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 March 31, 2022

or

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

For the transition period from to

Commission File Number: 001-35380

Laredo Petroleum, 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.)

15 W. Sixth Street	**Suite 900**	
Tulsa	**Oklahoma**	**74119**
(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	**LPI**	**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 May 2, 2022: 17,303,489

LAREDO PETROLEUM, INC.
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Various statements contained in or incorporated by reference into this Quarterly Report on Form 10-Q (this "Quarterly Report") are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements include statements, projections and estimates concerning our operations, performance, business strategy, oil, natural gas liquids ("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 effects, duration, government response or other implications of the coronavirus ("COVID-19") pandemic, or the threat and occurrence of other epidemic or pandemic diseases;
- changes in domestic and global production, supply and demand for oil, NGL and natural gas, including actions by the Organization of the Petroleum Exporting Countries members and other oil exporting nations ("OPEC+");
- the volatility of oil, NGL and natural gas prices, including in our area of operation in the Permian Basin;
- the potential impact of suspending drilling programs and completions activities or shutting in a portion of our wells, as well as costs to later restart, and co-development considerations such as horizontal spacing, vertical spacing and parent-child interactions on production of oil, NGL and natural gas from our wells;
- United States ("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;
- war and political instability in Ukraine and Russian efforts to destabilize the government of Ukraine and the global hydrocarbon market;
- our ability to comply with federal, state and local regulatory requirements;
- restrictions on the use of water, including limits on the use of produced water and a moratorium on new produced water well permits recently imposed by the Railroad Commission of Texas, in an effort to control induced seismicity in the Permian Basin;
- the possibility of instability and uncertainty in the 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;
- 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 and realize the anticipated benefits of acquired businesses, assets and properties;
- competition in the oil and natural gas industry;
- our ability to discover, estimate, develop and replace oil, NGL and natural gas reserves and inventory;
- drilling and operating risks impacting our ability to produce existing wells and/or drill and complete new wells over an extended period of time, including risks related to hydraulic fracturing activities and inclement or extreme weather;
- the long-term performance of wells that were completed using different technologies;

- revisions to our reserve estimates as a result of changes in commodity prices, decline curves and other uncertainties;
- impacts of impairment write-downs on our financial statements;
- our ability to continue to maintain the borrowing capacity under our Senior Secured Credit Facility (as defined below) 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 for our operations and projects and generate future profits;
- our ability to hedge, and regulations that affect our ability to hedge;
- the availability and costs of drilling and production equipment, supplies, labor and oil and natural gas processing and other services;
- the availability and costs of sufficient gathering, processing, storage and export capacity in the Permian Basin and refining capacity in the U.S. Gulf Coast;
- the impact of repurchases, if any, of securities from time to time;
- the effectiveness of our internal control over financial reporting and our ability to remediate a material weakness in our internal control over financial reporting;
- our ability to maintain the health and safety of, as well as recruit and retain, qualified personnel necessary to operate our business;
- risks related to the geographic concentration of our assets; and
- our ability to secure or generate sufficient electricity to produce our wells without limitations.

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, under "Part I, Item 1A. Risk Factors" and "Part II, 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, 2021 (the "2021 Annual Report") and those set forth from time to time in our other filings with the Securities and Exchange Commission (the "SEC"). These documents are available through our website or through the SEC's Electronic Data Gathering and Analysis Retrieval system at http://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. We do not intend to, and disclaim any obligation to, update or revise any forward-looking statements unless required by securities law.

Part I

Item 1. Consolidated Financial Statements (Unaudited)

Laredo Petroleum, Inc.
Consolidated balance sheets
(in thousands, except share data)
(Unaudited)

	March 31, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 65,137	$ 56,798
Accounts receivable, net	213,549	151,807
Derivatives	5,899	4,346
Other current assets	17,767	22,906
Total current assets	302,352	235,857
Property and equipment:		
Oil and natural gas properties, full cost method:		
Evaluated properties	9,149,982	8,968,668
Unevaluated properties not being depleted	156,899	170,033
Less: accumulated depletion and impairment	(7,089,265)	(7,019,670)
Oil and natural gas properties, net	2,217,616	2,119,031
Midstream service assets, net	94,632	96,528
Other fixed assets, net	35,374	34,590
Property and equipment, net	2,347,622	2,250,149
Derivatives	33,862	32,963
Other noncurrent assets, net	42,494	32,855
Total assets	$ 2,726,330	$ 2,551,824
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 73,228	$ 71,386
Accrued capital expenditures	69,018	50,585
Undistributed revenue and royalties	162,233	117,920
Derivatives	365,256	179,809
Other current liabilities	105,767	107,213
Total current liabilities	775,502	526,913
Long-term debt, net	1,421,821	1,425,858
Derivatives	17,450	—
Asset retirement obligations	69,677	69,057
Other noncurrent liabilities	18,092	16,216
Total liabilities	2,302,542	2,038,044
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 50,000,000 shares authorized and zero issued as of March 31, 2022 and December 31, 2021	—	—
Common stock, $0.01 par value, 22,500,000 shares authorized and 17,302,320 and 17,074,516 issued and outstanding as of March 31, 2022 and December 31, 2021, respectively	173	171
Additional paid-in capital	2,785,415	2,788,628
Accumulated deficit	(2,361,800)	(2,275,019)
Total stockholders' equity	423,788	513,780
Total liabilities and stockholders' equity	$ 2,726,330	$ 2,551,824

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

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

	Three months ended March 31, 2022	Three months ended March 31, 2021
Revenues:		
Oil sales	$ 347,443	$ 127,701
NGL sales	65,155	41,678
Natural gas sales	38,589	33,078
Midstream service revenues	2,344	1,296
Sales of purchased oil	78,864	46,477
Total revenues	532,395	250,230
Costs and expenses:		
Lease operating expenses	40,876	18,918
Production and ad valorem taxes	27,487	13,283
Transportation and marketing expenses	14,743	12,127
Midstream service expenses	1,414	858
Costs of purchased oil	82,964	49,916
General and administrative	21,944	13,073
Depletion, depreciation and amortization	73,492	38,109
Other operating expenses	1,019	1,143
Total costs and expenses	263,939	147,427
Operating income	268,456	102,803
Non-operating income (expense):		
Loss on derivatives, net	(325,816)	(154,365)
Interest expense	(32,477)	(25,946)
Loss on disposal of assets, net	(260)	(72)
Other income, net	2,439	1,379
Total non-operating expense, net	(356,114)	(179,004)
Loss before income taxes	(87,658)	(76,201)
Income tax (expense) benefit:		
Current	(1,218)	—
Deferred	2,095	762
Total income tax benefit	877	762
Net loss	$ (86,781)	$ (75,439)
Net loss per common share:		
Basic	$ (5.18)	$ (6.33)
Diluted	$ (5.18)	$ (6.33)
Weighted-average common shares outstanding:		
Basic	16,767	11,918
Diluted	16,767	11,918

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

Laredo Petroleum, Inc.
Consolidated statements of stockholders' equity
(in thousands)
(Unaudited)

	Common stock		Additional paid-in capital	Treasury stock (at cost)		Accumulated deficit	Total
	Shares	Amount		Shares	Amount		
Balance, December 31, 2021	17,075	$ 171	$ 2,788,628	—	$ —	$ (2,275,019)	$ 513,780
Restricted stock awards	232	2	(2)	—	—	—	—
Restricted stock forfeitures	(4)	—	—	—	—	—	—
Stock exchanged for tax withholding	—	—	—	76	(5,847)	—	(5,847)
Retirement of treasury stock	(76)	(1)	(5,846)	(76)	5,847	—	—
Share-settled equity-based compensation	—	—	2,636	—	—	—	2,636
Performance share conversion	75	1	(1)	—	—	—	—
Net loss	—	—	—	—	—	(86,781)	(86,781)
Balance, March 31, 2022	17,302	$ 173	$ 2,785,415	—	$ —	$ (2,361,800)	$ 423,788

	Common stock		Additional paid-in capital	Treasury stock (at cost)		Accumulated deficit	Total
	Shares	Amount		Shares	Amount		
Balance, December 31, 2020	12,020	$ 120	$ 2,398,464	—	$ —	$ (2,420,027)	$ (21,443)
Restricted stock awards	188	2	(2)	—	—	—	—
Restricted stock forfeitures	(1)	—	—	—	—	—	—
Stock exchanged for tax withholding	—	—	—	37	(1,290)	—	(1,290)
Retirement of treasury stock	(37)	—	(1,290)	(37)	1,290	—	—
Share-settled equity-based compensation	—	—	2,738	—	—	—	2,738
Issuance of common stock, net of costs	724	7	26,859	—	—	—	26,866
Performance share conversion	6	—	—	—	—	—	—
Net loss	—	—	—	—	—	(75,439)	(75,439)
Balance, March 31, 2021	12,900	$ 129	$ 2,426,769	—	$ —	$ (2,495,466)	$ (68,568)

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

Laredo Petroleum, Inc.
Consolidated statements of cash flows
(in thousands)
(Unaudited)

	Three months ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	$ (86,781)	$ (75,439)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Share-settled equity-based compensation, net	2,053	2,068
Depletion, depreciation and amortization	73,492	38,109
Mark-to-market on derivatives:		
Loss on derivatives, net	325,816	154,365
Settlements paid for matured derivatives, net	(125,370)	(41,174)
Premiums received for commodity derivatives	—	9,041
Amortization of debt issuance costs	1,541	989
Amortization of operating lease right-of-use assets	5,025	2,997
Deferred income tax benefit	(2,095)	(762)
Other, net	425	1,491
Changes in operating assets and liabilities:		
Accounts receivable, net	(61,742)	(3,728)
Other current assets	5,092	(10,264)
Other noncurrent assets, net	(15,227)	(1,636)
Accounts payable and accrued liabilities	1,842	9,065
Undistributed revenue and royalties	44,294	7,290
Other current liabilities	(1,471)	(19,622)
Other noncurrent liabilities	3,988	(1,639)
Net cash provided by operating activities	170,882	71,151
Cash flows from investing activities:		
Acquisitions of oil and natural gas properties, net	(7,870)	—
Capital expenditures:		
Oil and natural gas properties	(143,500)	(68,329)
Midstream service assets	(293)	(329)
Other fixed assets	(2,052)	(551)
Proceeds from dispositions of capital assets, net of selling costs	2,019	189
Net cash used in investing activities	(151,696)	(69,020)
Cash flows from financing activities:		
Borrowings on Senior Secured Credit Facility	50,000	15,000
Payments on Senior Secured Credit Facility	(55,000)	(50,000)
Proceeds from issuance of common stock, net of offering costs	—	26,866
Stock exchanged for tax withholding	(5,847)	(1,290)
Other	—	2,798
Net cash used in financing activities	(10,847)	(6,626)
Net increase (decrease) in cash and cash equivalents	8,339	(4,495)
Cash and cash equivalents, beginning of period	56,798	48,757
Cash and cash equivalents, end of period	$ 65,137	$ 44,262

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

Note 1—Organization and basis of presentation

Organization

Laredo Petroleum, Inc. ("Laredo"), together with its wholly-owned subsidiaries, Laredo Midstream Services, LLC ("LMS") and Garden City Minerals, LLC ("GCM"), is an independent energy company focused on the acquisition, exploration and development of oil and natural gas properties, primarily in the Permian Basin of West Texas. The Company has identified one operating segment: exploration and production. In these notes, the "Company" refers to Laredo, LMS and GCM 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 accounting principles generally accepted in the United States of America ("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, 2021 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 financial position as of March 31, 2022, results of operations for the three months ended March 31, 2022 and 2021 and cash flows for the three months ended March 31, 2022 and 2021.

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 2021 Annual Report.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period financial statement presentation. There was no impact on previously reported total assets, total liabilities, net loss or stockholders' equity for the periods presented.

Significant accounting policies

There have been no material changes in the Company's significant accounting policies during the three months ended March 31, 2022. See Note 2 in the 2021 Annual Report for discussion of significant accounting policies.

Use of estimates in the preparation of interim unaudited consolidated financial statements

The preparation of the unaudited 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 as of 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 2021 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 standard updates ("ASU") issued by the Financial Accounting Standards Board to the Accounting Standards Codification ("ASC") and has determined there are no ASUs that are not yet adopted and meaningful to disclose as of March 31, 2022. Additionally, the Company did not adopt any new ASUs during the three months ended March 31, 2022.

Note 3—Acquisitions and divestitures

2021 Acquisitions and divestiture

Pioneer Acquisition

On September 17, 2021, the Company entered into a purchase and sale agreement (the "Pioneer PSA") with Pioneer Natural Resources USA, Inc ("PXD"), DE Midland III, LLC ("DEM"), Parsley Minerals, LLC ("PM") and Parsley Energy, L.P. ("PE" and collectively with PXD, DEM, and PM, the "Seller") pursuant to which the Company agreed to purchase (the "Pioneer Acquisition"), effective as of July 1, 2021, certain oil and natural gas properties in the Midland Basin, including approximately 20,000 net acres, and approximately 135 gross (121 net) operated locations, located in western Glasscock County, Texas, as well as related assets and contracts (the "Pioneer Assets").

On October 18, 2021 ("Pioneer Closing Date"), the Company closed the Pioneer Acquisition for an aggregate purchase price of $206.3 million, comprised of (i) $131.6 million in cash, (ii) 959,691 shares of the Company's common stock, par value $0.01 per share (the "common stock"), based upon the share price as of the Pioneer Closing Date and (iii) $3.8 million in transaction related expenses, inclusive of customary closing adjustments, subject to post-closing adjustments.

The Company determined that the Pioneer Acquisition was an asset acquisition, as substantially all of the gross assets acquired are concentrated in a group of similar identifiable assets. Accordingly, the consideration paid was allocated to the individual assets acquired and liabilities assumed based on their relative fair values and all transaction costs associated were capitalized.

The following table presents components of the purchase price, inclusive of customary closing adjustments:

(in thousands, except for share and share price data)		As of October 18, 2021
Shares of Company common stock		959,691
Company common stock price at the Pioneer Closing Date	$	73.90
Value of Company common stock consideration	$	70,921
Cash consideration	$	131,633
Transaction costs		3,775
Total purchase price	$	206,329

The following table presents the allocation of the purchase price to the assets acquired and liabilities assumed, based on their relative fair values, on the Pioneer Closing Date:

(in thousands)		As of October 18, 2021
Evaluated properties	$	139,859
Unevaluated properties		74,192
Revenue suspense liabilities assumed		(7,722)
Allocated purchase price	$	206,329

The Company funded the cash portion of the aggregate purchase price and related transaction costs with respect to the Pioneer Acquisition with cash on hand and borrowings under its Senior Secured Credit Facility.

