivatives, net" under "Non-operating income (expense)" on the consolidated statements of operations.

The following table summarizes components of the Company's gain (loss) on derivatives, net by type of derivative instrument for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2024	2023	2024	2023
Commodity	$ 237,103	$ (138,946)	$ 90,693	$ (137,554)
Contingent consideration	(10,550)	3,625	(8,629)	4,679
Gain (loss) on derivatives, net	$ 226,553	$ (135,321)	$ 82,064	$ (132,875)

Commodity

Due to the inherent volatility in oil, NGL and natural gas prices and the sometimes wide pricing differentials between where the Company produces and where the Company sells such commodities, the Company engages in commodity derivative transactions, such as puts, swaps, collars and basis swaps, to hedge price risk associated with a portion of the Company's anticipated sales volumes. By removing a portion of the price volatility associated with future sales volumes, the Company expects to mitigate, but not eliminate, the potential effects of variability in cash flows from operations. During the nine months ended September 30, 2024, the Company’s derivatives were settled based on reported prices on commodity exchanges, with (i) oil derivatives settled based on WTI NYMEX, Argus WTI Midland and Argus WTI Formula Basis pricing, (ii) NGL derivatives settled based on Mont Belvieu OPIS pricing and (iii) natural gas derivatives settled based on Henry Hub NYMEX and Waha Inside FERC pricing.

The following table summarizes open commodity derivative positions as of September 30, 2024, for commodity derivatives that were entered into through September 30, 2024, for the settlement periods presented:

	Remaining Year 2024	Year 2025	Year 2026
Oil:			
WTI NYMEX - Swaps:			
Volume (Bbl)	4,957,200	15,410,000	4,005,000
Weighted-average price ($/Bbl)	$ 76.71	$ 74.85	$ 71.42
WTI NYMEX - Three-way Collars:			
Volume (Bbl)	48,500	—	—
Weighted-average sold put price ($/Bbl)	$ 50.00	$ —	$ —
Weighted-average floor price ($/Bbl)	$ 66.45	$ —	$ —
Weighted-average ceiling price ($/Bbl)	$ 87.05	$ —	$ —
Argus WTI Midland to Argus WTI Formula Basis - Basis Swaps:			
Volume (Bbl)	65,700	—	—
Weighted-average differential ($/Bbl)	$ 0.12	$ —	$ —
Natural gas:			
Henry Hub NYMEX - Swaps:			
Volume (MMBtu)	6,558,250	—	—
Weighted-average price ($/MMBtu)	$ 3.47	$ —	$ —
Waha Inside FERC - Swaps:			
Volume (MMBtu)	—	35,405,000	33,580,000
Weighted-average price ($/MMBtu)	$ —	$ 2.34	$ 2.53
Henry Hub NYMEX - Collars:			
Volume (MMBtu)	149,511	—	—
Weighted-average floor price ($/MMBtu)	$ 3.40	$ —	$ —
Weighted-average ceiling price ($/MMBtu)	$ 6.12	$ —	$ —
Waha Inside FERC to Henry Hub NYMEX - Basis Swaps:			
Volume (MMBtu)	6,707,761	—	—
Weighted-average differential ($/MMBtu)	$ (0.74)	$ —	$ —

Contingent consideration

On May 7, 2021, the Company entered into a purchase and sale agreement (the "Sixth Street PSA"), to sell 37.5% of the Company's working interest in certain producing wellbores and the related properties primarily located within Glasscock and Reagan Counties, Texas. The Sixth Street PSA provides for potential contingent payments to be paid to the Company if certain cash flow targets are met related to divested oil and natural gas property operations (the "Sixth Street Contingent Consideration"). The Sixth Street Contingent Consideration provides the Company with the right to receive up to a maximum of $93.7 million in additional cash consideration, comprised of potential quarterly payments through June 2027 totaling up to $38.7 million and a potential balloon payment of $55.0 million in June 2027. As of September 30, 2024, the Company had received life-to-date contingent consideration payments of $4.3 million, with maximum remaining potential cash consideration totaling $80.4 million. The estimated fair value of the Sixth Street Contingent Consideration was $22.5 million as of September 30, 2024 and $31.1 million as of December 31, 2023.

Note 9—Fair value measurements

See the beginning of Note 12 in the 2023 Annual Report for information about the fair value hierarchy levels.

Fair value measurement on a recurring basis

See Note 8 for further discussion of the Company's derivatives.

Balance sheet presentation

The following tables present the Company's derivatives by (i) balance sheet classification, (ii) derivative type and (iii) fair value hierarchy level, and provide a total, on a gross basis and a net basis reflected in "Derivatives" on the consolidated balance sheets as of the dates presented:

	September 30, 2024					
(in thousands)	Level 1	Level 2	Level 3	Total gross fair value	Amounts offset	Net fair value presented on the consolidated balance sheets
Assets:						
Current:						
Commodity	$ —	$ 147,720	$ —	$ 147,720	$ (2,461)	$ 145,259
Contingent consideration	—	—	815	815	—	815
Noncurrent:						
Commodity	—	54,514	—	54,514	(531)	53,983
Contingent consideration	—	—	21,662	21,662	—	21,662
Liabilities:						
Current:						
Commodity	—	(2,461)	—	(2,461)	2,461	—
Noncurrent:						
Commodity	—	(531)	—	(531)	531	—
Net derivative asset positions	$ —	$ 199,242	$ 22,477	$ 221,719	$ —	$ 221,719

	December 31, 2023					
(in thousands)	Level 1	Level 2	Level 3	Total gross fair value	Amounts offset	Net fair value presented on the consolidated balance sheets
Assets:						
Current:						
Commodity	$ —	$ 106,067	$ —	$ 106,067	$ (9,032)	$ 97,035
Contingent consideration	—	—	2,301	2,301	—	2,301
Noncurrent:						
Commodity	—	22,266	—	22,266	—	22,266
Contingent consideration	—	—	28,805	28,805	—	28,805
Liabilities:						
Current:						
Commodity	—	(9,032)	—	(9,032)	9,032	—
Net derivative asset positions	$ —	$ 119,301	$ 31,106	$ 150,407	$ —	$ 150,407

See Note 12 in the 2023 Annual Report for discussion of the significant Level 2 inputs used in the fair value mark-to-market analysis of commodity and contingent consideration derivatives. The Company reviewed the third-party specialist's valuations of commodity and contingent consideration derivatives, including the related inputs, and analyzed changes in fair values between reporting dates.

The Sixth Street Contingent Consideration was categorized as Level 3 of the fair value hierarchy, as the Company utilized its own cash flow projections along with a risk-adjusted discount rate generated by a third-party valuation specialist to determine the valuation. The Company reviewed the third-party specialist's valuation, including the related inputs, and analyzed changes in fair values between the divestiture closing date and the reporting dates. The fair value of the Sixth Street Contingent Consideration was recorded as part of the basis in the oil and natural gas properties divested and as a contingent consideration asset. At each quarterly reporting period, the Company remeasures contingent consideration with the change in fair values recognized in "Gain (loss) on derivatives, net" under "Non-operating income (expense)" on the consolidated statement of operations. See Note 8 for additional discussion of the Sixth Street Contingent Consideration.

The following table summarizes the changes in contingent consideration derivatives classified as Level 3 measurements for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	2024	2023	2024	2023
Balance of Level 3 at beginning of period	$ 33,027	$ 26,239	$ 31,106	$ 26,640
Change in Sixth Street Contingent Consideration fair value	(10,550)	3,625	(8,629)	4,679
Settlements realized[1]	—	(47)	—	(1,502)
Balance of Level 3 at end of period	$ 22,477	$ 29,817	$ 22,477	$ 29,817

(1) For the nine months ended September 30, 2024 and 2023, any settlements are included in "Other, net" in cash flows from investing activities on the consolidated statements of cash flows.

Items not accounted for at fair value

The carrying amounts reported on the consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable, accrued capital expenditures, undistributed revenue and royalties and other accrued assets and liabilities approximate their fair values.

The Company has not elected to account for its debt instruments at fair value. The following table presents the carrying amounts and fair values of the Company's debt as of the dates presented:

	September 30, 2024		December 31, 2023	
(in thousands)	Carrying amount[1]	Fair value[2]	Carrying amount[1]	Fair value[2]
Debt	$ 2,460,578	$ 2,446,473	$ 1,633,523	$ 1,658,686

(1) Amounts presented do not include issuance premiums or discounts.
(2) The fair values of the outstanding notes were determined using the Level 2 fair value hierarchy quoted market prices for each respective instrument as of September 30, 2024 and December 31, 2023. The fair values of the outstanding debt under the Senior Secured Credit Facility approximated their carrying value based on short-term floating interest rates available to the Company at the time.

Note 10—Commitments and contingencies

From time to time, the Company is subject to various legal proceedings arising in the ordinary course of business, including those that arise from interpretation of federal, state and local laws and regulations affecting the oil and natural gas industry, personal injury claims, title disputes, royalty disputes, contract claims, contamination claims relating to oil and natural gas exploration and development and environmental claims, including claims involving assets previously sold to third parties and no longer part of the Company's current operations. The Company may not have insurance coverage for some of these proceedings and failure to comply with applicable laws and regulations can result in substantial penalties. While many of these matters involve inherent uncertainty, as of the date hereof, the Company believes that any such legal proceedings, if ultimately decided adversely, will not have a material adverse effect on the Company's business, financial position, results of operations or liquidity.

The Company has committed to deliver, for sale or transportation, fixed volumes of product under certain contractual arrangements that specify the delivery of a fixed and determinable quantity. If not fulfilled, the Company is subject to firm transportation payments on excess pipeline capacity and other contractual penalties. These commitments are normal and customary for the Company's business. In certain instances, the Company has used spot market purchases to meet its commitments in certain locations or due to favorable pricing. As of September 30, 2024, future firm sale and transportation commitments of $99.3 million are expected to be satisfied and, as such, are not recorded as a liability on the consolidated balance sheet.

The Company has committed to take delivery of processed sand, which is utilized in the Company's completions activities, at specified prices through 2026. As of September 30, 2024, future purchase commitments under the terms of these agreements are estimated to be $42.3 million,

Note 11—Supplemental cash flow and non-cash information

The following table presents supplemental cash flow and non-cash information for the periods presented:

	Nine months ended September 30,	
(in thousands)	**2024**	**2023**
Supplemental cash flow information:		
Cash paid for interest, net of $1,181 and $1,827 of capitalized interest, respectively	$ 111,798	$ 109,795
Supplemental non-cash operating information:		
Right-of-use assets obtained in exchange for operating lease liabilities[1]	$ 47,693	$ 125,940
Supplemental non-cash investing information:		
Change in accrued capital expenditures	$ 17,040	$ 25,771
Equity issued for acquisition of oil and natural gas properties[2]	$ 74,928	$ 80,068
Liabilities assumed in acquisitions of oil and natural gas properties[2]	$ 27,861	$ 11,411

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(1) See Note 5 in the 2023 Annual Report for additional discussion of the Company's leases.
(2) See Note 3 for additional discussion of the Company's acquisitions.

Note 12—Income taxes

The following table presents income tax benefit (expense) for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands)	**2024**	**2023**	**2024**	**2023**
Current	$ (469)	$ (464)	$ (2,706)	$ (2,298)
Deferred	(59,855)	(1,909)	(52,278)	220,149
Income tax benefit (expense)	$ (60,324)	$ (2,373)	$ (54,984)	$ 217,851

The Company estimates its annual effective tax rate ("AETR") in recording its interim quarterly income tax provision for the various jurisdictions in which it operates. The tax effects of statutory rate changes, significant unusual or infrequently occurring items, and certain changes in the assessment of the realizability of deferred tax assets are excluded from the determination of its estimated AETR and are recognized as discrete items in the quarter in which they occur. The Company's effective tax rate during the three and nine months ended September 30, 2024 was 21.89% and 22.83%, respectively, and is the result of projecting current and deferred U.S. income and Texas Franchise taxes, including the impact of discrete items and permanent differences. Current income tax expense is primarily attributable to Texas Franchise tax.

During the nine months ended September 30, 2023, the Company determined there was sufficient positive evidence to conclude that it is more likely than not its federal deferred tax assets are realizable. Therefore, the Company reduced its valuation allowance accordingly and recorded a discrete quarterly benefit of $222.2 million during the second quarter of 2023. The balance of the valuation allowance reversal was reflected as part of the Company's estimated annualized effective tax rate with respect to prior year projected earnings.