During the year ended December 31, 2021, in connection with the Pioneer Acquisition, the Company acquired additional interests in the Pioneer Assets through additional sellers that exercised their "tag-along" sales rights, for total cash consideration of $2.9 million, excluding customary purchase price adjustments. These acquisitions were accounted for as asset acquisitions.

Sabalo/Shad Acquisition

On May 7, 2021, the Company entered into two separate purchase and sale agreements, one (the "Sabalo PSA") with Sabalo Energy, LLC and its subsidiary, Sabalo Operating, LLC (collectively, "Sabalo"), and the other (the "Shad PSA" and together with the Sabalo PSA, the "Sabalo/Shad PSAs") with Shad Permian, LLC ("Shad"), to acquire certain Midland Basin oil and natural gas properties, including approximately 21,000 net acres and approximately 120 gross (109 net) operated locations and approximately 150 gross (18 net) non-operated locations, located in Howard and Borden Counties, Texas, (collectively, the "Sabalo/Shad Acquisition"). Sabalo and Shad are unaffiliated, but owned interests in the same assets.

On July 1, 2021 ("Sabalo/Shad Closing Date"), the Company closed the Sabalo/Shad Acquisition, effective April 1, 2021, for an aggregate purchase price of $863.1 million, comprised of (i) $606.1 million in cash (ii) 2,506,964 shares of the Company's common stock, based upon the share price as of the Sabalo/Shad Closing Date, and (iii) $17.0 million in transaction related expenses, inclusive of customary closing adjustments, subject to post-closing adjustments.

The Sabalo/Shad Acquisition was accounted for as a single transaction because the Sabalo PSA and Shad PSA were entered into at the same time and in contemplation of one another to form a single transaction designed to achieve an overall economic effect. The Company determined that the Sabalo/Shad Acquisition was an asset acquisition, as substantially all of the gross assets acquired are concentrated in a group of similar identifiable assets. Accordingly, the consideration paid was allocated to the individual assets acquired and liabilities assumed based on their relative fair values and all transaction costs associated were capitalized.

The following table presents components of the purchase price, inclusive of customary closing adjustments:

(in thousands, except for share and share price data)		As of July 1, 2021
Shares of Company common stock		2,506,964
Company common stock price at the Sabalo/Shad Closing Date	$	95.72
Value of Company common stock consideration	$	239,967
Cash consideration	$	606,126
Transaction costs		17,020
Total purchase price	$	863,113

The following table presents the allocation of the purchase price to the assets acquired and liabilities assumed, based on their relative fair values, on the Sabalo/Shad Closing Date:

(in thousands)		As of July 1, 2021
Evaluated properties	$	503,005
Unevaluated properties		362,977
Revenue suspense liabilities assumed		(4,269)
Inventory		1,400
Allocated purchase price	$	863,113

The Company funded the cash portion of the aggregate purchase price and related transaction costs with respect to the Sabalo/Shad Acquisition with proceeds from borrowings under its Senior Secured Credit Facility and the Working Interest Sale described below.

Working Interest Sale

On May 7, 2021, the Company entered into a purchase and sale agreement (the "Sixth Street PSA") with Piper Investments Holdings, LLC, an affiliate of Sixth Street Partners, LLC ("Sixth Street"), 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, subject to certain excluded assets and title diligence procedures (the "Working Interest Sale").

On July 1, 2021 (the "Sixth Street Closing Date"), the Company closed the Working Interest Sale for cash proceeds of $405.0 million. In addition to such proceeds, the Sixth Street PSA also provided the Company with the right to receive up to a maximum of $93.7 million in additional cash consideration if certain cash flow targets related to divested oil and natural gas property operations are met ("Sixth Street Contingent Consideration"). The Sixth Street Contingent Consideration is made up of quarterly payments through June 2027 totaling up to $38.7 million and a potential balloon payment of $55.0 million in June 2027. On the Sixth Street Closing Date, the fair value of the Sixth Street Contingent Consideration was determined to be $33.8 million. The Sixth Street Contingent Consideration is accounted for as a contingent consideration derivative, with all gains and losses as a result of changes in the fair value of the contingent consideration derivative recognized in earnings in the period in which the changes occur. See Notes 8 and 9 for further discussion of the Sixth Street Contingent Consideration.

Subsequent to the Sixth Street Closing Date, the Company continues to own and operate its remaining working interest in the properties sold to Sixth Street; however, the results of operations and cash flows related to the 37.5% working interests sold were eliminated from the Company's financial statements. This divestiture did not represent a strategic shift and will not have a major effect on the Company's future operations or financial results.

Pursuant to the rules governing full cost accounting, the Company recorded a gain on the Working Interest Sale of $93.5 million, net of transaction expenses of $11.6 million, on the Company's consolidated statements of operations, subject to post-closing adjustments, as this divestment represented more than 25% of the Company's June 30, 2021 proved reserves. For the purposes of calculating the gain, total capitalized costs were allocated between reserves sold and reserves retained as of the Sixth Street Closing Date.

Exchange of unevaluated oil and natural gas properties

From time to time, the Company exchanges undeveloped acreage with third parties. The exchanges are recorded at fair value and the difference is accounted for as an adjustment of capitalized costs with no gain or loss recognized pursuant to the rules governing full cost accounting, unless such adjustment would significantly alter the relationship between capitalized costs and proved reserves of oil, NGL and natural gas.

Note 4—Property and equipment

The following table presents the Company's property and equipment as of the dates presented:

(in thousands)	March 31, 2022	December 31, 2021
Evaluated oil and natural gas properties	$ 9,149,982	$ 8,968,668
Less accumulated depletion and impairment	(7,089,265)	(7,019,670)
Evaluated oil and natural gas properties, net	2,060,717	1,948,998
Unevaluated oil and natural gas properties not being depleted	156,899	170,033
Midstream service assets	165,099	165,232
Less accumulated depreciation and impairment	(70,467)	(68,704)
Midstream service assets, net	94,632	96,528
Depreciable other fixed assets	45,448	43,381
Less accumulated depreciation and amortization	(28,980)	(27,692)
Depreciable other fixed assets, net	16,468	15,689
Land	18,906	18,901
Total property and equipment, net	$ 2,347,622	$ 2,250,149

See Notes 2 and 6 in the 2021 Annual Report for additional discussion of the Company's property and equipment.

The unamortized cost of evaluated oil and natural gas properties being depleted did not exceed the full cost ceiling as of March 31, 2022 and March 31, 2021. As such, no full cost ceiling impairments were recorded for the three months ended March 31, 2022 and 2021.

The following table presents incurred capital expenditures in the acquisition, exploration and development of oil and natural gas properties, with asset retirement obligations included in evaluated property acquisition costs and development costs, for the periods presented:

(in thousands)	Three months ended March 31, 2022	Three months ended March 31, 2021
Property acquisition costs:		
Evaluated	$ 4,780	$ —
Unevaluated	3,274	—
Exploration costs	6,753	3,957
Development costs	161,615	64,492
Total oil and natural gas properties incurred capital expenditures	$ 176,422	$ 68,449

Total oil and natural gas properties incurred capital expenditures includes certain employee-related costs. The following table presents capitalized employee-related incurred capital expenditures in the acquisition, exploration and development of oil and natural gas properties for the periods presented:

(in thousands)	Three months ended March 31, 2022	Three months ended March 31, 2021
Capitalized employee-related costs	$ 4,343	$ 4,241

Note 5—Debt

Long-term debt, net

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

	March 31, 2022			December 31, 2021		
(in thousands)	Long-term debt	Debt issuance costs, net	Long-term debt, net	Long-term debt	Debt issuance costs, net	Long-term debt, net
January 2025 Notes	$ 577,913	$ (5,816)	$ 572,097	$ 577,913	$ (6,345)	$ 571,568
January 2028 Notes	361,044	(4,814)	356,230	361,044	(5,024)	356,020
July 2029 Notes	400,000	(6,506)	393,494	400,000	(6,730)	393,270
Senior Secured Credit Facility[(1)]	100,000	—	100,000	105,000	—	105,000
Total	$ 1,438,957	$ (17,136)	$ 1,421,821	$ 1,443,957	$ (18,099)	$ 1,425,858

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(1) Debt issuance costs, net related to the Senior Secured Credit Facility of $7.5 million and $8.1 million as of March 31, 2022 and December 31, 2021, respectively, are included in "Other noncurrent assets, net" on the unaudited consolidated balance sheets.

July 2029 Notes

On July 16, 2021, the Company completed a private offering and sale of $400.0 million in aggregate principal amount of 7.750% senior unsecured notes due 2029 (the "July 2029 Notes"). Interest for the July 2029 Notes is payable semi-annually, in cash in arrears on January 31 and July 31 of each year, commencing January 31, 2022 with interest from closing to that date. The terms of the July 2029 Notes include covenants, which are in addition to but different than similar covenants in the Senior Secured Credit Facility, which limit the Company's ability to incur indebtedness, make restricted payments, grant liens and dispose of assets.

The July 2029 Notes are fully and unconditionally guaranteed on a senior unsecured basis by LMS and GCM, and will be fully and unconditionally guaranteed by 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 (collectively, the "Releases").

The Company received net proceeds of approximately $392.0 million from the July 2029 Notes, after deducting underwriting discounts and commissions and estimated offering expenses. The proceeds from the offering were used for general corporate purposes, including repaying a portion of the borrowings outstanding under the Senior Secured Credit Facility.

Senior Secured Credit Facility

As of March 31, 2022, the Senior Secured Credit Facility, which matures on July 16, 2025 (subject to a springing maturity date of July 29, 2024 if any of the January 2025 Notes are outstanding on such date), had a maximum credit amount of $2.0 billion, a borrowing base and an aggregate elected commitment of $1.0 billion and $725.0 million, respectively, with $100.0 million outstanding, and was subject to an interest rate of 3.000%. 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 and $80.0 million. As of March 31, 2022 and December 31, 2021, the Company had one letter of credit outstanding of $44.1 million under the Senior Secured Credit Facility. For additional information see Note 7 in the 2021 Annual Report.

See Note 16 for discussion of (i) additional borrowings and repayments on and (ii) an increase in the borrowing base and aggregate commitment of the Senior Secured Credit Facility subsequent to March 31, 2022.

The Company's measurements of Adjusted EBITDA (non-GAAP) for financial reporting as compared to compliance under its debt agreements differ.

Debt issuance costs

No debt issuance costs were capitalized or written off during the three months ended March 31, 2022 or 2021.

The Company had total debt issuance costs of $24.7 million and $26.2 million, net of accumulated amortization of $28.7 million and $27.2 million, as of March 31, 2022 and December 31, 2021, respectively. Debt issuance costs related to the Company's January 2025 Notes, January 2028 Notes and July 2029 Notes are included in "Long-term debt, net" on the unaudited consolidated balance sheets. Debt issuance costs related to the Senior Secured Credit Facility are included in "Other noncurrent assets, net" on the unaudited consolidated balance sheets. Debt issuance costs are amortized on a straight-line basis over the respective terms of the notes and the Senior Secured Credit Facility.

Note 6—Stockholders' equity

ATM Program

On February 23, 2021, the Company entered into an equity distribution agreement (the "Equity Distribution Agreement") with Wells Fargo Securities, LLC acting as sales agent and/or principal (the "Sales Agent"), pursuant to which the Company may offer and sell, from time to time through the Sales Agent, shares of its common stock having an aggregate gross sales price of up to $75.0 million through an "at-the-market" equity program (the "ATM Program").

During the three months ended March 31, 2021, the Company sold 723,579 shares of its common stock pursuant to the ATM Program for net proceeds of approximately $26.9 million, after underwriting commissions and other related expenses. The ATM Program was completed during the year ended December 31, 2021. Proceeds from the share sales were utilized to reduce borrowings on the Senior Secured Credit Facility.

Note 7—Equity Incentive Plan

The Laredo Petroleum, 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 20, 2021, the Company's stockholders approved an amendment to the Equity Incentive Plan to, among other things, increase the maximum number of shares of the Company's common stock issuable under the Equity Incentive Plan from 1,492,500 to 2,432,500 shares.

See Note 9 in the 2021 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 three months ended March 31, 2022:

	Equity Awards			Liability Awards	
(in thousands)	Restricted Stock Awards	Stock Option Awards	Performance Share Awards[(1)(2)]	Performance Unit Awards	Phantom Unit Awards[(3)]
Outstanding as of December 31, 2021	350	7	72	209	33
Granted	232	—	62	—	—
Forfeited	(4)	—	(2)	—	—
Vested	(125)	—	(70)	—	(15)
Expired or canceled	—	(2)	—	—	—
Outstanding as of March 31, 2022	453	5	62	209	18

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(1) The performance share awards granted on February 28, 2019 had a performance period of January 1, 2019 to December 31, 2021 and, as their market and performance criteria were satisfied, resulted in a 107% payout. As such, the granted awards vested and were converted into 75,107 shares of the Company's common stock during the three months ended March 31, 2022 based on this 107% payout.

(2) On February 22, 2022, the Company granted performance share awards with a performance period of January 1, 2022 through December 31, 2024. The market criteria consists of: (i) annual 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) annual absolute total 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 reduction targets. Any shares earned are expected to be paid in equity 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%.

(3) On March 1, 2022 and March 5, 2022, the vested phantom unit awards were settled and paid out in cash at a fair value of $76.60 and $83.00 based on the Company's closing stock price on the respective vesting dates.

As of March 31, 2022, total unrecognized cost related to equity-based compensation awards was $39.7 million, of which $14.0 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 2.28 years.

Equity-based compensation

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

(in thousands)	Three months ended March 31, 2022	2021
Equity awards:		
Restricted stock awards	$ 2,175	$ 1,963
Performance share awards	461	768
Stock option awards	—	7
Total share-settled equity-based compensation, gross	$ 2,636	$ 2,738
Less amounts capitalized	(583)	(670)
Total share-settled equity-based compensation, net	$ 2,053	$ 2,068
Liability awards:		
Performance unit awards	$ 5,566	$ 820
Phantom unit awards	609	506
Total cash-settled equity-based compensation, gross	$ 6,175	$ 1,326
Less amounts capitalized	(47)	(198)
Total cash-settled equity-based compensation, net	$ 6,128	$ 1,128
Total equity-based compensation, net	$ 8,181	$ 3,196

Note 8—Derivatives

The Company has three types of derivative instruments as of March 31, 2022: (i) commodity derivatives, (ii) a debt interest rate derivative and (iii) a contingent consideration derivative. See Notes (i) 2 in the 2021 Annual Report for discussion of the Company's significant accounting policies for derivatives and presentation, (ii) 9 for discussion of fair value measurement of derivatives on a recurring basis and (iii) 16 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 fair value are recognized in "Loss on derivatives, net" under "Non-operating income (expense)" on the unaudited consolidated statements of operations.

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

	Three months ended March 31,	
(in thousands)	**2022**	**2021**
Commodity	$ (329,724)	$ (154,033)
Interest rate	13	4
Contingent consideration	3,895	(336)
Loss on derivatives, net	$ (325,816)	$ (154,365)

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. See Note 10 in the 2021 Annual Report for discussion of transaction types and settlement indexes.

During the three months ended March 31, 2022, the Company's derivatives were settled based on reported prices on commodity exchanges, with (i) oil derivatives settled based on WTI NYMEX and Brent ICE 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 March 31, 2022, for commodity derivatives that were entered into through March 31, 2022, for the settlement periods presented:

	Remaining Year 2022	Year 2023
Oil:		
WTI NYMEX - Swaps:		
Volume (Bbl)	1,068,000	—
Weighted-average price ($/Bbl)	$ 81.57	$ —
WTI NYMEX - Collars:		
Volume (Bbl)	2,557,500	3,997,000
Weighted-average floor price ($/Bbl)	$ 58.23	$ 66.37
Weighted-average ceiling price ($/Bbl)	$ 69.39	$ 81.16
Brent ICE - Swaps:		
Volume (Bbl)	3,107,500	—
Weighted-average price ($/Bbl)	$ 48.34	$ —
Brent ICE - Collars:		
Volume (Bbl)	1,168,750	—
Weighted-average floor price ($/Bbl)	$ 56.65	$ —
Weighted-average ceiling price ($/Bbl)	$ 65.44	$ —
NGL:		
Purity Ethane - Swaps:		
Volume (Bbl)	1,155,000	—
Weighted-average price ($/Bbl)	$ 11.42	$ —
Non-TET Propane - Swaps:		
Volume (Bbl)	880,000	—
Weighted-average price ($/Bbl)	$ 35.91	$ —
Non-TET Normal Butane - Swaps:		
Volume (Bbl)	275,000	—
Weighted-average price ($/Bbl)	$ 41.58	$ —
Non-TET Isobutane - Swaps:		
Volume (Bbl)	82,500	—
Weighted-average price ($/Bbl)	$ 42.00	$ —
Non-TET Natural Gasoline - Swaps:		
Volume (Bbl)	275,000	—
Weighted-average price ($/Bbl)	$ 60.65	$ —
Natural gas:		
Henry Hub NYMEX - Swaps:		
Volume (MMBtu)	2,750,000	—
Weighted-average price ($/MMBtu)	$ 2.73	$ —
Henry Hub NYMEX - Collars:		
Volume (MMBtu)	22,000,000	3,650,000
Weighted-average floor price ($/MMBtu)	$ 3.09	$ 3.00
Weighted-average ceiling price ($/MMBtu)	$ 3.84	$ 4.45
Waha Inside FERC to Henry Hub NYMEX - Basis Swaps:		
Volume (MMBtu)	21,862,500	—
Weighted-average differential ($/MMBtu)	$ (0.36)	$ —

Interest rate

Due to the inherent volatility in interest rates, the Company has entered into an interest rate derivative swap to hedge interest rate risk associated with a portion of the Company's anticipated outstanding debt under the Senior Secured Credit Facility. The Company will pay a fixed rate over the contract term for that portion. By removing a portion of the interest rate volatility associated with anticipated outstanding debt, the Company expects to mitigate, but not eliminate, the potential effects of variability in cash flows from operations.

The following table summarizes the Company's interest rate derivative:

	Notional amount (in thousands)	Fixed rate	Contract period
LIBOR - Swap	$ 100,000	0.345 %	April 16, 2020 - April 18, 2022

Contingent consideration

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 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. The fair value of the Sixth Street Contingent Consideration was $35.9 million as of December 31, 2021 and $39.8 million as of March 31, 2022. See Note 3 for further discussion of the Working Interest Sale associated with the Sixth Street Contingent Consideration.

The Company's asset acquisition of oil and natural gas properties that closed on April 30, 2020 provided for potential contingent payments to be paid by the Company if the arithmetic average of the monthly settlement WTI NYMEX prices exceed certain thresholds for the contingency period beginning on January 1, 2021 and ending on the earlier of December 31, 2022 or the date the counterparty has received the maximum consideration of $1.2 million. As the maximum thresholds were met, the Company paid the maximum amount of the $1.2 million contingent consideration to the counterparty during the year ended December 31, 2021.

At each quarterly reporting period, the Company remeasures contingent consideration with the change in fair value recognized in earnings.

Note 9—Fair value measurements

See the beginning of Note 11 in the 2021 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, and see Note 2 in the 2021 Annual Report for the Company's significant accounting policies for 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 unaudited consolidated balance sheets as of the dates presented:

	March 31, 2022					
(in thousands)	Level 1	Level 2	Level 3	Total gross fair value	Amounts offset	Net fair value presented on the unaudited consolidated balance sheets
Assets:						
Current:						
Commodity	$ —	$ 18,029	$ —	$ 18,029	$ (18,029)	$ —
Interest rate	—	5	—	5	—	5
Contingent consideration	—	—	5,894	5,894	—	5,894
Noncurrent:						
Commodity	—	315	—	315	(315)	—
Contingent consideration	—	—	33,862	33,862	—	33,862
Liabilities:						
Current:						
Commodity	—	(383,285)	—	(383,285)	18,029	(365,256)
Interest rate	—	—	—	—	—	—
Noncurrent:						
Commodity	—	(17,765)	—	(17,765)	315	(17,450)
Net derivative liability positions	$ —	$ (382,701)	$ 39,756	$ (342,945)	$ —	$ (342,945)

	December 31, 2021					
(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	$ —	$ 21,671	$ —	$ 21,671	$ (21,671)	$ —
Interest rate	—	—	—	—	—	—
Contingent consideration	—	—	4,346	4,346	—	4,346
Noncurrent:						
Commodity	—	1,448	—	1,448	—	1,448
Contingent consideration	—	—	31,515	31,515	—	31,515
Liabilities:						
Current:						
Commodity	—	(201,428)	—	(201,428)	21,671	(179,757)
Interest rate	—	(52)	—	(52)	—	(52)
Noncurrent:						
Commodity	—	—	—	—	—	—
Net derivative liability positions	$ —	$ (178,361)	$ 35,861	$ (142,500)	$ —	$ (142,500)

See Note 11 in the 2021 Annual Report for discussion of the significant Level 2 inputs used in the fair value mark-to-market analysis of commodity, interest rate and contingent consideration derivatives. The Company reviewed the third-party specialist's valuations of commodity, interest rate and contingent consideration derivatives, including the related inputs, and analyzed changes in fair values between reporting dates.

The Working Interest Sale provides for potential contingent payments to be paid to the Company. The Sixth Street Contingent Consideration associated with the Working Interest Sale 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 Sixth Street 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 prior to the end of the contingency period, the Company will remeasure the Sixth Street Contingent Consideration with the changes in fair value recognized in the earnings for such quarter. See Note 3 for further discussion of the Working Interest Sale associated with 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 March 31,	
(in thousands)	2022	2021
Balance of Level 3 at beginning of year	$ 35,861	$ —
Change in net present value of Sixth Street Contingent Consideration	3,895	—
Balance of Level 3 at end of period	$ 39,756	$ —

The Company's acquisition of oil and natural gas properties that closed on April 30, 2020 provided for potential contingent payments to be paid by the Company. During the year ended December 31, 2021, the maximum amount of the $1.2 million contingent consideration was distributed to the counterparty.

Fair value measurement on a nonrecurring basis

See Note 2 in the 2021 Annual Report for the Level 2 fair value hierarchy input assumptions used in estimating the net realizable value ("NRV") of inventory. There were no impairments of inventory recorded during the three months ended March 31, 2022 and 2021.

See Note 11 in the 2021 Annual Report for the Level 3 fair value hierarchy input assumptions used in the fair value measurement of long-lived assets. There were no impairments of long-lived assets recorded during the three months ended March 31, 2022 and 2021.

Items not accounted for at fair value

The carrying amounts reported on the unaudited 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:

(in thousands)	March 31, 2022 Carrying amount	March 31, 2022 Fair value[(1)]	December 31, 2021 Carrying amount	December 31, 2021 Fair value[(1)]
January 2025 Notes	$ 577,913	$ 602,567	$ 577,913	$ 589,471
January 2028 Notes	361,044	388,014	361,044	378,578
July 2029 Notes	400,000	404,112	400,000	390,000
Senior Secured Credit Facility	100,000	99,980	105,000	105,040
Total	$ 1,438,957	$ 1,494,673	$ 1,443,957	$ 1,463,089

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(1) The fair values of the outstanding notes were determined using the Level 1 fair value hierarchy quoted market prices for each respective instrument as of March 31, 2022 and December 31, 2021. The fair values of the outstanding debt under the Senior Secured Credit Facility were estimated utilizing the Level 2 fair value hierarchy pricing model for similar instruments as of March 31, 2022 and December 31, 2021.

Note 10—Net loss per common share

Basic and diluted net loss per common share are computed by dividing net loss by the weighted-average common shares outstanding for the period. Diluted net loss per common share reflects the potential dilution of non-vested restricted stock awards, outstanding stock option awards and non-vested performance share awards. See Note 9 in the 2021 Annual Report for additional discussion of these awards. For the three months ended March 31, 2022 and March 31, 2021, all of these awards were anti-dilutive due to the Company's net loss and, therefore, were excluded from the calculation of diluted net loss per common share.

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

(in thousands, except for per share data)	Three months ended March 31, 2022	Three months ended March 31, 2021
Net loss (numerator)	$ (86,781)	$ (75,439)
Weighted-average common shares outstanding (denominator):		
Basic	16,767	11,918
Diluted	16,767	11,918
Net loss per common share:		
Basic	$ (5.18)	$ (6.33)
Diluted	$ (5.18)	$ (6.33)

Note 11—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. See Note 15 in the 2021 Annual Report for further discussion of litigation and environmental and federal, state and local regulations.

Drilling rig contracts

The Company enters into drilling rig contracts to ensure availability of desired rigs to facilitate drilling plans. The Company has two operating leases for terms of multiple months, both of which contain early termination clauses that require the Company to potentially pay penalties to the third party should the Company cease drilling efforts. These penalties would negatively impact the Company's financial statements upon early contract termination. There were no penalties incurred for early contract termination for either of the three months ended March 31, 2022 or 2021. As these drilling rig contracts are operating leases with an initial term greater than 12 months, the present value of the future commitment as of March 31, 2022 is included in current and noncurrent "Other liabilities, net" on the unaudited consolidated balance sheet as of March 31, 2022. See Note 5 in the 2021 Annual Report for additional discussion of the Company's leases.

Firm sale and transportation commitments

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. A portion of the Company's commitments are related to transportation commitments with a certain pipeline pertaining to the gathering of the Company's production from established acreage that extends into 2024. The Company was unable to satisfy a portion of this particular commitment with produced or purchased oil, therefore, the Company expensed firm transportation payments on excess capacity of $2.1 million and $1.6 million during the three months ended March 31, 2022 and 2021, respectively, which are recorded in "Transportation and marketing expenses" on the unaudited consolidated statement of operations. The Company's estimated aggregate liability of firm transportation payments on excess capacity is $5.4 million as of March 31, 2022, and is included in "Accounts payable and accrued liabilities" on the unaudited consolidated balance sheet. As of March 31, 2022, future firm sale and transportation commitments of $199.3 million are expected to be satisfied and, as such, are not recorded as a liability on the unaudited consolidated balance sheet.

Sand purchase commitment

During the year ended December 31, 2021, the Company renegotiated an agreement to take delivery of processed sand at a fixed price for one year, which is utilized in the Company's completions activities, from its sand mine that is operated by a third-party contractor. As of March 31, 2022, under the terms of this agreement, the Company is required to purchase a certain volume remaining under its commitment or it will incur a shortfall payment of $3.9 million at the end of the contract period.

Note 12—Supplemental cash flow and non-cash information

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

	Three months ended March 31,	
(in thousands)	**2022**	**2021**
Supplemental cash flow information:		
Cash paid for interest, net of $1,463 and $449 of capitalized interest, respectively	$ 63,057	$ 48,030
Supplemental non-cash investing information:		
Change in accrued capital expenditures	$ 18,433	$ (351)
Capitalized share-settled equity-based compensation	$ 583	$ 670
Capitalized asset retirement cost	$ 181	$ 397

The following table presents supplemental non-cash adjustments information related to operating leases for the periods presented:

(in thousands)	Three months ended March 31, 2022	2021
Right-of-use assets obtained in exchange for operating lease liabilities[(1)]	$ 9,949	$ —

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(1) See Note 5 in the 2021 Annual Report for additional discussion of the Company's leases.

Note 13—Asset retirement obligations

See Note 2 in the 2021 Annual Report for discussion of the Company's significant accounting policies for asset retirement obligations. The following table reconciles the Company's asset retirement obligation liability associated with tangible long-lived assets for the periods presented:

(in thousands)	Three months ended March 31, 2022	2021
Liability at beginning of period	$ 72,003	$ 68,326
Liabilities added due to acquisitions, drilling, midstream service asset construction and other	181	397
Accretion expense[(1)]	1,019	1,143
Liabilities settled due to plugging and abandonment or removed due to sale	(555)	(57)
Liability at end of period	$ 72,648	$ 69,809

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(1) Accretion expense is included in "Other operating expenses" on the unaudited consolidated statements of operations.

Note 14—Income taxes

The Company is subject to federal and state income taxes and the Texas franchise tax. As of March 31, 2022, the Company had federal net operating loss ("NOL") carryforwards totaling $2.0 billion, $1.7 billion of which will begin to expire in 2026 and $376.2 million of which will not expire but may be limited in future periods, and state of Oklahoma net operating loss carryforwards totaling $34.4 million that will begin to expire in 2032. 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 arising prior to the ownership change would be limited. For the three months ended March 31, 2022, the Company recorded current tax expense of $1.2 million for Texas franchise taxes.