The Company’s deferred tax assets are primarily the result of U.S. net operating loss carryforwards. As of September 30, 2024, the Company had U.S. net operating loss carryforwards totaling $843.4 million, of which $476.6 million will begin to expire in 2035 and $366.8 million will not expire but may be limited in future periods, and state of Oklahoma net operating loss carryforwards totaling $507.9 million, of which $18.8 million is subject to expiration beginning in 2033. As of September 30, 2024, the Company continues to maintain a full valuation allowance against its state of Oklahoma deferred tax assets.

If the Company were to experience an "ownership change," as determined under Section 382 of the Internal Revenue Code, the Company's ability to offset taxable income, arising after the ownership change with net operating losses and interest expense carryforwards arising prior to the ownership change, could be significantly limited. Based on information available as of September 30, 2024, no such ownership change has occurred.

The Company has closed two acquisitions during 2024. For income tax purposes, both the PEP Acquisition and the Point Acquisition will be treated as asset purchases. As such, the tax basis in the assets and liabilities will generally reflect the allocated fair value at closing. Therefore, the Company does not anticipate recording any deferred income taxes as part of the purchase consideration. See Note 3 for additional information regarding the Company's acquisitions.

Note 13—Related parties

Halliburton

The Chairman of the Company's board of directors is on the board of directors of Halliburton Company ("Halliburton"). The Company has a lease agreement with Halliburton, which extends through 2025, to provide an electric fracture stimulation crew and the related services. Under the agreement, the Company had a lease liability of $38.4 million as of September 30, 2024 and $59.7 million as of December 31, 2023, which is included in both current and noncurrent "Operating lease liabilities" on the consolidated balance sheets. Payments to Halliburton are included in capital expenditures for oil and natural gas properties in cash flows from investing activities on the consolidated statements of cash flows.

The following table presents the capital expenditures for oil and natural gas properties paid to Halliburton included in the consolidated statements of cash flows for the periods presented:

	Nine months ended September 30,	
(in thousands)	2024	2023
Capital expenditures for oil and natural gas properties	$ 61,176	$ 91,751

Note 14—Subsequent events

Senior Secured Credit Facility

Subsequent to September 30, 2024, the Company borrowed $190.0 million and repaid $100.0 million on the Senior Secured Credit Facility. As a result, the outstanding balance under the Senior Secured Credit Facility was $950.0 million as of November 5, 2024.

Commodity derivatives

The following table summarizes the Company's open oil and natural gas derivative positions as of September 30, 2024, updated for the derivative transactions entered into from September 30, 2024 through November 5, 2024, for the settlement periods presented:

	Remaining Year 2024	Year 2025	Year 2026	Year 2027
Oil:				
WTI NYMEX - Swaps:				
Volume (Bbl)	5,490,200	16,074,000	4,005,000	—
Weighted-average price ($/Bbl)	$ 76.49	$ 74.79	$ 71.42	$ —
WTI NYMEX - Three-way Collars:				
Volume (Bbl)	48,500	—	—	—
Weighted-average sold put price ($/Bbl)	$ 50.00	$ —	$ —	$ —
Weighted-average floor price ($/Bbl)	$ 66.45	$ —	$ —	$ —
Weighted-average ceiling price ($/Bbl)	$ 87.05	$ —	$ —	$ —
Argus WTI Midland to Argus WTI Formula Basis - Basis Swaps:				
Volume (Bbl)	65,700	—	—	—
Weighted-average differential ($/Bbl)	$ 0.12	$ —	$ —	$ —
Natural gas:				
Henry Hub NYMEX - Swaps:				
Volume (MMBtu)	6,558,250	—	—	—
Weighted-average price ($/MMBtu)	$ 3.47	$ —	$ —	$ —
Waha Inside FERC - Swaps:				
Volume (MMBtu)	—	35,405,000	33,580,000	7,300,000
Weighted-average price ($/MMBtu)	$ —	$ 2.34	$ 2.53	$ 2.79
Henry Hub NYMEX - Collars:				
Volume (MMBtu)	149,511	—	—	—
Weighted-average floor price ($/MMBtu)	$ 3.40	$ —	$ —	$ —
Weighted-average ceiling price ($/MMBtu)	$ 6.12	$ —	$ —	$ —
Waha Inside FERC to Henry Hub NYMEX - Basis Swaps:				
Volume (MMBtu)	6,707,761	—	—	—
Weighted-average differential ($/MMBtu)	$ (0.74)	$ —	$ —	$ —

See Note 8 for additional discussion regarding the Company's derivatives. There has been no other derivative activity subsequent to September 30, 2024.

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

The following discussion and analysis of our financial condition and results of operations is for the three and nine months ended September 30, 2024 and 2023, and should be read in conjunction with our unaudited consolidated financial statements and condensed notes thereto included elsewhere in this Quarterly Report as well as our audited consolidated financial statements and notes thereto included in our 2023 Annual Report. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, beliefs and expected performance. We caution that assumptions, expectations, projections, intentions or beliefs about future events may, and often do, vary from actual results and the differences can be material. Please see "Cautionary Statement Regarding Forward-Looking Statements" and "Part II, Item 1A. Risk Factors." Except for purposes of the unaudited consolidated financial statements and condensed notes thereto included elsewhere in this Quarterly Report, references in this Quarterly Report to "Vital Energy," "we," "us," "our" or similar terms refer to Vital Energy and its subsidiaries, collectively, unless the context otherwise indicates or requires. Unless otherwise specified, references to "average sales price" refer to average sales price excluding the effects of our derivative transactions. All amounts, dollars and percentages presented in this Quarterly Report are rounded and therefore approximate.

Executive overview

We are an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties in the Permian Basin of West Texas. The oil and liquids-rich Permian Basin is characterized by multiple target horizons, extensive production histories, long-lived reserves, high drilling success rates and high initial production rates. During 2023 and 2024, we added approximately 104,400 net acres through multiple acquisitions. As of September 30, 2024, we had assembled 290,945 net acres in the Permian Basin.

Throughout most of the third quarter of 2024, we were operating four drilling rigs and two completions crews, with one additional drilling rig added in connection with the closing of the Point Acquisition on September 20, 2024. We expect to operate five drilling rigs and one to two completions crews during the fourth quarter of 2024. Our planned capital expenditures for full-year 2024 are expected to be between $845.0 million and $870.0 million. However, we will continue to monitor commodity prices and service costs and adjust activity levels in order to proactively manage our cash flows and preserve liquidity. Below is a summary of our financial and operating performance for the third quarter of 2024:

- Net income of $215.3 million, which includes a non-cash gain on derivatives of $197.5 million
- Oil, NGL, and natural gas sales of $448.8 million
- Oil sales volumes of 5,446 MBbl and oil production of 59,198 Bbl/d
- Oil equivalent sales volumes of 12,267 MBOE and total production of 133,339 BOE/d
- Capital investments of $241.9 million, excluding non-budgeted acquisition costs

Recent developments

Point Acquisition

On September 20, 2024, we, together with Northern Oil and Gas, Inc. ("NOG"), purchased certain oil and natural gas properties located in the Delaware Basin with an effective date of April 1, 2024 from Point Energy Partners Petroleum, LLC, Point Energy Partners Operating, LLC, Point Energy Partners Water, LLC and Point Energy Partners Royalty, LLC (collectively, “Point”) for an aggregate purchase price of $1.0 billion in cash, including closing adjustments (the "Point Acquisition"). We agreed to purchase 80% of the acquired assets, consisting of approximately 16,300 net acres in Ward and Winkler Counties, and will operate the assets, and NOG agreed to purchase the remaining 20% of the assets. Our portion of the aggregate preliminary purchase price was $833.8 million, which consisted of (i) $816.1 million in cash and (ii) $17.7 million in estimated transaction-related expenses. The purchase price is subject to additional post-closing adjustments, and was funded entirely with borrowings under our Senior Secured Credit Facility. Upon closing of the Point Acquisition, we entered into the Thirteenth Amendment to our Senior Secured Credit Facility, which, among other things, increased our aggregate elected commitment to $1.5 billion. See Notes 3 and 4 to our consolidated financial statements included elsewhere in this Quarterly Report for further discussion of the Point Acquisition and our Senior Secured Credit Facility, respectively.

Commodity prices, reserves and full cost ceiling test

Commodity prices

Commodity prices have historically been volatile. While general economic concerns continue to place some downward pressure on commodity prices, worldwide commodity demand continues to rise. Although supply has increased, it has been constrained and pricing has been affected, in part, by the impact of the world political and economic environment. Any of the above factors could change or reverse, and global commodity and financial markets remain subject to heightened levels of uncertainty and volatility.

With natural gas production in the Permian Basin at all-time highs, transportation capacity to market hubs for our natural gas production provided by existing natural gas pipelines has been generally constrained. During this time of natural gas pipeline capacity constraint, our sales price for natural gas is lower than historical trends and may, at times, be negative.

Our results of operations are heavily influenced by oil, NGL and natural gas prices. We maintain an active commodity derivatives program to minimize commodity price volatility and support cash flows for operations. We have entered into a number of commodity derivative contracts that have enabled us to offset a portion of the changes in our cash flow caused by fluctuations in price and basis differentials for our sales of oil, NGL and natural gas, as discussed in "Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk." See Notes 8 and 9 to our consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of our commodity derivatives. Notwithstanding our derivatives strategy, a collapse in commodity prices may affect the economic viability of, and our ability to fund, our drilling and completions programs, as well as the economic recovery of oil, NGL and natural gas reserves.

Reserves and full cost ceiling test

We use the full cost method of accounting for our oil and natural gas properties, with the full cost ceiling based principally on the estimated future net cash flows from our proved oil, NGL and natural gas reserves, which exclude the effect of our commodity derivative transactions, discounted at 10% under required SEC guidelines for pricing methodology. We review the carrying value of our oil and natural gas properties under the full cost accounting rules of the SEC on a quarterly basis. In the event the unamortized cost, or net book value, of our evaluated oil and natural gas properties being depleted exceeds the full cost ceiling, the excess is expensed in the period such excess occurs. Once incurred, a write-down of evaluated oil and natural gas properties is not reversible.

Our reserves are reported in three product streams: oil, NGL and natural gas. The realized prices, which are utilized to value our proved reserves and calculated using the average first-day-of-the-month prices for each month within the 12-month period prior to the end of the reporting period, adjusted for factors affecting price received at the delivery point, as of September 30, 2024 were $79.92 for oil, $14.06 for NGL and $0.81 for natural gas. The unamortized cost of evaluated oil and natural gas properties being depleted did not exceed the full cost ceiling as of September 30, 2024 or September 30, 2023. As such, no full cost ceiling impairments were recorded during the nine months ended September 30, 2024 and September 30, 2023.

If prices remain at or below the current levels, subject to numerous factors and inherent limitations, some of which are discussed below, and all other factors remain constant, we could incur a material non-cash full cost ceiling impairment in future quarters, which would have an adverse effect on our statement of operations.

There are numerous uncertainties inherent in the estimation of proved reserves and accounting for oil and natural gas properties in future periods. In addition to commodity prices, our production rates, levels of proved reserves, future development costs, changes in oilfield service costs, potential recognition of additional proved undeveloped reserves, transfers of unevaluated properties and other factors will determine our actual ceiling test calculation and impairment analysis in future periods. Also, purchases of proved properties may be recorded at a cost that exceeds a related increase in the full cost ceiling calculation as acquisitions are generally recorded at fair value based on expected future prices and other factors that may differ from historical prices used in the full cost ceiling test, among other factors.

In our upcoming fourth-quarter calculation to value our proved reserves, the October 2023 first-day-of-the-month oil price of $90.79 per Bbl will be replaced by the October 2024 first-day-of-the-month oil price of $69.83 per Bbl. If the October 2024 commodity prices are applied to November 2024 and December 2024 as well, the projected commodity prices for the period beginning January 1, 2024 and ending December 31, 2024 would be $76.71 per Bbl for oil, $13.72 per Bbl for NGL and $0.75 per Mcf for natural gas under SEC guidelines for pricing methodology. Utilizing these prices, with all other factors remaining constant with our third-quarter calculation, we would have an implied impairment of our oil and natural gas properties of approximately $325.0 million in the fourth quarter of 2024. See Notes 2 and 6 in our 2023 Annual Report for discussion of the full cost method of accounting and our realized prices.