As of March 31, 2022, the Company believes it is more likely than not that a portion of the net operating loss carryforwards are not fully realizable. The Company continues to consider new evidence, both positive and negative, in determining whether, based on the weight of that evidence, a valuation allowance is needed. Such consideration includes projected future cash flows from its oil, NGL and natural gas reserves (including the timing of those cash flows), the reversal of deferred tax liabilities recorded as of March 31, 2022 and the Company's ability to capitalize intangible drilling costs, rather than expensing these costs and future projections of taxable income. As of March 31, 2022, a total valuation allowance of $455.3 million has been recorded to offset the Company's federal and Oklahoma net deferred tax assets, resulting in a nominal Texas net deferred asset, which is included in "Other noncurrent assets, net" on the unaudited consolidated balance sheets.

Since September 30, 2015, the Company has recorded a full valuation allowance against its federal and Oklahoma net deferred tax position. As such, the Company's effective tax rate is 1%, due to the Texas franchise tax. The Company's effective tax rate is affected by changes in valuation allowances, recurring permanent differences and discrete items that may occur in any given year, but are not consistent from year to year.

Note 15—Related parties

Halliburton

The Chairman of the Company's board of directors is on the board of directors of Halliburton Company ("Halliburton"). Halliburton provides drilling and completions services to the Company.

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

	Three months ended March 31,	
(in thousands)	2022	2021
Capital expenditures for oil and natural gas properties	$ 30,141	$ 11,780

Note 16—Subsequent events

Senior Secured Credit Facility

On April 6, 2022, the Company borrowed an additional $30.0 million and on April 25, 2022, the Company repaid $80.0 million on the Senior Secured Credit Facility. As a result, the outstanding balance under the Senior Secured Credit Facility was $50.0 million as of May 3, 2022. See Note 5 for additional discussion of the Senior Secured Credit Facility.

On April 13, 2022, the Company entered into the Eighth Amendment (the "Eighth Amendment") to the Senior Secured Credit Facility. The Eighth Amendment, among other things, (i) increased the borrowing base from $1.0 billion to $1.25 billion and the aggregate elected commitment from $725.0 million to $1.0 billion, (ii) increased, from closing through December 31, 2022, the $50.0 million bond buyback and distributions baskets to $250.0 million, subject to certain conditions, (iii) added an energy transition and technology commercialization investment basket of $25.0 million, subject to certain conditions, (iv) allowed for the designation of unrestricted subsidiaries and (v) amended certain other provisions relating to certain commercial agreements and the administration of the Company's loans, in each case, subject to the terms of the Eighth Amendment and the Senior Secured Credit Facility.

Commodity derivatives

The following table summarizes the Company's open natural gas derivative positions as of March 31, 2022, updated for derivative transactions entered into from March 31, 2022 through May 3, 2022, for the settlement periods presented:

	Year 2022	Year 2023
Natural gas:		
Henry Hub NYMEX - Swaps:		
Volume (MMBtu)	2,750,000	—
Weighted-average price ($/MMBtu)	$ 2.73	$ —
Henry Hub NYMEX - Collars:		
Volume (MMBtu)	22,000,000	14,600,000
Weighted-average floor price ($/MMBtu)	$ 3.09	$ 3.75
Weighted-average ceiling price ($/MMBtu)	$ 3.84	$ 7.88
Waha Inside FERC to Henry Hub NYMEX - Basis Swaps:		
Volume (MMBtu)	21,862,500	14,600,000
Weighted-average differential ($/MMBtu)	$ (0.36)	$ (1.52)

See Note 8 for additional discussion regarding the Company's derivatives. There has been no other derivative activity subsequent to March 31, 2022.

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 months ended March 31, 2022 and 2021, 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 2021 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 "Laredo," "we," "us," "our" or similar terms refer to Laredo, LMS and GCM 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, primarily 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. Since our inception, we have grown primarily through our drilling program, coupled with select strategic acquisitions and joint ventures. As of March 31, 2022, we had assembled 165,518 net acres in the Permian Basin.

We are currently operating two drilling rigs and one completions crew and expect to maintain two drilling rigs and one completions crew for the remainder of 2022. Our planned capital expenditures for 2022 are expected to be approximately $550.0 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 and comparative analysis of our financial and operating performance for the periods presented:

	Three months ended March 31,		2022 compared to 2021	
(in thousands)	**2022**	**2021**	**Change (#)**	**Change (%)**
Oil sales volumes (MBbl)	3,627	2,183	1,444	66 %
Oil equivalents sales volumes (MBOE)	7,661	7,109	552	8 %
Oil, NGL and natural gas sales(1)	$ 451,187	$ 202,457	$ 248,730	123 %
Net loss(2)	$ (86,781)	$ (75,439)	$ (11,342)	(15)%
Free Cash Flow (a non-GAAP financial measure)(3)	$ 23,207	$ 21,760	$ 1,447	7 %
Adjusted EBITDA (a non-GAAP financial measure)(3)	$ 222,089	$ 93,323	$ 128,766	138 %

(1) Our oil, NGL and natural gas sales increased as a result of a 107% increase in average sales price per BOE and an 8% increase in total volumes sold.

(2) We incurred a net loss for the three months ended March 31, 2022 largely as a result of a non-cash loss on derivatives, net of $200.4 million. See page 29 for further discussion and analysis of our loss on derivatives, net.

(3) See pages 34-36 for discussion and calculations of these non-GAAP financial measures.

Recent developments

Volatility in commodity prices

Commodity prices remained strong during the first of quarter 2022, as increased commodity demand outpaced increased supply. Although the COVID-19 pandemic remains a global health crisis and continues to evolve, consumer demand strengthened as cases of the Omicron variant of COVID-19 decreased from winter levels. Supply was constrained and pricing was affected, in part, by the impact of the Russian-Ukrainian military conflict on global commodity and financial markets, and the resulting effect of sanctions by the European Union, United Kingdom and U.S. on imports of oil and gas from Russia. Supply was also restrained, to a degree, by the continued cooperation of OPEC+ and its commitment to steady and predictable production increases throughout 2022. However, because any of the above factors could suddenly change or reverse, global commodity and financial markets remain subject to heightened levels of uncertainty and volatility, and future disruptions and industry-specific impacts could result.

Senior Secured Credit Facility

On April 6, 2022, we borrowed an additional $30.0 million and on April 25, 2022 we repaid $80.0 million on our Senior Secured Credit Facility. As a result, the outstanding balance under our Senior Secured Credit Facility was $50.0 million as of May 1, 2022. See Note 5 for additional discussion of our Senior Secured Credit Facility.

On April 13, 2022, we entered into the Eighth Amendment to our Senior Secured Credit Facility which, among other things, (i) increased the borrowing base and aggregate elected commitment under our Senior Secured Credit Facility to $1.25 billion and $1.0 billion, respectively, (ii) increased, from closing through December 31, 2022, the $50.0 million bond buyback and distributions baskets to $250.0 million, subject to certain conditions, (iii) added an energy transition and technology commercialization investment basket of $25.0 million, subject to certain conditions, (iv) allowed for the designation of unrestricted subsidiaries and (v) amended certain other provisions relating to certain commercial agreements and the administration of the Company's loans, in each case, subject to the terms of the Eighth Amendment and the Senior Secured Credit Facility.

Pricing and reserves

Our results of operations are heavily influenced by oil, NGL and natural gas prices. Historically, commodity prices have experienced significant fluctuations; however, the volatility in prices has substantially increased in recent years. We maintain an active, multi-year commodity derivatives strategy to minimize commodity price volatility and support cash flows needed 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 "Item 3. Quantitative and Qualitative Disclosures About Market Risk." See Notes 8 and 9 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of our commodity derivatives. Notwithstanding our derivatives strategy, another collapse in commodity prices may affect the economic viability of, and our ability to fund, our drilling projects, as well as the economic recovery of oil, NGL and natural gas reserves. See "Critical accounting estimates" in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of the 2021 Annual Report for further discussion of our oil, NGL and natural gas reserve quantities and standardized measure of discounted future net cash flows.

Our reserves are reported in three 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 March 31, 2022 were $75.42 for oil, $26.85 for NGL and $2.93 for natural gas. The unamortized cost of evaluated oil and natural gas properties being depleted did not exceed the full cost ceiling as of March 31, 2022 and March 31, 2021. As such, no full cost ceiling impairments were recorded during the three months ending March 31, 2022 and March 31, 2021. Additionally, if prices remain at current levels we do not anticipate recording any full cost ceiling impairments for the foreseeable future. See Notes 2 and 6 in our 2021 Annual Report for discussion of the full cost method of accounting and our Realized Prices.

Results of operations

Revenues

Sources of our revenue

Our revenues are derived from the sale of produced oil, NGL and natural gas, the sale of purchased oil and providing midstream services to third parties, all within the continental U.S. and do not include the effects of derivatives. See Note 2 in our 2021 Annual Report for additional information regarding our revenue recognition policies.

The following table presents our sources of revenue as a percentage of total revenues for the periods presented and the corresponding changes for such periods:

	Three months ended March 31,		2022 compared to 2021	
	2022	2021	Change (#)	Change (%)
Oil sales	65 %	51 %	14 %	27 %
NGL sales	12 %	17 %	(5)%	(29)%
Natural gas sales	7 %	13 %	(6)%	(46)%
Midstream service revenues	1 %	1 %	— %	— %
Sales of purchased oil	15 %	18 %	(3)%	(17)%
Total	100 %	100 %		

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

The following table presents 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 March 31,		2022 compared to 2021	
	2022	2021	Change (#)	Change (%)
Sales volumes:				
Oil (MBbl)	3,627	2,183	1,444	66 %
NGL (MBbl)	1,994	2,321	(327)	(14)%
Natural gas (MMcf)	12,243	15,630	(3,387)	(22)%
Oil equivalents (MBOE)[(1)(2)]	7,661	7,109	552	8 %
Average daily oil equivalent sales volumes (BOE/D)[(2)]	85,118	78,989	6,129	8 %
Average daily oil sales volumes (Bbl/D)[(2)]	40,295	24,261	16,034	66 %
Sales revenues (in thousands):				
Oil	$ 347,443	$ 127,701	$ 219,742	172 %
NGL	65,155	41,678	23,477	56 %
Natural gas	38,589	33,078	5,511	17 %
Total oil, NGL and natural gas sales revenues	$ 451,187	$ 202,457	$ 248,730	123 %
Average sales prices[(2)]:				
Oil ($/Bbl)[(3)]	$ 95.81	$ 58.48	$ 37.33	64 %
NGL ($/Bbl)[(3)]	$ 32.68	$ 17.96	$ 14.72	82 %
Natural gas ($/Mcf)[(3)]	$ 3.15	$ 2.12	$ 1.03	49 %
Average sales price ($/BOE)[(3)]	$ 58.90	$ 28.48	$ 30.42	107 %
Oil, with commodity derivatives ($/Bbl)[(4)]	$ 67.24	$ 45.03	$ 22.21	49 %
NGL, with commodity derivatives ($/Bbl)[(4)]	$ 26.04	$ 11.25	$ 14.79	131 %
Natural gas, with commodity derivatives ($/Mcf)[(4)]	$ 2.46	$ 1.66	$ 0.80	48 %
Average sales price, with commodity derivatives ($/BOE)[(4)]	$ 42.54	$ 21.15	$ 21.39	101 %

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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 March 31, 2022 and 2021 columns are based on actual amounts and are not calculated 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 in accordance with GAAP and an adjustment to reflect premiums incurred previously or upon settlement that are attributable to commodity derivatives that settled during the respective periods.

The following table presents net settlements paid for matured commodity derivatives and net premiums paid previously or upon settlement attributable to commodity derivatives that matured during the periods 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 March 31,		2022 compared to 2021	
(in thousands)	2022	2021	Change ($)	Change (%)
Net settlements paid for matured commodity derivatives:				
Oil	$ (103,612)	$ (18,371)	$ (85,241)	(464)%
NGL	(13,240)	(15,576)	2,336	15 %
Natural gas	(8,474)	(7,173)	(1,301)	(18)%
Total	$ (125,326)	$ (41,120)	$ (84,206)	205 %
Net premiums paid previously or upon settlement attributable to commodity derivatives that matured during the respective period:				
Oil	$ —	$ (11,005)	$ 11,005	100 %

Changes in average sales prices and sales volumes caused the following changes to our oil, NGL and natural gas revenues between the three months ended March 31, 2022 and 2021:

(in thousands)	Oil	NGL	Natural gas	Total
First-quarter 2021 Revenues	$ 127,701	$ 41,678	$ 33,078	$ 202,457
Effect of changes in average sales prices	135,347	29,350	12,678	177,375
Effect of changes in sales volumes	84,395	(5,873)	(7,167)	71,355
First-quarter 2022 Revenues	$ 347,443	$ 65,155	$ 38,589	$ 451,187
Change ($)	$ 219,742	$ 23,477	$ 5,511	$ 248,730
Change (%)	172 %	56 %	17 %	123 %

The increase in our first-quarter 2022 oil revenues as compared to the same period in 2021 is primarily due to (i) an increase in oil price and (ii) the Sabalo/Shad Acquisition and Pioneer Acquisition, both of which occurred during the second half of 2021, and the related increase in our oil sales volumes. The increase in our first-quarter NGL and natural gas revenues as compared to the same period in 2021 is primarily due to increases in NGL and natural gas prices, partially offset by the Working Interest Sale, which occurred during the second half of 2021, and the related decrease in our NGL and natural gas sales volumes.

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

	Three months ended March 31,		2022 compared to 2021	
(in thousands)	2022	2021	Change ($)	Change (%)
Midstream service revenues	$ 2,344	$ 1,296	$ 1,048	81 %
Sales of purchased oil	$ 78,864	$ 46,477	$ 32,387	70 %

Midstream service revenues. Our midstream service revenues increased for the three months ended March 31, 2022 compared to the same period in 2021. Midstream service revenues are generated by oil throughput fees and services provided to third parties for (i) integrated oil and natural gas gathering and transportation systems and related facilities, (ii) natural gas lift, fuel for drilling and completions activities and centralized compression infrastructure and (iii) water storage, recycling and transportation infrastructure, and are recognized over time as the customer benefits from these services when provided. These revenues vary and will fluctuate due to oil throughput fees and the level of services provided to third parties.

Sales of purchased oil. Sales of purchased oil are a function of the volumes and prices of purchased oil sold to customers and are offset by the volumes and costs of purchased oil. During the three months ended March 31, 2022 and 2021, we were a firm shipper on the Bridgetex and Gray Oak pipelines and we utilized purchased oil to fulfill portions of our commitments. Our Bridgetex pipeline commitment ended on March 31, 2022. 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. Sales of purchased oil increased during the three months ended March 31, 2022 compared to the same periods in 2021 primarily due to an increase in sales prices and volumes for purchased oil sold.