Each of the above factors is evaluated on a quarterly basis and if there is a material change in any factor it is incorporated into our reserves estimation utilized in our quarterly accounting estimates. We use our reserve estimates to evaluate, also on a quarterly basis, the reasonableness of our resource development plans for our reported proved reserves. Changes in circumstance, including commodity pricing, economic factors and the other uncertainties described above may lead to changes in our development plans. See "Critical accounting estimates" in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2023 Annual Report for further discussion of our oil, NGL and natural gas reserve quantities and standardized measure of discounted future net cash flows.

Results of operations

Revenues

The following table presents our composition of revenue generated by product for the periods presented:

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Oil sales	93 %	86 %	91 %	87 %
NGL sales	9 %	9 %	9 %	9 %
Natural gas sales	(2)%	5 %	— %	4 %
Total	100 %	100 %	100 %	100 %

Oil, NGL and natural gas sales volumes, revenues and prices

The following tables present information regarding our oil, NGL and natural gas sales volumes, sales revenues and average sales prices for the periods presented and the corresponding changes for such periods:

	Three months ended September 30,		2024 compared to 2023	
	2024	2023	Change (#)	Change (%)
Sales volumes:				
Oil (MBbl)	5,446	4,507	939	21 %
NGL (MBbl)	3,460	2,421	1,039	43 %
Natural gas (MMcf)	20,160	14,593	5,567	38 %
Oil equivalent (MBOE)[1][2]	12,267	9,361	2,906	31 %
Average daily oil equivalent sales volumes (BOE/d)[2]	133,339	101,746	31,593	31 %
Average daily oil sales volumes (Bbl/d)[2]	59,198	48,996	10,202	21 %
Sales revenues (in thousands):				
Oil	$ 416,668	$ 375,166	$ 41,502	11 %
NGL	41,807	38,303	3,504	9 %
Natural gas	(9,724)	21,234	(30,958)	(146)%
Total oil, NGL and natural gas sales revenues	$ 448,751	$ 434,703	$ 14,048	3 %
Average sales prices[2]:				
Oil ($/Bbl)[3]	$ 76.51	$ 83.23	$ (6.72)	(8)%
NGL ($/Bbl)[3]	$ 12.08	$ 15.82	$ (3.74)	(24)%
Natural gas ($/Mcf)[3]	$ (0.48)	$ 1.46	$ (1.94)	(133)%
Average sales price ($/BOE)[3]	$ 36.58	$ 46.44	$ (9.86)	(21)%
Oil, with commodity derivatives ($/Bbl)[4]	$ 78.37	$ 78.62	$ (0.25)	— %
NGL, with commodity derivatives ($/Bbl)[4]	$ 12.07	$ 15.82	$ (3.75)	(24)%
Natural gas, with commodity derivatives ($/Mcf)[4]	$ 0.45	$ 1.32	$ (0.87)	(66)%
Average sales price, with commodity derivatives ($/BOE)[4]	$ 38.95	$ 44.01	$ (5.06)	(11)%

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(1) BOE is calculated using a conversion rate of six Mcf per one Bbl.

(2) The numbers presented in the three months ended September 30, 2024 and 2023 columns are based on actual amounts and may not recalculate using the rounded numbers presented in the table above or the table below.

(3) Price reflects the average of actual sales prices received when control passes to the purchaser/customer adjusted for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point.

(4) Price reflects the after-effects of our commodity derivative transactions on our average sales prices. Our calculation of such after-effects includes settlements of matured commodity derivatives during the respective periods.

	Nine months ended September 30,		2024 compared to 2023	
	2024	2023	Change (#)	Change (%)
Sales volumes:				
Oil (MBbl)	16,161	12,011	4,150	35 %
NGL (MBbl)	9,567	6,320	3,247	51 %
Natural gas (MMcf)	57,958	38,760	19,198	50 %
Oil equivalent (MBOE)(1)(2)	35,388	24,791	10,597	43 %
Average daily oil equivalent sales volumes (BOE/d)(2)	129,153	90,809	38,344	42 %
Average daily oil sales volumes (Bbl/d)(2)	58,981	43,997	14,984	34 %
Sales revenues (in thousands):				
Oil	$ 1,274,119	$ 940,982	$ 333,137	35 %
NGL	128,752	97,196	31,556	32 %
Natural gas	3,150	48,260	(45,110)	(93)%
Total oil, NGL and natural gas sales revenues	$ 1,406,021	$ 1,086,438	$ 319,583	29 %
Average sales prices(2):				
Oil ($/Bbl)(3)	$ 78.84	$ 78.34	$ 0.50	1 %
NGL ($/Bbl)(3)	$ 13.46	$ 15.38	$ (1.92)	(12)%
Natural gas ($/Mcf)(3)	$ 0.05	$ 1.25	$ (1.20)	(96)%
Average sales price ($/BOE)(3)	$ 39.73	$ 43.82	$ (4.09)	(9)%
Oil, with commodity derivatives ($/Bbl)(4)	$ 76.75	$ 76.69	$ 0.06	— %
NGL, with commodity derivatives ($/Bbl)(4)	$ 13.34	$ 15.38	$ (2.04)	(13)%
Natural gas, with commodity derivatives ($/Mcf)(4)	$ 0.84	$ 1.40	$ (0.56)	(40)%
Average sales price, with commodity derivatives ($/BOE)(4)	$ 40.04	$ 43.27	$ (3.23)	(7)%

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(1) BOE is calculated using a conversion rate of six Mcf per one Bbl.
(2) The numbers presented in the nine months ended September 30, 2024 and 2023 columns are based on actual amounts and may not recalculate using the rounded numbers presented in the table above or the table below.
(3) Price reflects the average of actual sales prices received when control passes to the purchaser/customer adjusted for quality, certain transportation fees, geographical differentials, marketing bonuses or deductions and other factors affecting the price received at the delivery point.
(4) Price reflects the after-effects of our commodity derivative transactions on our average sales prices. Our calculation of such after-effects includes settlements of matured commodity derivatives during the respective periods.

Our average sales price for natural gas for the three and nine months ended September 30, 2024 was $(0.48) and $0.05, respectively, which were decreases of 133% and 96%, respectively, compared to the same periods in 2023. Due to all-time high natural gas production in the Permian Basin, the transportation of our natural gas production to market hubs has been constrained by existing natural gas pipeline capacity. Such pipeline constraints have resulted in low and, at times, negative sales prices for natural gas during the three and nine months ended September 30, 2024.

The following tables present net settlements received (paid) for matured commodity derivatives utilized in our calculation of the average sales prices, with commodity derivatives, for the periods presented and the corresponding changes for such periods:

	Three months ended September 30,		2024 compared to 2023	
(in thousands)	2024	2023	Change ($)	Change (%)
Oil	$ 10,153	$ (20,768)	$ 30,921	149 %
NGL	(29)	—	(29)	(100)%
Natural gas	18,889	(1,992)	20,881	1,048 %
Total	$ 29,013	$ (22,760)	$ 51,773	227 %

(in thousands)	Nine months ended September 30, 2024	2023	2024 compared to 2023 Change ($)	Change (%)
Oil	$ (33,734)	$ (19,827)	$ (13,907)	(70)%
NGL	(1,161)	—	(1,161)	(100)%
Natural gas	45,646	6,087	39,559	650 %
Total	$ 10,751	$ (13,740)	$ 24,491	178 %

Changes in average sales prices and sales volumes caused the following changes to our oil, NGL and natural gas revenues between the three and nine months ended September 30, 2024 and 2023:

(in thousands)	Oil	NGL	Natural gas	Total
Third-quarter 2023 Revenues	$ 375,166	$ 38,303	$ 21,234	$ 434,703
Effect of changes in average sales prices	(36,616)	(12,953)	(39,058)	(88,627)
Effect of changes in sales volumes	78,118	16,457	8,100	102,675
Third-quarter 2024 Revenues	$ 416,668	$ 41,807	$ (9,724)	$ 448,751
Change ($)	$ 41,502	$ 3,504	$ (30,958)	$ 14,048
Change (%)	11 %	9 %	(146)%	3 %

(in thousands)	Oil	NGL	Natural gas	Total
Third-quarter year-to-date 2023 Revenues	$ 940,982	$ 97,196	$ 48,260	$ 1,086,438
Effect of changes in average sales prices	8,055	(18,399)	(69,013)	(79,357)
Effect of changes in sales volumes	325,082	49,955	23,903	398,940
Third-quarter year-to-date 2024 Revenues	$ 1,274,119	$ 128,752	$ 3,150	$ 1,406,021
Change ($)	$ 333,137	$ 31,556	$ (45,110)	$ 319,583
Change (%)	35 %	32 %	(93)%	29 %

Sales of purchased oil

The following table presents sales of purchased oil for the periods presented and corresponding changes for such periods:

(in thousands)	Three months ended September 30, 2024	2023	2024 compared to 2023 Change ($)	Change (%)
Sales of purchased oil	$ 8,986	$ 3	$ 8,983	299,433 %

(in thousands)	Nine months ended September 30, 2024	2023	2024 compared to 2023 Change ($)	Change (%)
Sales of purchased oil	$ 8,986	$ 14,192	$ (5,206)	(37)%

Sales of purchased oil are a function of the volumes and prices of purchased oil sold to customers. We are a firm shipper on the Gray Oak pipeline and we may elect to utilize purchased oil to fulfill portions of our commitments. The continuance of this practice in the future is based upon, among other factors, our pipeline capacity as a firm shipper and the quantity of our lease production which may contribute to our pipeline commitments. During the first and second quarters of 2024, we had no sales of purchased oil due to fulfilling our Gray Oak pipeline commitments with our lease production. During the third quarter of 2024, we utilized purchased oil to fulfill portions of our commitments. We expect to continue fulfilling our Gray Oak pipeline commitments primarily with our lease production in the foreseeable future.

Costs and expenses

The following tables present information regarding costs and expenses and selected average costs and expenses per BOE sold for the periods presented and the corresponding changes for such periods:

	Three months ended September 30,		2024 compared to 2023	
(in thousands except for per BOE sold data)	**2024**	**2023**	**Change ($)**	**Change (%)**
Costs and expenses:				
Lease operating expenses	$ 107,686	$ 66,040	$ 41,646	63 %
Production and ad valorem taxes	27,244	27,360	(116)	— %
Oil transportation and marketing expenses	12,445	10,795	1,650	15 %
Gas gathering, processing and transportation expenses	4,602	371	4,231	1,140 %
Costs of purchased oil	9,331	101	9,230	9,139 %
General and administrative (excluding LTIP and transaction expenses)	18,752	20,196	(1,444)	(7)%
General and administrative (LTIP):				
LTIP cash	(411)	2,690	(3,101)	(115)%
LTIP non-cash	3,444	2,635	809	31 %
General and administrative (transaction expenses)	220	3,120	(2,900)	93 %
Depletion, depreciation and amortization	187,063	120,499	66,564	55 %
Other operating expenses, net	1,754	1,703	51	3 %
Total costs and expenses	$ 372,130	$ 255,510	$ 116,620	46 %
Gain on disposal of assets, net	$ 839	$ 149	$ 690	463 %
Selected average costs and expenses per BOE sold[1]:				
Lease operating expenses	$ 8.78	$ 7.05	$ 1.73	25 %
Production and ad valorem taxes	2.22	2.92	(0.70)	(24)%
Oil transportation and marketing expenses	1.01	1.15	(0.14)	(12)%
Gas gathering, processing and transportation expenses	0.38	—	0.38	100%
General and administrative (excluding LTIP and transaction expenses)	1.53	2.16	(0.63)	(29)%
Total selected operating expenses	$ 13.92	$ 13.28	$ 0.64	5 %
General and administrative (LTIP):				
LTIP cash	$ (0.03)	$ 0.29	$ (0.32)	(110)%
LTIP non-cash	$ 0.28	$ 0.28	$ —	— %
General and administrative (transaction expenses)	$ 0.02	$ 0.33	$ (0.31)	(94)%
Depletion, depreciation and amortization	$ 15.25	$ 12.87	$ 2.38	18 %

(1) Selected average costs and expenses per BOE sold are based on actual amounts and may not recalculate using the rounded numbers presented in the table above.

(in thousands except for per BOE sold data)	Nine months ended September 30, 2024	2023	2024 compared to 2023 Change ($)	Change (%)
Costs and expenses:				
Lease operating expenses	$ 327,156	$ 173,939	$ 153,217	88 %
Production and ad valorem taxes	84,937	69,498	15,439	22 %
Oil transportation and marketing expenses	34,477	32,391	2,086	6 %
Gas gathering, processing and transportation expenses	12,066	371	11,695	3,152 %
Costs of purchased oil	9,331	14,856	(5,525)	(37)%
General and administrative (excluding LTIP and transaction expenses)	62,337	57,497	4,840	8 %
General and administrative (LTIP):				
LTIP cash	1,890	4,936	(3,046)	(62)%
LTIP non-cash	10,140	7,500	2,640	35 %
General and administrative (transaction expenses)	567	3,120	(2,553)	(82)%
Depletion, depreciation and amortization	527,468	310,618	216,850	70 %
Other operating expenses, net	5,365	4,538	827	18 %
Total costs and expenses	$ 1,075,734	$ 679,264	$ 396,470	58 %
Gain on disposal of assets, net	$ 1,005	$ 540	$ 465	86 %
Selected average costs and expenses per BOE sold[(1)]:				
Lease operating expenses	$ 9.24	$ 7.02	$ 2.22	32 %
Production and ad valorem taxes	2.40	2.80	(0.40)	(14)%
Oil transportation and marketing expenses	0.97	1.31	(0.34)	(26)%
Gas gathering, processing and transportation expenses	0.34	—	0.34	100%
General and administrative (excluding LTIP and transaction expenses)	1.76	2.32	(0.56)	(24)%
Total selected operating expenses	$ 14.71	$ 13.45	$ 1.26	9 %
General and administrative (LTIP):				
LTIP cash	$ 0.05	$ 0.20	$ (0.15)	(75)%
LTIP non-cash	$ 0.29	$ 0.30	$ (0.01)	(3)%
General and administrative (transaction expenses)	$ 0.02	$ 0.13	$ (0.11)	(85)%
Depletion, depreciation and amortization	$ 14.91	$ 12.53	$ 2.38	19 %

(1) Selected average costs and expenses per BOE sold are based on actual amounts and may not recalculate using the rounded numbers presented in the table above.

Lease operating expenses ("LOE"). LOE are daily expenses incurred to bring oil, NGL and natural gas out of the ground and to market, together with the daily expenses incurred to maintain our producing properties. Such costs also include maintenance, repairs and non-routine workover expenses related to our oil and natural gas properties. LOE increased for the three and nine months ended September 30, 2024, compared to the same periods in 2023 primarily due to our acquisitions of oil and natural gas properties in 2023 and the PEP Acquisition in first quarter of 2024. Workover expenses for the three and nine months ended September 30, 2024 were $19.4 million and $55.4 million, respectively, which were increases of 65% and 120%, respectively, compared to the same periods in 2023.

Production and ad valorem taxes. Production and ad valorem taxes remained relatively flat and increased for the three and nine months ended September 30, 2024, respectively, compared to the same periods in 2023. The increase during the nine months ended September 30, 2024 is due to increased oil and NGL sales revenues. Production taxes are based on and fluctuate in proportion to our oil, NGL and natural gas sales revenues, and are established by federal, state or local taxing authorities. Ad valorem taxes are based on and fluctuate in proportion to the taxable value assessed by the various counties where our oil and natural gas properties are located.

Oil transportation and marketing expenses. These are expenses incurred for the delivery of produced oil to customers in the U.S. Gulf Coast market via the Gray Oak pipeline. We ship the majority of our produced oil to the U.S. Gulf Coast, which we believe provides a long-term pricing advantage versus the Midland market. Firm transportation payments on excess pipeline capacity associated with transportation agreements are also included in oil transportation and marketing expenses. Oil transportation and marketing expenses increased during the three and nine months ended September 30, 2024 compared to the same periods in 2023. This is primarily due to increases in transportation expenses of $1.6 million and $6.1 million for the three and nine months ended September 30, 2024, respectively, as our oil production has increased, and, for the nine months ended September 30, 2024, partially offset by a decrease in firm transportation payments on excess capacity of $4.0 million, compared to the same periods in 2023. See Note 10 to our consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of our transportation commitments.

Gas gathering, processing and transportation expenses. Beginning in the third quarter of 2023, we became party to certain natural gas processing agreements where the Company concluded it is the principal in the transaction and the customer is the ultimate third party, with control of the NGL or residue gas transferring at the tailgate of the midstream entity's processing plant. Revenue for such agreements is recognized on a gross basis, with gathering, processing and transportation fees presented as an expense on the consolidated statements of operations.

Costs of purchased oil. Costs of purchased oil are a function of the volumes and prices of purchased oil. We are a firm shipper on the Gray Oak pipeline, and in the event our long-haul transportation capacity on the Gray Oak pipeline exceeds our net production, we may purchase third-party oil at the trading hubs to satisfy the deficit in our associated long-haul transportation commitments. During the first and second quarters of 2024, we had no costs of purchased oil due to fulfilling our Gray Oak pipeline commitments with our lease production. During the third quarter of 2024, we utilized purchased oil to fulfill portions of our commitments. We expect to continue fulfilling our Gray Oak pipeline commitments primarily with our lease production in the foreseeable future.

General and administrative ("G&A") (excluding LTIP and transaction expenses). G&A, excluding employee compensation expenses from our long-term incentive plan ("LTIP") and transaction expenses associated with the Henry Acquisition and certain financing transactions, decreased for the three months ended September 30, 2024, primarily due to higher performance-related bonuses accrued for our workforce in 2023 as compared to the same period in 2024. G&A, excluding LTIP and transaction expenses, increased for the nine months ended September 30, 2024 compared to the same period in 2023 primarily due to workforce and professional expenses in connection with the growth of the Company, offset by the aforementioned changes during third-quarter 2024.

General and administrative (LTIP cash). LTIP cash expense decreased for the three and nine months ended September 30, 2024, compared to the same period in 2023, due to (i) fluctuations in the fair value of our cash-settled LTIP awards as a result of the performance of our stock and (ii) cash performance awards and employee cash retainer awards expensed through 2023, which vested during first-quarter 2024.

General and administrative (LTIP non-cash). LTIP non-cash expense increased for the three and nine months ended September 30, 2024, compared to the same periods in 2023 due to 2024 expense including restricted stock awards for a larger population of our workforce as compared to 2023. See Note 6 to our consolidated financial statements included elsewhere in this Quarterly Report for information regarding our equity-based compensation.

General and administrative (transaction expenses). Transaction expenses for the three and nine months ended September 30, 2024 represent incurred costs associated with the Henry Acquisition. See Note 3 to our consolidated financial statements included elsewhere in this Quarterly Report for further discussion of the Henry Acquisition.

Depletion, depreciation and amortization. The following table presents depletion expense per BOE sold for the periods presented and the corresponding changes for such periods:

	Three months ended September 30,		2024 compared to 2023	
(in thousands)	**2024**	**2023**	**Change ($)**	**Change (%)**
Depletion expense per BOE sold	$ 14.80	$ 12.41	$ 2.39	19 %

	Nine months ended September 30,		2024 compared to 2023	
(in thousands)	**2024**	**2023**	**Change ($)**	**Change (%)**
Depletion expense per BOE sold	$ 14.46	$ 12.05	$ 2.41	20 %

Depletion expense per BOE increased for the three and nine months ended September 30, 2024, compared to the same periods in 2023, primarily due to an increase in future development costs and volumes of our proved reserves as a result of our recent acquisitions of oil and natural gas properties in 2023 and 2024. See Note 6 to our consolidated financial statements included in our 2023 Annual Report and "—Commodity prices, reserves and full cost ceiling test" for additional information regarding the full cost method of accounting.

Non-operating income (expense)

The following tables present the components of non-operating income (expense), net for the periods presented and the corresponding changes for such periods:

	Three months ended September 30,		2024 compared to 2023	
(in thousands)	**2024**	**2023**	**Change ($)**	**Change (%)**
Gain (loss) on derivatives, net	$ 226,553	$ (135,321)	$ 361,874	267 %
Interest expense	(40,119)	(39,305)	(814)	(2)%
Other income, net	1,247	1,739	(492)	(28)%
Total non-operating income (expense), net	$ 187,681	$ (172,887)	$ 360,568	209 %

	Nine months ended September 30,		2024 compared to 2023	
(in thousands)	**2024**	**2023**	**Change ($)**	**Change (%)**
Gain (loss) on derivatives, net	$ 82,064	$ (132,875)	$ 214,939	162 %
Interest expense	(124,230)	(99,388)	(24,842)	(25)%
Loss on extinguishment of debt, net	(66,115)	—	(66,115)	(100)%
Other income, net	5,921	3,697	2,224	60 %
Total non-operating expense, net	$ (102,360)	$ (228,566)	$ 126,206	55 %

Gain (loss) on derivatives, net. The following tables present the changes in the components of gain (loss) on derivatives, net for the periods presented and the corresponding changes for such periods:

	Three months ended September 30,		2024 compared to 2023	
(in thousands)	**2024**	**2023**	**Change ($)**	**Change (%)**
Non-cash gain (loss) on derivatives, net	$ 197,540	$ (112,608)	$ 310,148	275 %
Settlements received (paid) for matured derivatives, net	29,013	(22,760)	51,773	227 %
Settlements received for contingent consideration	—	47	(47)	(100)%
Gain (loss) on derivatives, net	$ 226,553	$ (135,321)	$ 361,874	267 %

	Nine months ended September 30,		2024 compared to 2023	
(in thousands)	**2024**	**2023**	**Change ($)**	**Change (%)**
Non-cash gain (loss) on derivatives, net	$ 71,313	$ (120,637)	$ 191,950	159 %
Settlements received (paid) for matured derivatives, net	10,751	(13,740)	24,491	178 %
Settlements received for contingent consideration	—	1,502	(1,502)	(100)%
Gain (loss) on derivatives, net	$ 82,064	$ (132,875)	$ 214,939	162 %

Non-cash gain (loss) on derivatives, net is the result of new and matured contracts, including contingent consideration derivatives for the period subsequent to the initial valuation date and through the end of the contingency period, and the changing relationship between our outstanding contract prices and the future market prices in the forward curves, which we use to calculate the fair value of our derivatives. In general, if outstanding commodity contracts are held constant, we experience gains during periods of decreasing market prices and losses during periods of increasing market prices. Settlements paid or received for matured derivatives are for our (i) commodity derivative contracts, which are based on the settlement prices compared to the prices specified in the derivative contracts and (ii) contingent consideration derivatives.

See Notes 8 and 9 to our consolidated financial statements included elsewhere in this Quarterly Report and "Item 3. Quantitative and Qualitative Disclosures About Market Risk" for additional information regarding our derivatives.

Interest expense. Interest expense remained relatively flat and increased during the three and nine months ended September 30, 2024, respectively. We reflect interest paid to the lenders and bondholders in interest expense, net of amounts capitalized. In addition, we include the amortization of (i) debt issuance costs, which includes origination, amendment and professional fees, (ii) commitment fees and (iii) annual agency fees in interest expense. The increase during the nine months ended September 30, 2024 is due to new senior unsecured notes issued during the third quarter of 2023 and the first half of 2024. See Note 4 to our consolidated financial statements included elsewhere in this Quarterly Report for additional information regarding our long-term debt.

Loss on extinguishment of debt, net. During the nine months ended September 30, 2024, we recognized a loss on extinguishment of debt of $66.1 million. During the first quarter of 2024, we settled a cash tender offer on the January 2028 Notes. During the second quarter of 2024, we settled a cash tender offer on the September 2030 Notes and redeemed the remaining principal amount outstanding on the January 2028 Notes. The related loss on extinguishment of debt during the nine months ended September 30, 2024 consisted of early tender and redemption premiums and write-offs of debt issuance costs, premiums and discounts. See Note 4 to our consolidated financial statements included elsewhere in this Quarterly Report for additional information regarding our long-term debt.

Income tax benefit (expense)

We are subject to federal and state income taxes and the Texas Franchise tax. Income tax expense was recorded during the first nine months of 2024 due to the application of our estimated annual effective tax rate to the book net income before income taxes. Our effective tax rate was 21.89% and 22.83% for the three and nine months ended September 30, 2024, respectively. Our effective tax rate was not meaningful for the three and nine months ended September 30, 2023, due to releasing our full valuation allowance against our deferred tax assets during the second-quarter 2023. Our effective tax rate differs from the U.S. statutory rate as a result of the impact of discrete items, state income taxes and permanent differences. See Note 12 to our consolidated financial statements included elsewhere in this Quarterly Report for a discussion of our income taxes.