We enter into purchase transactions with third parties and separate sale transactions. These transactions are presented on a gross basis as we act as the principal in the transaction by assuming control of the commodities purchased and the responsibility to deliver the commodities sold. Revenue is recognized when control transfers to the purchaser/customer at the delivery point based on the price received. The transportation costs associated with these transactions are presented as a component of costs of purchased oil. See "—Costs and expenses - Costs of purchased oil."

Costs and expenses

The following table presents 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 March 31,		2022 compared to 2021	
(in thousands except for per BOE sold data)	**2022**	**2021**	**Change ($)**	**Change (%)**
Costs and expenses:				
Lease operating expenses	$ 40,876	$ 18,918	$ 21,958	116 %
Production and ad valorem taxes	27,487	13,283	14,204	107 %
Transportation and marketing expenses	14,743	12,127	2,616	22 %
Midstream service expenses	1,414	858	556	65 %
Costs of purchased oil	82,964	49,916	33,048	66 %
General and administrative (excluding LTIP)	13,393	9,635	3,758	39 %
General and administrative (LTIP):				
LTIP cash	6,499	1,620	4,879	301 %
LTIP non-cash	2,052	1,818	234	13 %
Depletion, depreciation and amortization	73,492	38,109	35,383	93 %
Other operating expenses	1,019	1,143	(124)	(11)%
Total costs and expenses	$ 263,939	$ 147,427	$ 116,512	79 %
Selected average costs and expenses per BOE sold[(1)]:				
Lease operating expenses	$ 5.34	$ 2.66	$ 2.68	101 %
Production and ad valorem taxes	3.59	1.87	1.72	92 %
Transportation and marketing expenses	1.92	1.71	0.21	12 %
Midstream service expenses	0.18	0.12	0.06	50 %
General and administrative (excluding LTIP)	1.75	1.36	0.39	29 %
Total selected operating expenses	$ 12.78	$ 7.72	$ 5.06	66 %
General and administrative (LTIP):				
LTIP cash	$ 0.85	$ 0.23	$ 0.62	270 %
LTIP non-cash	$ 0.27	$ 0.26	$ 0.01	4 %
Depletion, depreciation and amortization	$ 9.59	$ 5.36	$ 4.23	79 %

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

Lease operating expenses ("LOE"). LOE, which includes workover expenses, increased for the three months ended March 31, 2022, compared to the same period in 2021. 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 in first-quarter 2022 due to inflationary pressures and costs associated with integrating our recently acquired assets from the Sabalo/Shad Acquisition and Pioneer Acquisition, primarily driven by costs related to artificial lift and flowback management. We continue to focus on economic efficiencies associated with the usage and procurement of products and services related to LOE.

Production and ad valorem taxes. Production and ad valorem taxes increased for the three months ended March 31, 2022, compared to the same period in 2021, due to increased oil, NGL and natural gas 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. We take full advantage of all credits and exemptions in our various taxing jurisdictions. 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.

Transportation and marketing expenses. Transportation and marketing expenses increased for the three months ended March 31, 2022, compared to the same period in 2021. These are expenses incurred for the delivery of produced oil to customers in the U.S. Gulf Coast market via the Bridgetex pipeline and 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. Additionally, firm transportation payments on excess pipeline capacity associated with transportation agreements are included in transportation and marketing expenses. See Note 11 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of our transportation commitments.

Midstream service expenses. Midstream service expenses increased for the three months ended March 31, 2022, compared to the same period in 2021. These are expenses incurred to operate and maintain our (i) integrated oil and natural gas gathering and transportation systems and related facilities, (ii) centralized oil storage tanks, (iii) natural gas lift, fuel for drilling and completion activities and centralized compression infrastructure and (iv) water storage, recycling and transportation facilities.

Costs of purchased oil. Costs of purchased oil increased for the three months ended March 31, 2022, compared to the same period in 2021, primarily due to increased contracted prices and volumes of purchased oil on pipelines. During the three months ended March 31, 2022 and 2021, we were a firm shipper on the Bridgetex and Gray Oak pipelines and we utilized purchased oil to fulfill portions of our commitments. Our Bridgetex pipeline commitment ended on March 31, 2022. In the event our long-haul transportation capacity on the Gray Oak pipeline is expected to exceed our net production, consistent with our historic practice, we expect to continue to purchase third-party oil at the trading hubs to satisfy the deficit in our associated long-haul transportation commitments.

General and administrative ("G&A"). G&A, excluding employee compensation expenses from our long-term incentive plan ("LTIP"), increased for the three months ended March 31, 2022, compared to the same period in 2021, mainly due to (i) increases in compensation and professional expenses and (ii) inflationary pressures.

LTIP cash expense increased for the three months ended March 31, 2022, compared to the same period in 2021, mainly due to the 2021 performance unit awards being expensed for a partial quarter that are now being expensed for a full quarter in 2022. Additionally, the value of our cash-settled performance unit awards and phantom unit awards, granted in prior years, increased significantly during the three months ended March 31, 2022 compared to 2021, mainly due to the performance of our stock, as compared to the same period in 2021.

LTIP non-cash expense increased slightly for the three months ended March 31, 2022, compared to the same periods in 2021. The increase in LTIP non-cash expense for the three months ended March 31, 2022 was due to new restricted stock awards and performance share awards granted to our employees during the second half of 2021 and 2022. See Note 7 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for information regarding our equity-based compensation.

Depletion, depreciation and amortization ("DD&A"). The following table presents the components of our DD&A and depletion expense per BOE sold for the periods presented and the corresponding changes for such periods:

	Three months ended March 31,		2022 compared to 2021	
(in thousands)	**2022**	**2021**	**Change ($)**	**Change (%)**
Depletion of evaluated oil and natural gas properties	$ 69,922	$ 34,725	$ 35,197	101 %
Depreciation of midstream service assets	2,206	2,422	(216)	(9)%
Depreciation and amortization of other fixed assets	1,364	962	402	42 %
Total DD&A	$ 73,492	$ 38,109	$ 35,383	93 %
Depletion expense per BOE sold	$ 9.13	$ 4.88	$ 4.25	87 %

Depletion expense per BOE increased for the three months ended March 31, 2022, compared to the same period in 2021, primarily due to the increased future development costs and volumes of our proved reserves as a result of the Sabalo/Shad Acquisition and Pioneer Acquisition and improvements in commodity prices. See Note 6 to our consolidated financial statements included in our 2021 Annual Report and "—Pricing and reserves" for additional information regarding the full cost method of accounting.

Non-operating income (expense)

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

	Three months ended March 31,		2022 compared to 2021	
(in thousands)	**2022**	**2021**	**Change ($)**	**Change (%)**
Loss on derivatives, net	$ (325,816)	$ (154,365)	$ (171,451)	(111)%
Interest expense	(32,477)	(25,946)	(6,531)	(25)%
Loss on disposal of assets, net	(260)	(72)	(188)	(261)%
Other income, net	2,439	1,379	1,060	77 %
Total non-operating expense, net	$ (356,114)	$ (179,004)	$ (177,110)	(99)%

Loss on derivatives, net. The following table presents the changes in the components of loss on derivatives, net for the periods presented and the corresponding changes for such periods:

	Three months ended March 31,		2022 compared to 2021	
(in thousands)	**2022**	**2021**	**Change ($)**	**Change (%)**
Non-cash loss on derivatives, net	$ (200,446)	$ (122,232)	$ (78,214)	(64)%
Settlements paid for matured derivatives, net	(125,370)	(41,174)	(84,196)	(204)%
Premiums received for commodity derivatives	—	9,041	(9,041)	(100)%
Loss on derivatives, net	$ (325,816)	$ (154,365)	$ (171,451)	(111)%

Non-cash loss on derivatives, net is the result of (i) 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 and (ii) matured interest rate swaps and the changing relationship between the contract interest rate and the LIBOR interest rate forward curve. 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, (ii) interest rate derivative and (iii) contingent consideration derivatives.

See Notes 8 and 9 to our unaudited 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 increased for the three months ended March 31, 2022, compared to the same period in 2021. See Notes 5 and 16 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional information regarding our long-term debt.

Income tax (expense) benefit

The following table presents income tax (expense) benefit for the periods presented and the corresponding changes for such periods:

	Three months ended March 31,		2022 compared to 2021	
(in thousands)	**2022**	**2021**	**Change ($)**	**Change (%)**
Current	$ (1,218)	$ —	$ (1,218)	(100)%
Deferred	$ 2,095	$ 762	$ 1,333	175 %

We are subject to federal and state income taxes and the Texas franchise tax. The income tax expense for the three months ended March 31, 2022 is attributed to Texas franchise tax. With the rise in oil prices and the addition of oily, high- margin inventory, we have recently seen positive indications that we will use a portion of our NOLs. However, as of March 31, 2022, we believe it is more likely than not that a portion of the NOL loss carryforwards are not fully realizable. We continue to consider new evidence, both positive and negative, in determining whether, based on the weight of that evidence, a valuation allowance is needed. Such consideration includes projected future cash flows from our oil, NGL and natural gas reserves (including the timing of those cash flows), the reversal of deferred tax liabilities recorded as of March 31, 2022 and our ability to capitalize intangible drilling costs, rather than expensing these costs and future projections of Oklahoma sourced income. As of March 31, 2022, a total valuation allowance of $455.3 million has been recorded to offset our federal and Oklahoma net deferred tax assets, resulting in a nominal Texas net deferred asset. The effective tax rate for our operations was 1%, due to the Texas franchise tax. Our effective tax rate is affected by changes in valuation allowances, recurring permanent differences and discrete items that may occur in any given year, but are not consistent from year to year.

Issuances, sales and/or exchanges of our common stock, taken together with prior transactions with respect to our common stock, could trigger an ownership change and therefore a limitation on our ability to utilize our net operating loss carryforwards which could result in taxable income in future years. For additional discussion of our income taxes, see Note 14 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report.

Liquidity and capital resources

Historically, our primary sources of liquidity have been cash flows from operations, proceeds from equity offerings, proceeds from senior unsecured 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 continuously look for other opportunities to maximize shareholder value. For further discussion of our financing activities related to debt instruments, see Notes 5 and 16 to our unaudited 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 sell such commodities, we engage in commodity derivative transactions to hedge price risk associated with a portion of our anticipated sales volumes. Due to the inherent volatility in interest rates, we have entered into an interest rate derivative swap to hedge interest rate risk associated with a portion of our anticipated outstanding debt under the Senior Secured Credit Facility. We will pay a fixed rate over the contract term for such portion. By removing a portion of the (i) price volatility associated with future sales volumes and (ii) interest rate volatility associated with anticipated outstanding debt, 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 Notes 9 and 16 to our consolidated financial statements included elsewhere in this Quarterly Report for discussion of our open commodity positions.

As of March 31, 2022, we had cash and cash equivalents of $65.1 million and available capacity under the Senior Secured Credit Facility, after the reduction of outstanding letters of credit, of $580.9 million, resulting in total liquidity of $646.0 million. As of May 3, 2022, we had cash and cash equivalents of $104.3 million and available capacity under the Senior Secured Credit Facility, after the reduction for outstanding letters of credit, of $905.9 million, resulting in total liquidity of $1.01 billion. 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.

Cash requirements for known contractual and other obligations

The following table presents significant cash requirements for known contractual and other obligations as of March 31, 2022:

(in thousands)	Short-term[1]	Long-term	Total
Senior unsecured notes[2]	$ 122,457	$ 1,833,039	$ 1,955,496
Senior Secured Credit Facility[3]	—	100,000	100,000
Asset retirement obligations[4]	2,971	69,677	72,648
Performance unit award cash payout[5]	13,077	13,466	26,543
Lease commitments[6]	14,335	7,193	21,528
Total	$ 152,840	$ 2,023,375	$ 2,176,215

(1) We expect to satisfy our short-term contractual and other obligations with cash flows from operations.

(2) Amounts presented include both our principal and interest obligations. The July 2029 Notes consist of $400.0 million principal and interest payments totaling $31.0 million each year with interest payments due semi-annually on January 31 and July 31 of each year until July 31, 2029, commencing January 31, 2022 with interest from closing to such date. The January 2025 Notes and January 2028 Notes consist of $577.9 million and $361.0 million in principal, respectively, and interest payments totaling $54.9 million and $36.6 million each year, respectively, with interest payments due semi-annually on January 15 and July 15 of each year until January 15, 2025 and January 15, 2028, respectively.

(3) The $100.0 million principal on our Senior Secured Credit facility is due on July 16, 2025. Amounts presented do not include future loan advances, repayments, commitment fees or other fees on our Senior Secured Credit Facility as we cannot determine with accuracy the timing of such items. Additionally, amounts presented do not include interest expense as it is a floating rate instrument and we cannot determine with accuracy the future interest rates to be charged. See Notes 5 and 16 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of our Senior Secured Credit Facility.

(4) Asset retirement obligations represent future costs associated with the retirement of tangible long-lived assets. See Note 13 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of our asset retirement obligations.

(5) Amounts represent the estimated cash payout as of March 31, 2021 for our performance unit awards granted on March 5, 2020 and March 9, 2021, utilizing our March 31, 2021 closing stock price. See Note 9 to our consolidated financial statements included in our 2021 Annual Report for additional discussion of our performance unit awards.

(6) Lease commitment amounts represent our minimum lease payments for our operating lease liabilities. We have committed to drilling rig contracts with third parties to facilitate our drilling plans. Amounts presented include the gross amount we are committed to pay for the drilling rig contract. However, we will record our proportionate share based on our working interest in our consolidated financial statements as incurred. Management does not currently anticipate the early termination of these contracts in 2022. See Note 5 to our consolidated financial statements included in our 2021 Annual Report for additional discussion of our leases and Note 11 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for additional discussion of our drilling rig contracts.

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Cash flows

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

(in thousands)	Three months ended March 31, 2022	Three months ended March 31, 2021	2022 compared to 2021 Change ($)	2022 compared to 2021 Change (%)
Net cash provided by operating activities	$ 170,882	$ 71,151	$ 99,731	140 %
Net cash used in investing activities	(151,696)	(69,020)	(82,676)	(120)%
Net cash used in financing activities	(10,847)	(6,626)	(4,221)	(64)%
Net increase (decrease) in cash and cash equivalents	$ 8,339	$ (4,495)	$ 12,834	286 %

Cash flows from operating activities

Net cash provided by operating activities increased during the three months ended March 31, 2022, compared to the same period in 2021. Notable cash changes include (i) an increase in total oil, NGL and natural gas sales revenues of $248.7 million, (ii) a decrease of $93.2 million due to changes in net settlements for matured derivatives, net of premiums, mainly due to increases in commodity prices and (iii) a decrease of $2.7 million due to net changes in operating assets and liabilities. Other significant changes include an increase in costs of purchased oil and transportation and marketing expenses, partially offset by sales of purchased oil. The increase in total oil, NGL and natural gas sales revenues was due to a 107% increase in average sales price per BOE and was partially offset by an 8% increase in total volumes sold. For additional information, 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 2021 Annual Report.

Cash flows from investing activities

Net cash used in investing activities increased for the three months ended March 31, 2022, compared to the same period in 2021, mainly due to (i) an increase in drilling and completions activity, (ii) an increase in inflationary pressures and non-operated capital expenditures and (iii) an increase in acquisitions of oil and natural gas properties. See Note 3 to our unaudited consolidated financial statements included elsewhere in the Quarterly Report for additional discussion of our acquisitions of oil and natural gas properties.

The following table presents the components of our incurred capital expenditures, excluding non-budgeted acquisition costs, for the periods presented and the corresponding changes for such periods:

(in thousands)	Three months ended March 31, 2022	Three months ended March 31, 2021	2022 compared to 2021 Change ($)	2022 compared to 2021 Change (%)
Oil and natural gas properties[1]	$ 168,368	$ 68,449	$ 99,919	146 %
Midstream service assets	459	876	(417)	(48)%
Other fixed assets	2,072	600	1,472	245 %
Total incurred capital expenditures, excluding non-budgeted acquisition costs	$ 170,899	$ 69,925	$ 100,974	144 %

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(1) See Note 4 to our consolidated financial statements included elsewhere in this Quarterly Report for additional information regarding our incurred capital expenditures in the exploration and development of oil and natural gas properties.

The amount, timing and allocation of capital expenditures 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

Net cash used in financing activities increased for the three months ended March 31, 2022, compared to the same period in 2021. Notable 2022 activity includes (i) borrowings on our Senior Secured Credit Facility of $50.0 million, (ii) payments on our Senior Secured Credit Facility of $55.0 million and (iii) stock exchanged for tax withholding of $5.8 million. For further discussion of our financing activities related to debt instruments, see Notes 5 and 16 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report.

Sources of Liquidity

Senior Secured Credit Facility

As of March 31, 2022, the Senior Secured Credit Facility, which matures on July 16, 2025, had a maximum credit amount of $2.0 billion, a borrowing base and an aggregate elected commitment of $1.0 billion and $725.0 million respectively, with $100.0 million outstanding, and was subject to an interest rate of 3.000%. 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 March 31, 2022 and December 31, 2021, we had one letter of credit outstanding of $44.1 million under the Senior Secured Credit Facility. The Senior Secured Credit Facility is fully and unconditionally guaranteed by LMS and GCM. On April 6, 2022,we borrowed an additional $30.0 million and on April 25, 2022, we repaid $80.0 million on the Senior Secured Credit Facility. As a result, the outstanding balance under the Senior Secured Credit Facility was $50.0 million as of May 3, 2022. On April 13, 2022, we entered into the Eighth Amendment to our Senior Secured Credit Facility which, among other things, (i) increased the borrowing base and aggregate elected commitment under our Senior Secured Credit Facility to $1.25 billion and $1.0 billion, respectively, (ii) increased, from closing through December 31, 2022, the $50.0 million bond buyback and distributions baskets to $250.0 million, subject to certain conditions, (iii) added an energy transition and technology commercialization investment basket of $25.0 million, subject to certain conditions, (iv) allowed for the designation of unrestricted subsidiaries and (v) amended certain other provisions relating to certain commercial agreements and the administration of our loans, in each case, subject to the terms of the Eighth Amendment and the Senior Secured Credit Facility.

See Notes 5 and 16 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our Senior Secured Credit Facility.

January 2025 Notes, January 2028 Notes and July 2029 Notes

The following table presents principal amounts and applicable interest rates for our outstanding January 2025 Notes, January 2028 Notes and July 2029 Notes as of March 31, 2022:

(in millions, except for interest rates)	Principal	Interest rate
January 2025 Notes	$ 577.9	9.500 %
January 2028 Notes	361.0	10.125 %
July 2029 Notes	400.0	7.750 %
Total senior unsecured notes	$ 1,338.9	

The net proceeds from the January 2025 Notes and January 2028 Notes were used to fund the tender offers and redemptions of the remaining principle amounts of the January 2022 Notes and March 2023 Notes. On July 16, 2021, we closed a private offering and sale of $400.0 million in aggregate principal amount of our 7.750% senior unsecured notes due 2029. See Note 5 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our senior unsecured notes.

Supplemental Guarantor information

As discussed in Note 5 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report, on January 24, 2020, we issued $600.0 million in aggregate principal amount of the January 2025 Notes and $400.0 million in aggregate principal amount of the January 2028 Notes. On July 16, 2021, we issued $400.0 million in aggregate principal amount of the July 2029 Notes. As of March 31, 2022, $1.3 billion of our senior unsecured notes remained outstanding. Each of our wholly owned subsidiaries, LMS and GCM (each, a "Guarantor," and together, the "Guarantors"), jointly and severally, and fully and unconditionally, guarantees the January 2025 Notes, January 2028 Notes and July 2029 Notes. We do not have any non-guarantor subsidiaries.

The guarantees are senior unsecured obligations of each 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 Guarantors are subject to certain Releases. The obligations of each 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 Guarantors may be limited under the U.S. Bankruptcy Code or state fraudulent transfer or conveyance law. Laredo is not restricted from making investments in the Guarantors and the Guarantors are not restricted from making intercompany distributions to Laredo or each other.

As we do not have any non-guarantor subsidiaries, the assets, liabilities and results of operations of the combined issuer and Guarantors are not materially different than the corresponding amounts presented in our unaudited consolidated financial statements included elsewhere in this Quarterly Report. Accordingly, we have omitted the summarized financial information of the issuer and the Guarantors that would otherwise be required.

Non-GAAP financial measures

The non-GAAP financial measures of Free Cash Flow and Adjusted EBITDA, as defined by us, may not be comparable to similarly titled measures used by other companies. Furthermore, these non-GAAP financial measures should not be considered in isolation or as a substitute for GAAP measures of liquidity or financial performance, but rather should be considered in conjunction with GAAP measures, such as net income or loss, operating income or loss or cash flows from operating activities.

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that we define as net cash provided by operating activities (GAAP) before changes in operating assets and liabilities, net, less incurred capital expenditures, excluding non-budgeted acquisition costs. Free Cash Flow does not represent funds available for future discretionary use because it excludes funds required for future debt service, capital expenditures, acquisitions, working capital, income taxes, franchise taxes and other commitments and obligations. However, our management believes Free Cash Flow is useful to management and investors in evaluating operating trends in our business that are affected by production, commodity prices, operating costs and other related factors. There are significant limitations to the use of Free Cash Flow as a measure of performance, including the lack of comparability due to the different methods of calculating Free Cash Flow reported by different companies.

The following table presents a reconciliation of net cash provided by operating activities (GAAP) to Free Cash Flow (non-GAAP) for the periods presented:

(in thousands)	Three months ended March 31, 2022	Three months ended March 31, 2021
Net cash provided by operating activities	$ 170,882	$ 71,151
Less:		
Change in current assets and liabilities, net	(11,985)	(17,259)
Change in noncurrent assets and liabilities, net	(11,239)	(3,275)
Cash flows from operating activities before changes in operating assets and liabilities, net	194,106	91,685
Less incurred capital expenditures, excluding non-budgeted acquisition costs:		
Oil and natural gas properties(1)	168,368	68,449
Midstream service assets(1)	459	876
Other fixed assets	2,072	600
Total incurred capital expenditures, excluding non-budgeted acquisition costs	170,899	69,925
Free Cash Flow (non-GAAP)	$ 23,207	$ 21,760

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

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP financial measure that we define as net income or loss (GAAP) plus adjustments for share-settled equity-based compensation, depletion, depreciation and amortization, impairment expense, mark-to-market on derivatives, premiums paid or received for commodity derivatives that matured during the period, accretion expense, gains or losses on disposal of assets, interest expense, income taxes and other non-recurring income and expenses. Adjusted EBITDA provides no information regarding a company's capital structure, borrowings, interest costs, capital expenditures, working capital movement or tax position. Adjusted EBITDA does not represent funds available for future discretionary use because it excludes funds required for debt service, capital expenditures, working capital, income taxes, franchise taxes and other commitments and obligations. However, our management believes Adjusted EBITDA is useful to an investor in evaluating our operating performance because this measure:

- is widely used by investors in the oil and natural gas industry to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon accounting methods, the book value of assets, capital structure and the method by which assets were acquired, among other factors;
- helps investors to more meaningfully evaluate and compare the results of our operations from period to period by removing the effect of our capital structure from our operating structure; and
- is used by our management for various purposes, including as a measure of operating performance, in presentations to our board of directors and as a basis for strategic planning and forecasting.

There are significant limitations to the use of Adjusted EBITDA as a measure of performance, including the inability to analyze the effect of certain recurring and non-recurring items that materially affect our net income or loss and the lack of comparability of results of operations to different companies due to the different methods of calculating Adjusted EBITDA reported by different companies. Our measurements of Adjusted EBITDA for financial reporting as compared to compliance under our debt agreements differ.

The following table presents a reconciliation of net loss (GAAP) to Adjusted EBITDA (non-GAAP) for the periods presented:

(in thousands)	Three months ended March 31, 2022	2021
Net loss	$ (86,781)	$ (75,439)
Plus:		
Share-settled equity-based compensation, net	2,053	2,068
Depletion, depreciation and amortization	73,492	38,109
Mark-to-market on derivatives:		
Loss on derivatives, net	325,816	154,365
Settlements paid for matured derivatives, net	(125,370)	(41,174)
Net premiums paid for commodity derivatives that matured during the period(1)	—	(11,005)
Accretion expense	1,019	1,143
Loss on disposal of assets, net	260	72
Interest expense	32,477	25,946
Income tax benefit	(877)	(762)
Adjusted EBITDA (non-GAAP)	$ 222,089	$ 93,323

(1) Reflects net premiums paid previously or upon settlement that are attributable to derivatives settled in the respective periods presented.

Critical accounting estimates

The discussion and analysis of our financial condition and results of operations are based upon our unaudited 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 unaudited consolidated financial statements.

There have been no material changes in our critical accounting estimates during the three months ended March 31, 2022. See our critical accounting estimates in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2021 Annual Report.

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.

Oil, NGL and natural gas 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 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 and contingent consideration derivative positions are largely determined by the relevant forward commodity price curves of the indexes associated with our open derivative positions. We had a $382.7 million net liability position from the fair values of our open commodity derivatives and a $39.8 million net asset position from our contingent consideration derivative as of March 31, 2022. The following table provides a sensitivity analysis of the projected incremental effect on loss before income taxes of a hypothetical 10% change in the relevant forward commodity price curves of the indexes associated with our open commodity and contingent consideration derivative positions as of March 31, 2022:

(in thousands)	10% Increase	10% Decrease
Commodity	$ (118,682)	$ 125,318
Contingent consideration	4,856	(5,037)
Total	$ (113,826)	$ 120,281

See Notes 8 and 9 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our commodity and contingent consideration derivatives.

Interest rate risk

Our Senior Secured Credit Facility bears interest at a floating rate and our notes bear interest at fixed rates. The maturity years, outstanding balances and interest rates on our long-term debt as of March 31, 2022 were as follows:

	Maturity year		
(in millions except for interest rates)	2023	2025	Thereafter
January 2025 Notes	$ —	$ 577.9	$ —
Fixed interest rate	— %	9.500 %	— %
January 2028 Notes	$ —	$ —	$ 361.0
Fixed interest rate	— %	— %	10.125 %
July 2029 Notes	$ —	$ —	$ 400.0
Fixed interest rate	— %	— %	7.750 %
Senior Secured Credit Facility	$ 100.0	$ —	$ —
Floating interest rate	3.000 %	— %	— %

Due to the inherent volatility in interest rates, we have entered into an interest rate derivative swap to hedge interest rate risk associated with a portion of our anticipated outstanding debt under the Senior Secured Credit Facility. We will pay a fixed rate over the contract term for that portion. By removing a portion of the interest rate volatility associated with anticipated outstanding debt, we expect to mitigate, but not eliminate, the potential effects of variability in cash flows from operations. Our interest rate derivative swap contract ends in April 2022.

See Notes 5, 9 and 16 and to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our debt. See Notes 8 and 9 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report for further discussion of our interest rate derivative.

Counterparty and customer credit risk

We use commodity and interest rate derivatives to hedge our exposure to commodity prices and interest rate volatility, respectively. These transactions expose us to potential credit risk from our counterparties. We have entered into International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") with each of our commodity and interest rate derivative counterparties, each of whom is also a lender in our Senior Secured Credit Facility, which, together with hedge agreements with lenders under such facility, is secured by our oil, NGL and natural gas reserves; therefore, we are not required to post any additional collateral. We do not require collateral from our commodity and interest rate derivative counterparties. The terms of the ISDA Agreements provide the non-defaulting or non-affected party the right to terminate the agreement upon the occurrence of certain events of default and termination events by a party and also provide for the marking to market of outstanding positions and the offset of the mark to market amounts owed to and by the parties (and in certain cases, the affiliates of the non-defaulting or non-affected party) upon termination; therefore, the credit risk associated with our commodity and interest rate derivative counterparties is somewhat mitigated. We minimize the credit risk in commodity and interest rate derivatives by: (i) limiting our exposure to any single counterparty, (ii) entering into commodity and interest rate derivatives only with counterparties that meet our minimum credit quality standard or have a guarantee from an affiliate that meets our minimum credit quality standard and (iii) monitoring the creditworthiness of our counterparties on an ongoing basis.

We typically sell production to a relatively limited number of customers, as is customary in the exploration, development and production business. Our sales of purchased oil are generally made to a few customers. Our joint operations accounts receivable are from a number of oil and natural gas companies, partnerships, individuals and others who own interests in the oil and natural gas properties operated by us.

The majority of our accounts receivable are unsecured. On occasion we require our customers to post collateral, and the inability or failure of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. In the current market environment, we believe that we could sell our production to numerous purchasers, so that the loss of any one of our major customers would not have a material adverse effect on our financial condition and results of operations solely by reason of such loss. We routinely assess the recoverability of all material trade and other receivables to determine collectability. As the operator of the majority of our wells, we have the ability to realize some or all of our joint operations account receivables through the netting of revenues. Additionally, management believes that any credit risk imposed by a concentration in the oil and natural gas industry is offset by the creditworthiness of our customer base and industry partners. We routinely assess the recoverability of all material trade and other receivables to determine collectability.