We have significant federal and state net operating loss carry-forwards. If we were to experience an “ownership change,” as determined under Section 382 of the Internal Revenue Code, our ability to offset taxable income arising after the ownership change with net operating losses and interest expense carryforwards arising prior to the ownership change may be significantly limited. Based on information available as of September 30, 2024, no such ownership change has occurred.

Liquidity and capital resources

Historically, our primary sources of liquidity have been cash flows from operations, proceeds from equity offerings, proceeds from senior unsecured and subordinated note offerings, borrowings under our Senior Secured Credit Facility and proceeds from asset dispositions. Our primary operational uses of capital have been for the acquisition, exploration and development of oil and natural gas properties and infrastructure development.

We continually seek to maintain a financial profile that provides operational flexibility and monitor the markets to consider which financing alternatives, including debt and equity capital resources, joint ventures and asset sales, are available to meet our future planned capital expenditures, a significant portion of which we are able to adjust and manage. We also continually evaluate opportunities with respect to our capital structure, including issuances of new securities, as well as transactions involving our outstanding senior notes, which could take the form of open market or private repurchases, exchange or tender offers, or other similar transactions, and our common stock, which could take the form of open market or private repurchases. We may make changes to our capital structure from time to time, with the goal of maintaining financial flexibility, preserving or improving liquidity and/or achieving cost efficiency. Such financing alternatives, or combination of alternatives, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. We continually look for other opportunities to maximize stockholder value. For further discussion of our financing activities related to debt instruments, see Note 4 to our consolidated financial statements included elsewhere in this Quarterly Report.

Due to the inherent volatility in the prices of oil, NGL and natural gas and the sometimes wide pricing differentials between where we produce and where we sell such commodities, we engage in commodity derivative transactions to hedge price risk associated with a portion of our anticipated sales volumes. By removing a portion of the price volatility associated with future sales volumes, we expect to mitigate, but not eliminate, the potential effects of variability in cash flows from operations. See "Part I. Item 3. Quantitative and Qualitative Disclosures About Market Risk" below. See Note 8 to our consolidated financial statements included elsewhere in this Quarterly Report for discussion of our open commodity positions.

As of September 30, 2024, we had cash and cash equivalents of $22.2 million and available capacity under the Senior Secured Credit Facility of $640.0 million, resulting in total liquidity of $662.2 million. As of November 5, 2024, we had outstanding borrowings under our Senior Secured Credit Facility of $950.0 million, resulting in available capacity of $550.0 million. We believe that our operating cash flows and the aforementioned liquidity sources provide us with sufficient liquidity and financial resources to manage our cash needs and contractual obligations, to implement our currently planned capital expenditure budget and, at our discretion, to fund any share repurchases, pay down, repurchase or refinance debt or adjust our planned capital expenditure budget. See Note 14 to our consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of additional borrowings and repayments on the Senior Secured Credit Facility subsequent to September 30, 2024.

Cash requirements for known contractual and other obligations

The following table presents significant cash requirements for known contractual and other obligations as of September 30, 2024:

(in thousands)	Short-term	Long-term	Total
Senior unsecured notes[1]	$ 135,280	$ 2,406,417	$ 2,541,697
Senior Secured Credit Facility	—	860,000	860,000
Operating lease commitments[2]	93,793	48,341	142,134
Asset retirement obligations	1,649	87,995	89,644
Firm transportation commitments	18,133	27,175	45,308
Sand purchase commitments	19,393	22,940	42,333
Total	$ 268,248	$ 3,452,868	$ 3,721,116

(1) Amounts presented include both principal and interest obligations.
(2) Amounts presented include both minimum lease payments and imputed interest.

We expect to satisfy our short-term contractual and other obligations with cash flows from operations. See Notes 4 and 10 to our consolidated financial statements included elsewhere in this Quarterly Report and Notes 2, 5 and 18 in our 2023 Annual Report for further discussion of our known contractual and other obligations.

Cash flows

The following table presents our cash flows for the periods presented and the corresponding changes for such periods:

	Nine months ended September 30,		2024 compared to 2023	
(in thousands)	2024	2023	Change ($)	Change (%)
Net cash provided by operating activities	$ 743,156	$ 579,222	$ 163,934	28 %
Net cash used in investing activities	(1,480,169)	(1,001,442)	(478,727)	(48)%
Net cash provided by financing activities	745,144	967,480	(222,336)	(23)%
Net increase in cash and cash equivalents	$ 8,131	$ 545,260	$ (537,129)	(99)%

Cash flows from operating activities

Net cash provided by operating activities increased during the nine months ended September 30, 2024, compared to the same period in 2023. Notable cash changes include an increase in total oil, NGL and natural gas sales revenues of $319.6 million, partially offset by an increase of $153.2 million in lease operating expenses. For additional information on changes in revenues and expenses, see "—Results of operations."

Our operating cash flows are sensitive to a number of variables, the most significant of which are the volatility of oil, NGL and natural gas prices, mitigated to the extent of our commodity derivatives' exposure, and sales volume levels. Regional and worldwide economic activity, weather, infrastructure, transportation capacity to reach markets, costs of operations, legislation and regulations, including potential government production curtailments, and other variable factors significantly impact the prices of these commodities. For additional information on risks related to our business, see "Part I. Item 3.

Quantitative and Qualitative Disclosures About Market Risk" and "Part II. Item 1A. Risk Factors" included elsewhere in this Quarterly Report and "Part I. Item 1A. Risk Factors" in our 2023 Annual Report.

Cash flows from investing activities

Net cash used in investing activities increased for the nine months ended September 30, 2024, compared to the same period in 2023, mainly due to (i) our acquisitions of oil and natural gas properties in 2024 and (ii) an increase in capital expenditures as a result of increased drilling and completions activity. For further discussion of our acquisitions of oil and natural gas properties, see Note 3 to our consolidated financial statements included elsewhere in this Quarterly Report.

We currently expect capital investments for 2024 to be in the approximate range of $845.0 million to $870.0 million. We will continue to monitor commodity prices and service costs and adjust activity levels in order to proactively manage our cash flows and preserve liquidity. We do not have a specific acquisition budget since the timing and size of acquisitions cannot be accurately forecasted.

The following tables present the components of our capital investments, excluding non-budgeted acquisition costs, for the periods presented and the corresponding changes for such periods:

	Nine months ended September 30,		2024 compared to 2023	
(in thousands)	**2024**	**2023**	**Change ($)**	**Change (%)**
Oil and natural gas properties[(1)]	$ 652,604	$ 483,329	$ 169,275	35 %
Midstream and other fixed assets[(1)]	17,233	11,090	6,143	55 %
Total capital investments, excluding non-budgeted acquisition costs	$ 669,837	$ 494,419	$ 175,418	35 %

(1) Includes capitalized share-settled equity-based compensation and asset retirement costs.

The amount, timing and allocation of capital investments are largely discretionary and within management's control. If oil, NGL and natural gas prices are below our acceptable levels, or costs are above our acceptable levels, we may choose to defer a portion of our capital expenditures until later periods to achieve the desired balance between sources and uses of liquidity and prioritize capital projects that we believe have the highest expected returns and potential to generate near-term cash flow. Subject to financing alternatives, we may also increase our capital expenditures significantly to take advantage of opportunities we consider to be attractive. We continually monitor and may adjust our projected capital expenditures in response to world developments, as well as success or lack of success in drilling activities, changes in prices, availability of financing and joint venture opportunities, drilling and acquisition costs, industry conditions, the timing of regulatory approvals, the availability of rigs and supplies, changes in service costs, contractual obligations, internally generated cash flow and other factors both within and outside our control.

Cash flows from financing activities

For the nine months ended September 30, 2024, net cash provided by financing activities was $745.1 million compared to $967.5 million in 2023. Notable 2024 activity includes (i) borrowings on our Senior Secured Credit Facility of $1.4 billion, which is inclusive of borrowings utilized to fund the Point Acquisition, (ii) proceeds from the issuance of certain senior unsecured notes of $1.0 billion, (iii) extinguishment of certain senior unsecured notes of $952.2 million, (iv) payments on our Senior Secured Credit Facility of $715.0 million and (v) payments for debt issuance costs of $21.7 million. For further discussion of our financing activities related to debt instruments, see Note 4 to our consolidated financial statements included elsewhere in this Quarterly Report.

Sources of Liquidity

Senior Secured Credit Facility

As of September 30, 2024, the Senior Secured Credit Facility, which matures on September 13, 2027, had a maximum credit amount of $3.0 billion, a borrowing base and an aggregate elected commitment of $1.5 billion, with $860.0 million outstanding, and was subject to an interest rate of 8.093%. The Senior Secured Credit Facility contains both financial and non-financial covenants, all of which we were in compliance with for all periods presented. Additionally, the Senior Secured Credit Facility provides for the issuance of letters of credit, limited to the lesser of total capacity or $80.0 million. As of September 30, 2024 and December 31, 2023, we had no letters of credit outstanding under the Senior Secured Credit Facility.

See Note 4 to our consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our Senior Secured Credit Facility.

Supplemental Guarantor information

As of September 30, 2024, approximately $1.6 billion of our senior unsecured notes remained outstanding. Our wholly-owned subsidiary, Vital Midstream Services, LLC (the "Guarantor"), jointly and severally, and fully and unconditionally, guarantees all of our outstanding senior unsecured notes.

The guarantees are senior unsecured obligations of the Guarantor and rank equally in right of payment with other existing and future senior indebtedness of such Guarantor, and senior in right of payment to all existing and future subordinated indebtedness of such Guarantor. The guarantees of the senior unsecured notes by the Guarantor are subject to certain Releases. The obligations of the Guarantor under its note guarantee are limited as necessary to prevent such note guarantee from constituting a fraudulent conveyance under applicable law. Further, the rights of holders of the senior unsecured notes against the Guarantor may be limited under the U.S. Bankruptcy Code or state fraudulent transfer or conveyance law. Vital Energy is not restricted from making investments in the Guarantor and the Guarantor is not restricted from making intercompany distributions to Vital Energy.

The assets, liabilities and results of operations of the combined issuer and the Guarantor are not materially different than the corresponding amounts presented in our consolidated financial statements included elsewhere in this Quarterly Report. Accordingly, we have omitted the summarized financial information of the issuer and the Guarantor that would otherwise be required.

Critical accounting estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Certain accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions or if different assumptions had been used. We evaluate our estimates and assumptions on a regular basis. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and assumptions used in preparation of our consolidated financial statements.

There have been no changes to our identified critical accounting estimates during the nine months ended September 30, 2024. See our critical accounting estimates in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2023 Annual Report. See "Commodity prices, reserves and full cost ceiling test" for additional discussion our full cost ceiling calculation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risk. The term "market risk," in our case, refers to the risk of loss arising from adverse changes in oil, NGL and natural gas prices and in interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of how we view and manage our ongoing market risk exposures. All of our market risk-sensitive derivative instruments were entered into for hedging purposes, rather than for speculative trading.

Commodity price exposure

Due to the inherent volatility in oil, NGL and natural gas prices and the sometimes wide pricing differentials between where we produce and where we sell such commodities, we engage in commodity derivative transactions, such as puts, swaps, collars and basis swaps, to hedge price risk associated with a portion of our anticipated sales volumes. By removing a portion of the price volatility associated with future sales volumes, we expect to mitigate, but not eliminate, the potential effects of variability in cash flows from operations.

The fair values of our open commodity positions are largely determined by the relevant forward commodity price curves of the indexes associated with our open derivative positions. The following table provides a sensitivity analysis of the projected incremental effect on income or loss before income taxes of a hypothetical 10% change in the relevant forward commodity price curves of the indexes associated with our open commodity positions as of September 30, 2024:

(in thousands)		As of September 30, 2024
Commodity derivative asset position	$	199,242
Impact of a 10% increase in forward commodity prices	$	(175,092)
Impact of a 10% decrease in forward commodity prices	$	171,169

See Notes 8 and 9 to our consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our commodity derivatives. For additional discussion of our quantitative and qualitative disclosures about market risk, see "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our 2023 Annual Report.