See Note 2 in the 2021 Annual Report for additional discussion of our accounts receivable and revenue recognition.

Customer performance risk

In the current market environment, we believe that the inability or failure of any one of our major customers to physically take possession of our oil would have an adverse effect on our financial condition and potentially our results of operations. See Note 14 in the 2021 Annual Report for additional discussion of our customer performance risk.

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 Laredo'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 Laredo's management, including our principal executive officer and principal financial officer. Based on that evaluation, these officers concluded that Laredo's disclosure controls and procedures were effective as of March 31, 2022. 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 Laredo'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 control over financial reporting during the quarter ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control 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 2021 Annual Report and those set forth from time to time in our other filings with the SEC. Other than the risk factor set forth below, there have been no material changes in our risk factors from those described in the 2021 Annual Report. The risks described in such reports 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.

We cannot predict the impact of the ongoing military conflict between Russia and Ukraine and the related humanitarian crisis on the global economy, energy markets, geopolitical stability and our business.

The ultimate consequences of the Russian-Ukrainian military conflict, which may include further sanctions, embargoes, supply chain disruptions, regional instability and geopolitical shifts, may have adverse effects on global macroeconomic conditions, increase volatility in the price of and demand for oil and natural gas, increase exposure to cyberattacks, cause disruptions in global supply chains, increase foreign currency fluctuations, cause constraints or disruption in the capital markets and limit sources of liquidity. We cannot predict the extent of the conflict's effect on our business and results of operations, as well as on the global economy and energy markets.

Item 2. Purchases of Equity Securities

The following table summarizes purchases of common stock by Laredo:

Period	Total number of shares purchased(1)	Weighted-average price paid per share	Total number of shares purchased as part of publicly announced plans	Maximum value that may yet be purchased under the program as of the respective period-end date
January 1, 2022 - January 31, 2022	238	$ 60.13	—	$ —
February 1, 2022 - February 28, 2022	41,654	$ 76.56	—	$ —
March 1, 2022 - March 31, 2022	33,240	$ 79.52	—	$ —
Total	75,132		—	

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

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"). The 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 the Regulation S-K is included in Exhibit 95.1 to this Quarterly Report.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

Exhibit	Description	Incorporated by reference (File No. 001-35380, unless otherwise indicated)		
		Form	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Laredo Petroleum Holdings, Inc.	8-K	3.1	12/22/2011
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Laredo Petroleum Holdings, Inc.	8-K	3.1	6/1/2020
3.3	Certificate of Ownership and Merger, dated as of December 30, 2013.	8-K	3.1	1/6/2014
3.4	Third Amended and Restated Bylaws of Laredo Petroleum, Inc., effective March 3, 2021.	8-K	3.1	3/4/2021
4.1	Form of Common Stock Certificate.	8-A12B/A	4.1	1/7/2014
10.1#	Eighth Amendment to the Fifth Amended and Restated Credit Agreement, dated as of April 13, 2022, among Laredo Petroleum, Inc., as borrower, Wells Fargo Bank, N.A., as administrative agent, Laredo Midstream Services, LLC and Garden City Minerals, LLC, as guarantors and the banks signatory thereto.	8-K	10.2	4/19/2022
10.2*	Form of 2022 Performance Share Unit Award Agreement.			
10.3*	Form of 2022 Restricted Share Unit Award Agreement.			
22.1	List of Issuers and Guarantor Subsidiaries.	10-Q	22.1	5/7/2020
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 Laredo's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, 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.

LAREDO PETROLEUM, INC.

Date: May 5, 2022	By:	/s/ Jason Pigott Jason Pigott *President and Chief Executive Officer* *(principal executive officer)*
Date: May 5, 2022	By:	/s/ Bryan J. Lemmerman Bryan J. Lemmerman *Senior Vice President and Chief Financial Officer* *(principal financial officer)*
Date: May 5, 2022	By:	/s/ Jessica R. Wren Jessica R. Wren *Senior Director of Financial Accounting and SEC Reporting* *(principal accounting officer)*

LAREDO PETROLEUM, INC.
OMNIBUS EQUITY INCENTIVE PLAN
PERFORMANCE SHARE UNIT AWARD AGREEMENT

This Performance Share Unit Award Agreement ("Agreement") is made as of February 22, 2022 (the "Grant Date") by and between Laredo Petroleum, Inc. (the "Company") and Participant Name (the "Participant").

W I T N E S S E T H :

WHEREAS, the Participant is currently an employee of the Company or its Subsidiary, and the Company desires to have the Participant remain in such capacity and to afford the Participant the opportunity to participate in the potential increase in value of the Company over the Performance Period (as defined below).

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

1. <u>Grant of Performance Share Units</u>. Subject to the restrictions, terms and conditions set forth herein and in the Company's Omnibus Equity Incentive Plan (the "Plan"), the Company hereby grants to the Participant Number of Awards Granted performance share units (the "Performance Share Units", or the "Award"). The provisions of the Plan are incorporated herein by reference, and all capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. In the event of any inconsistency between the provisions of the Plan and this Agreement, the provisions of this Agreement shall govern and control.

The Performance Share Units will be payable, if at all, either in (x) cash, (y) Common Stock or (z) a combination of cash and Common Stock, such type of payment to be determined in the sole discretion of the Administrator, based upon the achievement by the Company of the Performance Goals as described on Exhibit A, over a period commencing December 1, 2021 and ending on the earlier of (x) December 31, 2024 and (y) the date of the Participant's termination of employment with the Company or any of its Subsidiaries (the "Performance Period"). For purposes of this Agreement, the "Maturity Date" shall mean (i) December 31, 2024 if the Participant remains employed with the Company or any of its Subsidiaries on such date or, if earlier, (ii) the date of the Participant's termination of employment as set forth in Section 4(b) of this Agreement. Subject to Section 4 below, the Performance Share Units shall vest on February 22, 2025 (the "Vest Date"); provided, however that if the Participant's employment is terminated as set forth in Section 4(b) on or prior to February 22, 2025, then the date of the Participant's termination of employment shall be considered the Vest Date.

The specific Performance Goals described on Exhibit A were established by the Administrator. Subject to the other terms and conditions of this Agreement and the Plan, payment of the Performance Share Units will only be made if the Administrator certifies, following the close of the Performance Period, that the pre-established threshold Performance Goals have been satisfied or exceeded in whole or in part on the Maturity Date and that the Participant is still employed by the

Company or any of its Subsidiaries on the Vest Date, and then only to the extent of the level of performance so certified as having been achieved.

2. Form and Time of Payment. The Award earned by reason of the Administrator's certification as described above will be payable to the Participant (or the Participant's beneficiary, or personal administrator in the case of your death or Disability) in (x) cash, (y) Common Stock or (z) a combination of cash and Common Stock, in all cases, at the Administrator's sole discretion, during the first calendar year that commences immediately following the Maturity Date and at any time after the Vest Date; provided, that, in all cases, such payment shall occur on or before March 15 of such subsequent calendar year (the "Payment Date"). The number of shares of Common Stock to be delivered, if applicable, on the Payment Date will be determined by multiplying the number of Performance Share Units set forth in paragraph 1 by the Performance Multiple (as defined below) and, as applicable, rounded to the nearest whole number (such resulting number, the "Award Amount"). If a cash payment is made in lieu of delivering shares of Common Stock, the amount of such payment shall be equal to the aggregate Fair Market Value of the Award Amount on the Vest Date less any portion of the Award Amount paid in Common Stock.

3. Transferability. This Award shall not be transferable otherwise than by will or the laws of descent and distribution. Any attempt by the Participant (or in the case of the Participant's death or Disability, the Participant's beneficiary or personal administrator) to assign or transfer the Award, either voluntarily or involuntarily, contrary to the provisions hereof, shall be null and void and without effect and shall render the Award itself null and void.

4. Forfeiture Provisions. The following forfeiture provisions shall apply to the Performance Share Units:

(a) If the Participant's employment with the Company or any if its Subsidiaries is terminated prior to the Vest Date for any reason other than by reason of the Participant's death or Disability as provided under Section 4(b) below, then the Award shall be forfeited by the Participant and cancelled for no consideration.

(b) If the Participant's employment with the Company or any of its Subsidiaries is terminated (i) by reason of the Participant's death or (ii) because the Participant is determined by the Board or the Administrator to be subject to a Disability, then the Participant shall be eligible to receive a pro-rated Award, based on the number of calendar days that Participant was employed with the Company or any of its Subsidiaries during the period commencing on January 1, 2022 and ending on December 31, 2024 and as determined by the Administrator in its sole discretion. Any amount payable pursuant to this Section 4 shall be paid in accordance with Sections 1 and 2 of this Agreement.

5. Withholding. The Company shall be obligated to withhold amounts sufficient to satisfy any tax withholding or similar withholding obligations to which the Company or its Subsidiaries may be subject by reason of payment of the Award Amount, if any, under this Award. The Participant expressly acknowledges and agrees that the Participant's rights hereunder are

subject to this obligation of the Company regarding any applicable taxes required to be withheld in connection with the Award, in a form and manner satisfactory to the Company.

6. No Right to Continued Employment. This Agreement does not confer upon the Participant any right to continuance of employment by the Company or any of its Subsidiaries, nor shall it interfere in any way with the right of the Company or any of its Subsidiaries to terminate the Participant's employment at any time.

7. Terms of Issuance. The Participant acknowledges being subject to all terms, conditions and policies contained in the Company's Employee Manual, as the same may be amended or modified from time-to-time at the sole discretion of the Company.

8. Notice. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated in a notice mailed or delivered to the other party as provided herein; provided that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its Tulsa, Oklahoma, office and all notices or communications by the Company to the Participant may be given to the Participant personally or mailed to the Participant's home address as reflected on the books of the Company.

9. Administration. This Agreement and the issuance of Common Stock or payment of cash contemplated hereunder shall be administered by Board or a committee of one or more members of the Board appointed by the Board to administer this Agreement and such issuance (the "Administrator"). Subject to applicable law, the Administrator shall have the sole and plenary authority to: (i) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in this Agreement; (ii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Administrator shall deem appropriate for the proper administration of this Agreement; (iii) accelerate the lapse of restrictions on the Award and/or modify the Maturity Date; and (iv) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of this Agreement. The Administrator may delegate to one or more officers of the Company the authority to act on behalf of the Administrator with respect to any matter, right, obligation, or election that is the responsibility of or that is allocated to the Administrator herein, and that may be so delegated as a matter of law. For the avoidance of doubt, in the event of a Change in Control the provisions of the Plan shall apply, including, without limitation, the authority and discretion granted to the Administrator with regard to Awards in Section 12 thereof.

10. Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

11. Miscellaneous.

(a) Amendment and Waiver. Subject to Section 13(b) of the Plan, the Administrator may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Award granted hereunder or this Agreement; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of the Participant with respect to the Award granted hereunder shall not to that extent be effective without the consent of the Participant.

(b) Severability. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction by reason of applicable law shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting 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.

(c) Entire Agreement and Effectiveness. This Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(d) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

(e) Headings. The paragraph headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

(f) Gender and Plurals. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

(g) Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by and against the Participant, the Company and their respective successors, allowable assigns, heirs, representatives and estates, as the case may be.

(h) Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(i) Survival of Representations, Warranties and Agreements. All representations, warranties and agreements contained herein shall survive the consummation of the transactions contemplated hereby and the termination of this Agreement.

(j) WAIVER OF PUNITIVE AND EXEMPLARY DAMAGE CLAIMS. EACH PARTY, BY EXECUTING THIS AGREEMENT, WAIVES, TO THE FULLEST EXTENT ALLOWED BY LAW, ANY CLAIMS TO RECOVER PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES NOT MEASURED BY THE PREVAILING PARTY'S ACTUAL DAMAGES IN ANY DISPUTE OR CONTROVERSY ARISING UNDER, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT.

(k) Delivery of Laredo Petroleum, Inc. Prospectus dated May 25, 2019. Participant acknowledges that Participant has been provided a copy of the Company's prospectus related to the Company's Omnibus Equity Incentive Plan through such prospectus' availability on the Company's shared network drive, at *S:\Omnibus Equity Incentive Plan Prospectus*. A copy will also be provided to Participant, upon Participant's written request to the Company

12. Section 409A. Notwithstanding any of the foregoing, it is intended that this Agreement comply with, or be exempt from, the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to the Participant under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with such intent. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have terminated employment with Company or any of its Subsidiaries for purposes of this Agreement and no payments shall be due to him or her under this Agreement which are payable upon his or her termination of employment until he or she would be considered to have incurred a "separation from service" from the Company or any of its Subsidiaries within the meaning of Section 409A of the Code. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided to a "specified employee" pursuant to this Agreement during the six-month period immediately following the Participant's termination of employment shall instead be paid within 30 days following the first business day after the date that is six months following the Participant's termination of employment with the Company or any of its Subsidiaries (or upon the Participant's death, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Participant pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Notwithstanding any of the foregoing to the contrary, the Company and its respective officers, directors, employees, or agents make no guarantee that the terms of this Agreement as written comply with, or are exempt from, the provisions of Section 409A of the Code, and none of the foregoing shall have any liability for the failure of the terms of this Agreement as written to comply with, or be exempt from, the provisions of Section 409A of the Code.

13. Clawback. The Participant acknowledges and agrees that payments made under this Agreement are subject to clawback if such payments are made (i) on account of fraud or misconduct by the Participant, (ii) following an accounting restatement under certain circumstances (as referenced in the Company's Omnibus Equity Incentive Plan) or (iii) as may be required by any

other policy of the Company which may now exist or hereafter be adopted regarding repayment of incentive-based compensation, as may be in effect from time to time.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

COMPANY:

LAREDO PETROLEUM, INC.

Jason Pigott

President & CEO

PARTICIPANT:

Electronic Signature

Printed Name: Participant Name

Exhibit A

Performance Goals

The Performance Goals established by the Administrator are based on five criteria: (i) relative total shareholder return comparing the Company's shareholder return to the shareholder return of the E&P companies listed in the Russell 2000 index identified below ("Relative TSR"), (ii) absolute total shareholder return ("Absolute Return"), (iii) earnings before interest, taxes, depreciation, amortization and exploration expense (EBITDAX) and three-year total debt reduction (the "EBITDAX/Total Debt Component" stated below), (iv) growth in inventory (the "Inventory Growth Component" stated below) and (v) emissions reductions (the "ESG Component" stated below). The Relative TSR and Absolute Return will be used to identify the "PSU Matrix Component" as stated below. The PSU Matrix Component, the EBITDAX/Total Debt Component, the Inventory Growth Component and the ESG Component shall be used to compute the Performance Multiple. The Performance Multiple shall be used to determine the final amount of cash or number of shares, as applicable, delivered with respect to each Performance Share Unit settled at the Maturity Date.