Interest rate risk

Our Senior Secured Credit Facility bears interest at a floating rate and our senior unsecured notes bear interest at fixed rates. The interest rate on our Senior Secured Credit Facility as of September 30, 2024 was 8.093%. See Note 4 to our consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our debt. The interest rate on borrowings may be based on an alternate base rate or term secured overnight financing rate ("Term SOFR"), at our option. Interest on alternate base rate loans is equal to the sum of (a) the highest of (i) the "prime rate" (as publicly announced by Wells Fargo Bank, N.A.) in effect on such day, (ii) the federal funds effective rate in effect on such day plus 0.5% and (iii) the Adjusted Term SOFR (as defined in our Senior Secured Credit Facility) for a one-month tenor in effect on such day plus 1% and (b) the applicable margin. Interest on Term SOFR loans is equal to the sum of (a)(i) the Term SOFR (as defined in our Senior Secured Credit Facility) rate for such period plus (ii) the Term SOFR Adjustment (as defined in our Senior Secured Credit Facility) of 0.1% (in the case of clause (a), subject to a floor of 0%) plus (b) the applicable margin. The applicable margin varies from 1.25% to 2.25% on alternate base rate borrowings and from 2.25% to 3.25% on Term SOFR borrowings, in each case, depending on our utilization ratio. At September 30, 2024, the applicable margin on our borrowings were 1.75% for alternate base rate borrowings and 2.75% for Term SOFR borrowings.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of Vital Energy's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act), was performed under the supervision and with the participation of Vital Energy's management, including our principal executive officer and principal financial officer. Based on that evaluation, these officers concluded that Vital Energy's disclosure controls and procedures were effective as of September 30, 2024. Our disclosure controls and other procedures are designed to provide reasonable assurance that the information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Vital Energy's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Evaluation of changes in internal control over financial reporting

There were no changes in our internal controls over financial reporting (as defined in Rule 13(a)-15(f) of the Exchange Act) during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II

Item 1. Legal Proceedings

From time to time, we are subject to various legal proceedings arising in the ordinary course of business, including proceedings for which we may not have insurance coverage. While many of these matters involve inherent uncertainty as of the date hereof, we do not currently believe that any such legal proceedings will have a material adverse effect on our business, financial position, results of operations or liquidity.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risks discussed in our 2023 Annual Report and those set forth from time to time in our other filings with the SEC. There have been no material changes in our risk factors from those described in our 2023 Annual Report. The risks described in such report are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition or future results.

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

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

The following table summarizes purchases of common stock by Vital Energy for the periods presented:

Period	Total number of shares purchased[(1)]	Weighted-average price paid per share	Total number of shares purchased as part of publicly announced program	Maximum value that may yet be purchased under the program as of the respective period-end date[(2)]
July 1, 2024 - July 31, 2024	—	$ —	—	$ 200,000,000
August 1, 2024 - August 31, 2024	3,136	$ 36.06	—	$ 200,000,000
September 1, 2024 - September 30, 2024	—	$ —	—	$ 200,000,000
Total	3,136		—	

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(1) Represents shares that were withheld by us to satisfy tax withholding obligations that arose upon the lapse of restrictions on certain equity-based compensation awards, namely restricted stock awards.

(2) On May 31, 2022, our board of directors authorized a $200.0 million share repurchase program commencing on the date of such announcement and continuing through and including May 27, 2024. On May 23, 2024, our board of directors approved an amendment to the share repurchase program to (i) increase the shares of Common Stock which the Company may purchase by $37.3 million, resulting in aggregate authorization of $237.3 million, and (ii) extend the expiration date to May 22, 2026. Share repurchases under the program may be made through a variety of methods, which may include open market purchases, including under plans complying with Rule 10b5-1 of the Exchange Act, and privately negotiated transactions. During the three months ended September 30, 2024, no shares were repurchased.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

The operation of our Howard County, Texas sand mine is subject to regulation by the Federal Mine Safety and Health Administration (the "MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA may inspect our Howard County mine and may issue citations and orders when it believes a violation has occurred under the Mine Act. While we contract the mining operations of the Howard County mine to an independent contractor, we may be considered an "operator" for purpose of the Mine Act and may be issued notices or citations if MSHA believes that we are responsible for violations.

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95.1 to this Quarterly Report.

Item 5. Other Information

Rule 10b5-1 Trading Arrangement Changes

None of the Company's directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the quarterly period ended September 30, 2024.

The following table includes a correction to one of the previously disclosed arrangements adopted during the three months ended June 30, 2024. Previous disclosure of other arrangements remains accurate and unchanged.

Name and title of director or officer	Type of change	Date of adoption	Date of termination	Duration of trading arrangement	Potential aggregate number of securities to be purchased (sold) pursuant to the trading arrangement[(1)]
Katie Hill Senior Vice President and Chief Operating Officer	Adoption	June 11, 2024	N/A	October 9, 2024	(2,362)

(1) Our Quarterly Report on Form 10-Q for the three months ended June 30, 2024 previously disclosed 1,502 potential aggregate securities to be sold pursuant to the trading arrangement.

Item 6. Exhibits

Exhibit	Description	Incorporated by reference (File No. 001-35380, unless otherwise indicated) Form	Exhibit	Filing Date
2.1	Purchase and Sale Agreement, dated September 13, 2023, by and among Vital Energy, Inc. and Henry Resources LLC, Henry Energy LP and Moriah Henry Partners LLC.^	8-K	2.1	9/13/2023
2.2	Purchase and Sale Agreement, dated July 27, 2024, by and among Vital Energy, Inc. and Northern Oil and Gas, Inc., as Purchaser, and Point Energy Partners Petroleum, LLC, Point Energy Partners Operating, LLC, Point Energy Partners Water, LLC and Point Energy Partners Royalty, LLC, as Seller.^	8-K	2.1	7/29/2024
2.3	Purchase and Sale Agreement by and between Vital Energy, Inc. and Driftwood Energy Operating, LLC, dated as of February 14, 2023.	8-K	2.1	2/15/2023
2.4	Purchase and Sale Agreement, dated May 11, 2023, by and among Vital Energy, Inc. and Northern Oil and Gas, Inc., as Purchasers, and Forge Energy II, Delaware LLC, as Seller.^	8-K	2.1	5/17/2023
3.1	Second Amended and Restated Certificate of Incorporation of Vital Energy, Inc., dated as of May 28, 2024.	8-K	3.1	5/28/2024
3.2	Certificate of Ownership and Merger, dated as of December 30, 2013.	8-K	3.1	1/6/2014
3.3	Fourth Amended and Restated Bylaws of Vital Energy, Inc., adopted January 9, 2023.	8-K	3.2	1/9/2023
3.4	Certificate of Designations of 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock of Vital Energy, Inc., as filed with the Secretary of State of the State of Delaware on September 13, 2023.	8-K	3.1	9/19/2023
3.5	Certificate of Amendment to Certificate of Designations of 2.0% Cumulative Mandatorily Convertible Series A Preferred Stock of Vital Energy, Inc. dated as of November 3, 2023.	8-K	3.1	11/6/2023
4.1	Form of Common Stock Certificate.	8-A12B/A	4.1	1/7/2014
4.2	Indenture, dated as of March 18, 2015, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Bank, National Association, as trustee.	8-K	4.1	9/25/2023
4.3	Indenture, dated as of July 16, 2021, among Laredo Petroleum, Inc., Laredo Midstream Services, LLC, Garden City Minerals, LLC and Wells Fargo Bank, National Association, as trustee.	8-K	4.1	7/16/2021
4.4	Fifth Supplemental Indenture, dated as of September 25, 2023, among Vital Energy, Inc., Vital Midstream Services, LLC and U.S. Bank Trust Company, National Association, as trustee.	8-K	4.2	9/25/2023
4.5	Indenture, dated as of March 28, 2024, among Vital Energy, Inc., Vital Midstream Services, LLC and U.S. Bank Trust Company, National Association, as trustee.	8-K	4.1	3/28/2024
10.1*	Thirteenth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of September 20, 2024, among Vital Energy, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, the guarantors signatory hereto, and the banks signatory thereto.			
22.1	List of Issuers and Guarantor Subsidiaries.	10-K	22.1	3/11/2024
31.1*	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.			
31.2*	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934.			
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18. U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
95.1*	Mine Safety Disclosures.			
101	The following financial information from Vital's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows and (v) Condensed Notes to the Consolidated Financial Statements.			
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

* Filed herewith.

** Furnished herewith.

^ Certain schedules and exhibits to this agreement have been omitted in accordance with Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission on request.

SIGNATURES

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

VITAL ENERGY, INC.

Date: November 6, 2024	By:	/s/ Jason Pigott
		Jason Pigott *President and Chief Executive Officer* *(principal executive officer)*
Date: November 6, 2024	By:	/s/ Bryan J. Lemmerman
		Bryan J. Lemmerman *Executive Vice President and Chief Financial Officer* *(principal financial officer)*
Date: November 6, 2024	By:	/s/ Stephen L. Faulkner, Jr.
		Stephen L. Faulkner, Jr. *Vice President and Chief Accounting Officer* *(principal accounting officer)*

Execution Version

THIRTEENTH AMENDMENT

to
FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

among

VITAL ENERGY, INC.,
as Borrower,

WELLS FARGO BANK, N.A.,
as Administrative Agent,

the Guarantors Signatory Hereto,

and

the Banks Signatory Hereto

THIRTEENTH AMENDMENT TO
FIFTH AMENDED AND RESTATED CREDIT AGREEMENT

This Thirteenth Amendment to Fifth Amended and Restated Credit Agreement (this "Thirteenth Amendment"), dated as of September 20, 2024 (the "Thirteenth Amendment Effective Date"), is among Vital Energy, Inc., a corporation formed under the laws of the State of Delaware (the "Borrower"); each of the undersigned guarantors (the "Guarantors", and together with Borrower, the "Credit Parties"); each of the Banks party hereto; and Wells Fargo Bank, N.A., as administrative agent for the Banks (in such capacity, together with its successors, the "Administrative Agent").

Recitals

A. The Borrower, the Administrative Agent and the financial institutions party thereto as lenders (the "Banks") are parties to that certain Fifth Amended and Restated Credit Agreement dated as of May 2, 2017 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"; and the Existing Credit Agreement, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time, including by and after giving effect to this Thirteenth Amendment, the "Credit Agreement"), pursuant to which the Banks have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of Borrower.

B. The Borrower has advised the Administrative Agent that it intends to acquire (the "Acquisition"), directly or indirectly, from Point Energy Partners Petroleum, LLC, a Delaware limited liability company ("Point Petroleum"), Point Energy Partners Operating, LLC, a Texas limited liability company ("Point Operating"), Point Energy Partners Water, LLC, a Texas limited liability company ("Point Water"), and Point Energy Partners Royalty, LLC, a Texas limited liability company ("Point Royalty" and, together with Point Petroleum, Point Operating and Point Water, "Seller"), all of the VTLE Assets (as such term is defined in the Acquisition Agreement referred to below, as executed, without giving effect to any subsequent amendment, consent, waiver or other modification thereto except to the extent approved by the Administrative Agent, the "Acquired Assets") pursuant to that certain Purchase and Sale Agreement (together with all exhibits, schedules, annexes and disclosure schedules and side letters thereto, the "Acquisition Agreement") dated as of July 27, 2024, by and among the Borrower and Northern Oil and Gas, Inc., a Delaware corporation, as Purchaser (under and as defined therein) and the Seller.

C. Effective as of the Thirteenth Amendment Effective Date, the parties hereto are entering into this Thirteenth Amendment to, among other things, on the terms and subject to the conditions set forth herein:

(i) increase the Aggregate Elected Revolving Commitment Amount by $150,000,000 from $1,350,000,000 to $1,500,000,000;

(ii) provide for a redetermination and reaffirmation of the Borrowing Base at $1,500,000,000 by the Required Banks, which redetermination and reaffirmation of the Borrowing Base shall constitute the Scheduled Redetermination of the Borrowing Base scheduled to occur on November 1, 2024 (or such date promptly thereafter as reasonably practicable); and

(iii) amend certain terms of the Existing Credit Agreement as provided for in Section 2 hereof.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Each capitalized term used herein and not otherwise defined herein has the meaning assigned to such term in the Credit Agreement. Unless otherwise indicated, all section references in this Thirteenth Amendment refer to sections of the Credit Agreement.

Section 2. Amendments to Existing Credit Agreement. In reliance on the representations, warranties, covenants and agreements contained in this Thirteenth Amendment, and subject to the satisfaction (or waiver) of the conditions precedent set forth in Section 4 hereof, the Existing Credit Agreement shall be amended effective as of the Thirteenth Amendment Effective Date in the manner provided in this Section 2.

2.1 Additional Definitions. Section 1.02 of the Existing Credit Agreement is hereby amended to add thereto in alphabetical order the following definitions which shall read in full as follows:

"Thirteenth Amendment" means that certain Thirteenth Amendment to Fifth Amended and Restated Credit Agreement dated as of the Thirteenth Amendment Effective Date, among the Borrower, the Guarantors party thereto, the Administrative Agent and the Banks party thereto.

"Thirteenth Amendment Effective Date" means September 20, 2024.

2.2 Amended and Restated Definitions. The following definition contained in Section 1.02 of the Existing Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

"Aggregate Elected Revolving Commitment Amount" at any time means the sum of the Elected Revolving Commitments, as the same may be increased, reduced or terminated from time to time pursuant to Section 2.06. As of the Thirteenth Amendment Effective Date, the Aggregate Elected Revolving Commitment Amount is $1,500,000,000.

2.3 Replacement of Schedule 1 to Existing Credit Agreement. Schedule 1 to the Existing Credit Agreement is hereby replaced in its entirety with Schedule 1 hereto and Schedule 1 hereto shall be deemed to be attached as Schedule 1 to the Credit Agreement and each Bank shall have the Maximum Credit Amount, Elected Revolving Commitment and Applicable Revolving Commitment Percentage set forth on Schedule 1 hereto.

Any signature page, schedule or exhibit to the Existing Credit Agreement not amended pursuant to the terms of this Thirteenth Amendment shall remain in effect without any amendment or other modification thereto.

Section 3. Fall 2024 Borrowing Base Redetermination and Aggregate Elected Revolving Commitment Amount Increase. In reliance on the representations, warranties, covenants and agreements contained in this Thirteenth Amendment, and subject to the satisfaction (or waiver) of the conditions precedent set forth in Section 4 hereof, (a) the Administrative Agent and the Required Banks hereby agree that, effective as of the Thirteenth Amendment Effective Date, the Borrowing Base shall be reaffirmed at $1,500,000,000 (the "Fall 2024 Borrowing Base Redetermination") and continuing until the next Scheduled Redetermination, Interim Redetermination, or other adjustment to the Borrowing Base, whichever occurs first pursuant to the terms of the Credit Agreement and (b) the Borrower, the Administrative Agent and the Banks hereby agree that the Aggregate Elected Revolving Commitment Amount shall be increased from $1,350,000,000 to $1,500,000,000 in accordance with Schedule 1 to the Credit Agreement (as amended by Section 2.3 hereof) and continuing until subsequently decreased or increased pursuant to the terms of the Credit Agreement. The Borrower, the Administrative Agent and the Banks hereby further agree that the Fall 2024 Borrowing Base Redetermination provided for herein shall be deemed to be the Scheduled Redetermination of the Borrowing Base intended to be effective on or about November 1, 2024 as referenced in Section 2.07(b) of the Existing Credit Agreement and that this Thirteenth Amendment constitutes the New Borrowing Base Notice with respect to such Scheduled Redetermination.

Section 4. Conditions Precedent (Thirteenth Amendment). The effectiveness of this Thirteenth Amendment (including the amendments set forth in Section 2 hereof, the redetermination and reaffirmation of the Borrowing Base set forth in Section 3 and the increase in the Aggregate Elected Revolving Commitment Amount set forth in Section 3) is subject to the satisfaction (or waiver) of each of the following conditions precedent:

4.1 Counterparts. The Administrative Agent shall have received counterparts of this Thirteenth Amendment from (a) each of the Credit Parties and (b) the Banks constituting at least the Required Banks and (c) each Bank whose Revolving Commitment will increase upon the effectiveness of this Thirteenth Amendment.

4.2 Fees and Expenses. The Administrative Agent shall have received, to the extent invoiced, all fees and other amounts due and payable on or prior to the Thirteenth Amendment Effective Date to the extent invoiced at least one (1) Business Day prior to the Thirteenth Amendment Effective Date (including all fees and other amounts due and payable to the Administrative Agent on account of the Banks).

4.3 Notes. The Administrative Agent shall have received duly executed Notes (or any amendment or restatement thereof, as the case may be) payable to each requesting Bank and its registered assigns in a principal amount equal to such requesting Bank's Maximum Credit Amount as set forth on Schedule 1 to the Credit Agreement (as amended hereby).

4.4 Acquisition. Substantially concurrently with the Thirteenth Amendment Effective Date, the Acquisition shall be consummated in accordance with the terms of the Acquisition Agreement, as executed, without giving effect to any subsequent amendment, consent, waiver or other modification thereto except to the extent approved by the Administrative Agent. The Administrative Agent shall have received a certificate from a Responsible Officer certifying that: (a) attached to such certificate is a true and correct, fully-executed copy of the Acquisition Agreement (including, for the avoidance of doubt, all exhibits, schedules, annexes and disclosure schedules thereto, all amendments, waivers, supplements or modifications thereto and all side letters and other supplemental or material agreements and instruments executed and delivered in connection with the Acquisition), (b) substantially concurrently with the Thirteenth Amendment Effective Date, the Acquisition shall be consummated in accordance with the terms of the Acquisition Agreement, as executed, without giving effect to any subsequent amendment, consent, waiver or other modification thereto except to the extent approved by the Administrative Agent and (c)(i) the Specified Acquisition Agreement Representations (as defined below) shall be true and correct in all material respects and (ii) the Specified Representations (as defined below) shall be true and correct in all material respects, except to the extent that any such representation or warranty is already qualified by materiality, material adverse effect or other similar qualification, in which case such representation or warranty shall be true and correct in all respects. For purposes hereof, (1) "Specified Acquisition Agreement Representations" means such of the representations made by the Seller or its subsidiaries or affiliates in the Acquisition Agreement as are material to the interests of the Banks, but only to the extent that the Borrower or its affiliates have the right to terminate its or its affiliates' respective obligations under the Acquisition Agreement or otherwise decline to close the Acquisition as a result of a breach of any such Specified Acquisition Agreement Representations or any such Specified Acquisition Agreement Representations not being accurate (in each case, determined without regard to any notice requirement) and (2) "Specified Representations" means those representations and warranties of the Borrower in Section 7.01, Section 7.02, Section 7.03, Section 7.07, Section 7.08, Section 7.13, Section 7.16, Section 7.18, Section 7.19, Section 7.23, Section 7.24 and Section 7.28 of the Credit Agreement.

4.5 Solvency Certificate. The Administrative Agent shall have received a certificate of the Borrower's chief financial officer certifying that, after giving effect to this Thirteenth Amendment and the Acquisition on the Thirteenth Amendment Effective Date, the Borrower and its subsidiaries on a consolidated basis are solvent in substantially the form attached as Annex I hereto.

4.6 Lien Searches and Absence of Liens. The Administrative Agent shall have received (a) customary payoff letters and lien releases evidencing that all existing liens or security interests on the Acquired Assets (subject only to liens permitted by Section 9.03 of the Credit Agreement) have been, or contemporaneously with the Thirteenth Amendment Effective Date shall be, terminated or released and (b) customary UCC lien search results with respect to the Borrower and the other Credit Parties, in each case, in their respective jurisdictions of formation.

4.7 KYC. The requesting Banks shall have received at least five (5) Business Days prior to the Thirteenth Amendment Effective Date, to the extent requested in writing to the Borrower at least ten (10) Business Days prior to the Thirteenth Amendment Effective Date, a Beneficial Ownership Certification in relation to the Borrower.

4.8 No Default. No Default shall have occurred and be continuing as of the Thirteenth Amendment Effective Date.

For purposes of determining compliance with the conditions specified in this Section 4, each Bank that has signed this Thirteenth Amendment shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required under this Section 4. The Administrative Agent shall notify the Borrower and the Banks of the Thirteenth Amendment Effective Date, and such notice shall be final, conclusive and binding upon the Banks and all other parties to the Credit Agreement for all purposes.

Section 5. Agreements by Banks; Reallocation.

5.1 Agreements by Banks. Each Bank hereby agrees that, upon the effectiveness of this Thirteenth Amendment, from and after the Thirteenth Amendment Effective Date, such Bank shall (a) continue as a Bank as defined in, and for all purposes of, the Existing Credit Agreement, as amended hereby, and the other Loan Papers and shall continue to have all of the rights of a Bank under and as defined therein in all respects and (b) have the Maximum Credit Amount, Elected Revolving Commitment and Applicable Revolving Commitment Percentage in the amount shown opposite its name on Schedule 1 to the Credit Agreement (as amended hereby).

5.2 Reallocation. After giving effect to this Thirteenth Amendment and any Borrowings made on the Thirteenth Amendment Effective Date, (a) each Bank who holds Revolving Loans in an aggregate amount less than its Applicable Revolving Commitment Percentage of all Revolving Loans shall advance new Revolving Loans which shall be disbursed to the Administrative Agent and used to repay Revolving Loans outstanding to each Bank who holds Revolving Loans in an aggregate amount greater than its Applicable Revolving Commitment Percentage of all Revolving Loans, including with respect to portions of any outstanding SOFR Loans which SOFR Loans shall otherwise remain outstanding through the last day of the Interest Period applicable thereto unless repaid prior thereto by the Borrower after giving effect to the adjustments described in this Section 5.2; provided, that in no event shall any such advance, disbursement or other adjustment be considered an extinguishment, novation or retirement of the Obligations under the Existing Credit Agreement (as amended hereby) or any other Loan Paper, (b) each Bank's participation in each Letter of Credit, if any, shall be automatically adjusted to equal its Applicable Revolving Commitment Percentage, (c) such other adjustments shall be made as the Administrative Agent shall specify so that the Revolving Credit Exposure applicable to each Bank equals its Applicable Revolving Commitment Percentage of the Aggregate Revolving Credit Exposures of all Banks and (d) upon request by each applicable Bank, the Borrower shall be required to make any break funding payments owing to such Bank that are required under Section 5.02 of the Credit Agreement as a result of the Revolving Loans and adjustments described in this Section 5.2.

Section 6. Representations and Warranties; Etc. Each Credit Party hereby affirms: (a) that as of the date hereof, all of the Specified Representations are true and correct in all material respects, except to the extent that any such representation or warranty is already qualified by materiality, material adverse effect or other similar qualification, in which case such representation or warranty shall be true and correct in all respects and (b) no Default exists under the Loan Papers or will, after giving effect to this Thirteenth Amendment, exist under the Loan Papers.

Section 7. Certain Agreements.

7.1 Post-Closing Covenants. No later than sixty (60) days after the Thirteenth Amendment Effective Date (or such later date as the Administrative Agent may agree to in its sole discretion), the Administrative Agent shall have received from the Borrower:

(a) (i) Mortgages, duly executed by the applicable Credit Parties and otherwise in form and substance reasonably satisfactory to the Administrative Agent, such that after giving effect thereto, the Mortgages create first-priority, perfected Liens (subject only to Permitted Encumbrances but subject to the provisos at the end of such definition) on at least 85% of the PV-9 value of the Oil and Gas Properties, including, without limitation, the Acquired Assets, evaluated in the Thirteenth Amendment Reserve Report (as defined below) and (ii) legal opinions (including from local counsel in each applicable jurisdiction) covering such mortgage related matters in connection with the foregoing as may be reasonably requested by the Administrative Agent; and

(b) title information reasonably satisfactory to the Administrative Agent setting forth the status of title to at least 85% of the PV-9 value of the Oil and Gas Properties, including, without limitation, the Acquired Assets, evaluated in the Thirteenth Amendment Reserve Report. "Thirteenth Amendment Reserve Report" means, collectively, (i) the Reserve Report evaluating the Oil and Gas Properties of the Credit Parties as of July 1, 2024 and (ii) the reserve report of the Seller evaluating the Acquired Assets as of April 1, 2024, in the case of each reserve report in the foregoing clauses (i) and (ii), prepared by or under the supervision of the chief engineer of the Borrower.

7.2 No Cure Period. The Borrower's failure to comply with any requirement of Section 7.1 hereof shall, in each case, constitute an immediate Event of Default and, for the avoidance of doubt, no Credit Party shall be entitled to any grace or cure period for such breach or non-compliance which may be provided for in any Loan Paper.

Section 8. Miscellaneous.

8.1 Confirmation and Effect. The provisions of the Existing Credit Agreement (as amended by this Thirteenth Amendment) shall remain in full force and effect in accordance with its terms following the effectiveness of this Thirteenth Amendment. Each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", or words of like import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

8.2 Ratification and Affirmation of Credit Parties. Each of the Credit Parties hereby expressly (a) acknowledges the terms of this Thirteenth Amendment, (b) ratifies and affirms its obligations under the Credit Agreement, the Facility Guaranty and the other Loan Papers to which it is a party, (c) acknowledges, renews and extends its continued liability under the Facility Guaranty and the other Loan Papers to which it is a party (in each case, as amended hereby), (d) in the case of each Guarantor, agrees that its guarantee under the Facility Guaranty and the other Loan Papers (in each case, as amended hereby) to which it is a party remains in full force and effect with respect to the Obligations, as amended hereby, (e) represents and warrants that (i) the execution, delivery and performance of this Thirteenth Amendment has been duly authorized by all necessary corporate or company action of such Credit Party, (ii) this Thirteenth Amendment constitutes a valid and binding agreement of such Credit Party, and (iii) this Thirteenth Amendment is enforceable against such Credit Party in accordance with its terms except as (A) the enforceability thereof may be limited by bankruptcy, insolvency or similar Laws affecting creditors' rights generally, and (B) the availability of equitable remedies may be limited by equitable principles of general applicability, and (f) acknowledges and confirms that the amendments contemplated hereby shall not limit or impair any Liens securing the Obligations, each of which are hereby ratified, affirmed and extended to secure the Obligations after giving effect to this Thirteenth Amendment.

8.3 Counterparts. This Thirteenth Amendment may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Thirteenth Amendment by facsimile or electronic (e.g. pdf) transmission shall be effective as delivery of a manually executed original counterpart hereof.

8.4 No Oral Agreement. This written Thirteenth Amendment, the Credit Agreement and the other Loan Papers executed in connection herewith and therewith represent the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or unwritten oral agreements of the parties. There are no subsequent oral agreements between the parties.

8.5 Governing Law. This Thirteenth Amendment (including, but not limited to, the validity and enforceability hereof) shall be governed by, and construed in accordance with, the laws of the State of New York.

8.6 Payment of Expenses. Borrower agrees to pay or reimburse Administrative Agent for all of its out-of-pocket costs and expenses incurred in connection with this Thirteenth Amendment, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to Administrative Agent.

8.7 Severability. Any provision of this Thirteenth Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Successors and Assigns. This Thirteenth Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8.9 Loan Paper. This Thirteenth Amendment shall constitute a "Loan Paper" for all purposes under the other Loan Papers.

8.10 Waiver of Jury Trial. Section 12.09(d) of the Credit Agreement is hereby incorporated by reference, *mutatis mutandis*.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the parties hereto have caused this Thirteenth Amendment to be duly executed effective as of the date first written above.

BORROWER: **VITAL ENERGY, INC.**

By: /s/ Bryan Lemmerman
Name: Bryan Lemmerman
Title: Executive Vice-President and Chief Financial Officer

GUARANTOR: **VITAL MIDSTREAM SERVICES, LLC**

By: /s/ Bryan Lemmerman
Name: Bryan Lemmerman
Title: Executive Vice-President and Chief Financial Officer

WELLS FARGO BANK, N.A.,
as Administrative Agent and as a Bank

By: /s/ Gerardo Aponte
Name: Gerado Aponte
Title: Executive Director

Signature Page to Thirteenth Amendment to
Fifth Amended and Restated Credit Agreement

BANK OF AMERICA, N.A.,
as a Bank

By:	/s/ Ajay Prakash
Name:	Ajay Prakash
Title:	Director

KEYBANK NATIONAL ASSOCIATION,
as a Bank

By: /s/ George McKean
Name: George McKean
Title: Senior Vice President

MIZUHO BANK, LTD.,
as a Bank

By:	/s/ Edward Sacks
Name:	Edward Sacks
Title:	Managing Director

PNC BANK, NATIONAL ASSOCIATION,
successor to BBVA USA,
as a Bank

By: /s/ Anvar Musayev
Name: Anvar Musayev
Title: Vice President

TRUIST BANK,
as a Bank

By: /s/ Greg Krablin
Name: Greg Krablin
Title: Director

CAPITAL ONE, NATIONAL ASSOCIATION,
as a Bank

By: /s/ John Owen
Name: John Owen
Title: Vice President

CITIBANK, N.A.,
as a Bank

By: /s/ Cliff Vaz
Name: Cliff Vaz
Title: Vice President

FIFTH THIRD BANK, NATIONAL ASSOCIATION,
as a Bank

By:	/s/ Thomas Kleiderer
Name:	Thomas Kleiderer
Title:	Managing Director

U.S. BANK NATIONAL ASSOCIATION,
as a Bank

By: /s/ Matthew A. Turner
Name: Matthew A. Turner
Title: Senior Vice President

BOKF, NA DBA BANK OF OKLAHOMA,
as a Bank

By:	/s/ Tyler Thalken
Name:	Tyler Thalken
Title:	Senior Vice President

COMERICA BANK,
as a Bank

By: /s/ Britney P. Moore
Name: Britney P. Moore
Title: Vice President

ZIONS BANCORPORATION, N.A. dba AMEGY BANK,
as a Bank

By: /s/ Matt Lang
Name: Matt Lang
Title: Senior Vice President - Amegy Division

Schedule 1

MAXIMUM CREDIT AMOUNTS AND ELECTED REVOLVING COMMITMENTS

Bank	Maximum Credit Amount	Elected Revolving Commitment	Applicable Revolving Commitment Percentage
Wells Fargo Bank, N.A.	$284,000,000.00	$142,000,000.00	9.466666667%
Bank of America, N.A.	$272,000,000.00	$136,000,000.00	9.066666667%
KeyBank National Association	$272,000,000.00	$136,000,000.00	9.066666667%
Mizuho Bank, LTD.	$272,000,000.00	$136,000,000.00	9.066666667%
PNC Bank, National Association, successor to BBVA USA	$272,000,000.00	$136,000,000.00	9.066666667%
Truist Bank	$272,000,000.00	$136,000,000.00	9.066666667%
Capital One, National Association	$264,000,000.00	$132,000,000.00	8.800000000%
Citibank, N.A.	$264,000,000.00	$132,000,000.00	8.800000000%
Fifth Third Bank, National Association	$264,000,000.00	$132,000,000.00	8.800000000%
U.S. Bank National Association	$264,000,000.00	$132,000,000.00	8.800000000%
BOKF, NA dba Bank of Oklahoma	$130,000,000.00	$65,000,000.00	4.333333333%
Comerica Bank	$90,000,000.00	$45,000,000.00	3.000000000%
Zions Bancorporation, N.A., dba Amegy Bank	$80,000,000.00	$40,000,000.00	2.666666667%
Total:	**$3,000,000,000.00**	**$1,500,000,000.00**	**100.000000000%**

Annex I

FORM OF SOLVENCY CERTIFICATE

[DATE]

SOLVENCY CERTIFICATE

[__], [__]

This Solvency Certificate (this "Certificate") is delivered pursuant to that certain Fifth Amended and Restated Credit Agreement dated as of May 2, 2017 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"; and the Existing Credit Agreement, as the same may be further amended, amended and restated, supplemented or otherwise modified from time to time, including as of the date hereof, the "Credit Agreement"), by and among Vital Energy, Inc., a Delaware corporation (the "Borrower"), Wells Fargo Bank, N.A., as the Administrative Agent under and as defined therein, and the lenders and other parties thereto. Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement.

I, [_______], solely in my capacity as the [Chief Financial Officer][Chief Executive Officer] of the Borrower, do hereby certify on behalf of the Borrower that as of the date hereof, after giving effect to the consummation of the Transactions contemplated by the Credit Agreement:

1. The sum of the debt (including contingent liabilities) of the Borrower and the Subsidiaries, on a consolidated basis, does not exceed the present fair saleable value of the present assets of the Borrower and the Subsidiaries, on a consolidated basis.

2. The capital of the Borrower and the Subsidiaries, on a consolidated basis, is not unreasonably small in relation to their business as contemplated on the date hereof.

3. The Borrower and the Subsidiaries, on a consolidated basis, have not incurred and do not intend to incur, or believe that they will incur, debts including current obligations, beyond their ability to pay such debts as they become due (whether at maturity or otherwise).

4. The Borrower and the Subsidiaries, on a consolidated basis, are "solvent" within the meaning given to that term and similar terms under applicable laws relating to fraudulent transfers and conveyances.

5. For purposes of this Certificate, the amount of any contingent liability has been computed as the amount that, in light of all of the facts and circumstances existing as of the date hereof, represents the amount that can reasonably be expected to become an actual or matured liability.

6. In reaching the conclusions set forth in this Certificate, I have made such other investigations and inquiries as I have deemed appropriate, having taken into account the nature of the particular business anticipated to be conducted by the Borrower and the Subsidiaries after the consummation of the Transactions contemplated by the Credit Agreement.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, I have executed this Certificate as of the date first written above.

[ ]

By: ____________________________
Name: [_______]
Title: [_______]

EXHIBIT 31.1

CERTIFICATION

I, Jason Pigott, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vital Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2024

/s/ Jason Pigott

Jason Pigott
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Bryan J. Lemmerman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Vital Energy, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2024

/s/ Bryan J. Lemmerman

Bryan J. Lemmerman
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

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

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Jason Pigott, President and Chief Executive Officer of Vital Energy, Inc. (the "Company"), and Bryan J. Lemmerman, Executive Vice President and Chief Financial Officer of the Company, certify that, to their knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the period ending September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

November 6, 2024

/s/ Jason Pigott
Jason Pigott
President and Chief Executive Officer

November 6, 2024

/s/ Bryan J. Lemmerman
Bryan J. Lemmerman

Executive Vice President and Chief Financial Officer

Mine Safety Disclosures

Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and Item 104 of Regulation S-K (17 CFR 229.104) require certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977 (as amended by the Mine Improvement and New Emergency Response Act of 2006, the "Mine Act").

Vital Energy, Inc. (“Vital”), on April 15, 2020, acquired surface and sand rights on approximately 628 acres in Howard County, Texas, and in October 2020 entered into an agreement with Hi-Crush, Inc. and its subsidiary OnCore Processing, LLC (“OnCore”) to construct and operate an in-field sand mine to support Vital’s exploration and development operations. Operations began in November 2020 and are subject to regulation by the U.S. Federal Mine Safety and Health Administration ("MSHA").

MSHA inspects mining facilities on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Citations and orders may be appealed with the potential of reduced or dismissed penalties. Information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K (17 CFR 229.104) are outlined below.

Mine Safety Data

The following provides additional information about references used in the table below to describe the categories of violations, orders or citations issued by MSHA under the Mine Act:

- *Section 104 Significant Substantial (“S&S”) Citations:* Citations for violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard.
- *Section 104(b) Orders:* Orders which represents a failure to abate a citation under section 104(a) within the period of time prescribed by MSHA. This results in an order of immediate withdrawal from the area of the mine affected by the condition until MSHA determines that the violation has been abated.
- *Section 104(d) Citations and Orders:* Citations and orders for an unwarrantable failure to comply with mandatory health or safety standards.
- *Section 110(b)(2) Violations:* Flagrant violations.
- *Section 107(a) Orders:* Orders for situations in which MSHA determined an "imminent danger" (as defined by MSHA) existed.
- *Notice of Pattern of Violations*: Notice of a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the Mine Act.
- *Notice of Potential Pattern of Violations*: Notice of the potential to have a pattern of violations under section 104(e).
- *Pending Legal Actions*: Legal actions before the Federal Mine Safety and Health Review Commission ("FMSHRC") initiated.

For the quarter ended September 30, 2024

Citation, Order, Violation or Action	OnCore[(a)]
Section 104 S&S citations (#)	1
Section 104(b) orders (#)	None
Section 104(d) citations and orders (#)	None
Section 110(b)(2) violations (#)	None
Section 107(a) orders (#)	None
Proposed assessments under MSHA ($)[(b)]	$407
Mining-related fatalities (#)	None
Notice of pattern of violations (yes/no)	None
Notice of potential pattern of violations (yes/no)	None
Pending legal actions (#)	None

(a) The definition of mine under section 3 of the Mine Act includes the mine, as well as other items used in, or to be used in, or resulting from, the work of extracting minerals, such as land, structures, facilities, equipment, machines, tools and minerals preparation facilities. Unless otherwise indicated, any of these other items associated with a single mine have been aggregated in the totals for that mine. MSHA assigns an identification number to each mine and may or may not assign separate identification numbers to related facilities such as preparation facilities. We are providing the information in the table by mine rather than MSHA identification number because that is how we manage and operate our mining business and we believe this presentation will be more useful to investors than providing information based on MSHA identification numbers.

(b) Represents the total dollar value of the proposed assessment from MSHA under the Mine Act pursuant to the citations and/or orders preceding such dollar value in the corresponding row.