In computing the Performance Multiple, each of the PSU Matrix Component, the EBITDAX/Total Debt Component, the Inventory Growth Component and the ESG Component shall be weighted as follows:

PSU Matrix – 50%

EBITDAX/Total Debt – 20%

Inventory Growth – 15%

ESG – 15%

such that the Performance Multiple is calculated as follows:

Performance Multiple = (.5) PSU Matrix Component + (.20) EBITDAX/Total Debt Component + (.15) Inventory Growth Component + (.15) ESG Component

By way of example, if the PSU Matrix Component is 100%, the EBITDAX/Total Debt Component is 65%, the Inventory Growth Component is 0% and the ESG Component is 50%, then the Performance Multiple would be 0.5(1.0) + 0.20(0.65) + 0.15(0.0) + 0.15(.50) = 0.705. With a Performance Multiple of 0.705, each Performance Share Unit would be settled for the cash or stock equivalent of 0.705 shares such that a holder of 600 Performance Share Units would receive either (i) a cash payment equal to the Fair Market Value of 423 shares of Common Stock or (ii) 423 shares of Common Stock.

Notwithstanding anything in this Exhibit A to the contrary, if in the Administrator's discretion there is a need to adjust the Performance Multiple to more accurately reflect the Company's performance than is calculated by using the criteria included on this Exhibit A due to the occurrence of extraordinary, nonrecurring and/or significant corporate events (including but not limited to a transaction approved by the Board that results in an increase in the Company's EBITDAX/Total Debt multiple), then the Administrator may make any such adjustments to the Performance Multiple as it deems advisable.

PSU Matrix Component is calculated on the basis of the following matrix:

		Relative TSR (quartile)			
		1st	**2nd**	**3rd**	**4th**
1-Year	<8%	75%	50%	25%	0%
Absolute	≥8% and <14%	100%	75%	50%	25%
Return	≥14% and <20%	200%	100%	75%	50%
	≥20%	250%	200%	100%	75%

- Each individual year's results are interpolated between points calculated using the grid. The 3-year average will be used for the final PSU calculation: (2022 result + 2023 result + 2024 result)/3, to be paid in total at the third anniversary of the Grant Date
- The 1-Year Absolute Return is calculated as: (last 20 trading days average stock price of December + Total Dividends – prior December last 20 trading days average stock price)/(prior December last 20 trading days average stock price)*100
- The Relative TSR performance will be measured against the E&P companies listed in the Russell 2000 index. Relative TSR = 1 – (Laredo Rank/24)*100. Laredo Rank for each year is sorted from high to low against the peer group with the following calculation: (last 20 trading days average stock price of December of each year + Total Dividends – prior December last 20 trading days average stock price)/(prior December last 20 trading days average stock price)*100
- Notwithstanding the foregoing, the Administrator may adjust the Relative TSR calculation to reflect changes in the membership of the E&P companies listed in the Russell 2000 index, as it deems reasonable in the exercise of its discretion.

Peer List

OVINTIV INC
CHESAPEAKE ENERGY CORP
ANTERO RESOURCES CORP
PDC ENERGY INC
MATADOR RESOURCES
RANGE RESOURCES CORP
MURPHY OIL CORP
SOUTHWESTERN ENERGY
SM ENERGY
DENBURY INC
CNX RESOURCES CORP
CALIFORNIA RESOURCES CORP
MAGNOLIA OIL GAS CORP CLASS A
WHITING PETROLEUM CORP
OASIS PETROLEUM INC
CALLON PETROLEUM
CIVITAS RESOURCES INC
KOSMOS ENERGY LTD
CENTENNIAL RESOURCE DEVELOPMENT IN
NORTHERN OIL AND GAS INC
BRIGHAM MINERALS INC CLASS A
TELLURIAN INC
COMSTOCK RESOURCES INC
RANGER OIL CORP CLASS A
BERRY
TALOS ENERGY INC
CRESCENT ENERGY CLASS A
W AND T OFFSHORE INC
EARTHSTONE ENERGY INC CLASS A
FALCON MINERALS CORP CLASS A
HIGHPEAK ENERGY INC
RILEY EXPLORATION PERMIAN INC

EBITDAX/Total Debt Component is calculated on the basis of the following:

- Three-year debt reduction target:
  - Threshold: 1.75
  - Target: 1.5
  - Stretch 1.0
- Net Debt/EBITDAX calculation will tie to the definition in the Credit Facility effective December 31, 2024

EBITDAX/Total Debt	Payout Percentage
1.75	50%
1.5	100%
1	200%

Inventory Growth Component is calculated on the basis of the following:

- 165 wells to be drilled over the next three years
- Additional wells added over January 1, 2021 initial count:
  - Threshold: 165
  - Target: 275
  - Stretch: 385
- Definition of a well:
  - Minimum WI > 50%
  - Minimum lateral length of 7,500
  - Gross operated inventory added via acquisitions or improved economics that meets or exceeds a minimum rate of return of 25% inclusive of acquisition costs. To qualify as inventory, wells must have an after pay-out gross working interest of 50% or greater. Cash flows are calculated using strip pricing (index and basis) on the day of acquisition signing or the December 2022 average strip for organic growth (West Texas Intermediate and Henry Hub pricing). Non-basis marketing deducts will align to assumptions appropriate for the management area. Capital estimates will use (i) for acquisitions, the final acquisition model capital assumption or (ii) for organic growth the management 2022 11+1 forecast assumption spreadsheet.

Inventory Growth	Payout Percentage
165	50%
275	100%
385	200%

ESG Component is calculated on the basis of the following:

3Year Emissions Reduction From 2020 Levels	Payout Percentage
8%, 16.1 mtCO2e/MBOE	50%
16%, 14.7 mtCO2e/MBOE	100%
22%, 13.6 mtCO2e/MBOE	200%

- The emissions reduction targets are for current assets and will be adjusted as needed for future acquisitions if they negatively impact the calculation due to the acquired company's lower environmental standards.
- The emission result will be the number reported in Laredo’s 2023 ESG report.

RESTRICTED STOCK AGREEMENT

LAREDO PETROLEUM, INC.
OMNIBUS EQUITY INCENTIVE PLAN

THIS AGREEMENT ("Agreement") is made as of Grant Date (the "Effective Date") by and between Laredo Petroleum, Inc. (the "Company") and Participant Name (the "Grantee").

W I T N E S S E T H:

WHEREAS, the Grantee is currently an employee of the Company or its Subsidiary and the Company desires to have Grantee remain in such capacity and to afford Grantee the opportunity to acquire, or enlarge, Grantee's stock ownership in the Company.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

1. Grant of Restricted Stock. Subject to the restrictions, terms and conditions set forth herein and in the Company's Omnibus Equity Incentive Plan (the "Plan"), the Company hereby grants to the Grantee Number of Awards Granted shares of the Company's common stock, par value per share $0.01 (the "Restricted Stock"). The provisions of the Plan are incorporated herein by reference, and all capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan. In the event of any inconsistency between the provisions of the Plan and this Agreement, the provisions of this Agreement shall govern and control.

2. Restrictions and Vesting.

(a) General. Except as provided in this Agreement, shares of Restricted Stock are not transferable and are subject to a substantial risk of forfeiture until vested as set forth in Section 2(b) or 2(c)(ii). The Grantee's interest in the Restricted Stock shall become transferable and nonforfeitable as of the Vesting Date (as defined below), provided the Grantee is an employee of the Company or any of its Subsidiaries on the Vesting Date and has been an employee throughout the period beginning on the Effective Date and ending on the Vesting Date.

(b) Vesting Schedule. Subject to Section 2(c) below, 100% of the shares of Restricted Stock shall vest, become transferable, no longer be subject to a substantial risk of forfeiture and the transfer restrictions thereon shall lapse on the third anniversary of the Grant Date (the "Vesting Date").

(c) Forfeiture Provisions. The following forfeiture provisions shall apply to the Restricted Stock:

(i) If Grantee's employment with the Company or any of its Subsidiaries is terminated prior to the Vesting Date for any reason other than by reason of the Grantee's death or Disability as provided under Section 2(c)(ii), then Grantee shall forfeit to the Company all unvested Restricted Stock and all rights arising from such unvested shares and from being a holder. Such unvested Restricted Stock shall automatically be cancelled as issued under the Plan by the Company with no further action or notice required on the part of the Company or Grantee.

(ii) If Grantee's employment with the Company or any of its Subsidiaries is terminated prior to the Vesting Date (i) upon the death of Grantee or (ii) because Grantee is determined by the Board of Directors of the Company or the Administrator (as defined below) of the Plan to be subject to a Disability, then all of Grantee's unvested shares shall automatically become vested shares as of the date of such termination and thereafter no longer be subject to the restrictions set forth in this Agreement.

3. Issuance of Restricted Stock. Restricted Stock may be issued, at the Company's option, as follows: (i) certificates evidencing the Restricted Stock may be issued by the Company and, if so, shall be registered in the Grantee's name on the stock transfer books of the Company promptly after the date hereof, but shall remain in the physical custody of the Company or its designee at all times prior to the vesting of such Restricted Stock pursuant to Section 2(b) or Section 2(c)(ii); or (ii) may be registered in book entry form on the stock transfer books of the Company without issuance of physical certificates.

4. Rights as a Stockholder. The Grantee shall be the record owner of the shares of Restricted Stock until or unless such Restricted Stock is forfeited pursuant to Section 2(b) hereof, and as record owner shall generally be entitled to all rights of a stockholder with respect to the Restricted Stock (other than the right to transfer or dispose of such shares), including the right to vote and receive dividends (cash or otherwise); provided, however, that the Company will retain custody of all dividends and distributions, if any ("Retained Distributions"), made or declared on the Restricted Stock (and such Retained Distributions shall be subject to forfeiture and the same restrictions, terms, vesting and other conditions as are applicable to the Restricted Stock) until such time, if ever, as the Restricted Stock with respect to which such Retained Distributions shall have been made, paid or declared shall have become vested, and such Retained Distributions shall not bear interest or be segregated in a separate account. As soon as practicable following the Vesting Date, the restricted designation on the book entry form on the stock transfer books of the Company will be removed, and any applicable Retained Distributions, shall be delivered to the Grantee or to the Grantee's legal guardian or representative.

5. Legend on Certificates. The certificates representing the vested Restricted Stock delivered in the name of the Grantee as contemplated by Section 4 above shall be subject to such stop transfer orders and other restrictions as the Company may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, any stock exchange upon which such shares are listed, and any applicable federal or state laws, and the Company may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions as the Company deems appropriate.

6. No Right to Continued Employment. This Agreement does not confer upon the Grantee any right to continuance of employment by the Company or any of its Subsidiaries, nor shall it interfere in any way with the right of the Company or any of its Subsidiaries to terminate Grantee's employment at any time.

7. Delivery of Laredo Petroleum, Inc. Prospectus dated May 16, 2019. Grantee acknowledges that Grantee has been provided a copy of the Company's prospectus related to the Company's Omnibus Equity Incentive Plan through such prospectus' availability on the Company's shared network drive, at *S:\Omnibus Equity Incentive Plan Prospectus*. A copy will also be provided to Grantee, upon Grantee's written request to the Company.

8. Terms of Issuance. The Grantee acknowledges being subject to all terms, conditions and policies contained in the Company's Employee Manual, as the same may be amended or modified from time-to-time at the sole discretion of the Company.

9. Transferability. The Restricted Stock may not, at any time prior to becoming vested pursuant to Section 2(b) or Section 2(c)(ii), be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Grantee and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable.

10. Notice. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated in a notice mailed or delivered to the other party as provided herein; provided that, unless and until some other address be so designated, all notices or communications by the Grantee to the Company shall be mailed or delivered to the Company at its Tulsa, Oklahoma, office and all notices or communications by the Company to the Grantee may be given to the Grantee personally or mailed to the Grantee's home address as reflected on the books of the Company.

11. Administration. This Agreement and the issuance of shares contemplated hereunder shall be administered by Board or a committee of one or more members of the Board appointed by the Board to administer this Agreement and such issuance (the "Administrator"). Subject to applicable law, the Administrator shall have the sole and plenary authority to: (i) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in this Agreement; (ii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Administrator shall deem appropriate for the proper administration of this Agreement; (iii) accelerate the lapse of restrictions on shares; and (iv) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of this Agreement. The Administrator may delegate to one or more officers of the Company the authority to act on behalf of the Administrator with respect to any matter, right, obligation, or election that is the responsibility of or that is allocated to the Administrator herein, and that may be so delegated as a matter of law. For the avoidance of doubt, in the event of a Change of Control the provisions of the Plan shall apply, including, without limitation, with regard to the vesting of the Restricted Stock.

12. Governing Law. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

13. Special Tax Election. The Grantee may elect under Section 83 of the Internal Revenue Code of 1986, as amended (the "Code") to be taxed in the year that the Restricted Stock is granted, rather than when and as such Restricted Stock vests. This election must be filed with the Internal Revenue Service within thirty (30) days after the date of this Agreement (which is also the grant date of the Restricted Stock). The Grantee must provide copy of such election to the Company and should retain a copy of such election in the Grantee's personal records. By making the election, the Grantee will elect to treat the value of the grant as ordinary income in the year of the Effective Date, even though (i) the value of the stock may be less when and if the Restricted Stock vests, and (ii) the Grantee could, in the future, forfeit his or her rights to any unvested stock. *You should consult with your own tax advisor concerning the benefits or risks of filing a Section 83(b) election*.

14. Withholding. In the event that the Company determines that tax withholding is required with respect to the Grantee, the Grantee shall be required to pay to the Company, and the Company shall have the right to deduct from any compensation paid to the Grantee pursuant to the Plan, the amount of any required withholding taxes in respect of the Restricted Stock and to take such other action as the Administrator deems necessary to satisfy all obligations for the payment of such withholding and taxes. The Administrator may permit the Grantee to satisfy the withholding liability: (a) in cash, (b) by having the Company withhold from the number of shares of Common Stock otherwise issuable or deliverable pursuant to the settlement of the Restricted Stock a number of shares with a Fair Market Value equal to the minimum withholding obligation, (c) by delivering shares of Common Stock owned by the Grantee unless such delivery would result in adverse accounting consequences for the Company, or (d) by a combination of any such methods. For purposes hereof, shares Common Stock shall be valued at Fair Market Value.

15. Miscellaneous.

(a) Amendment and Waiver. Subject to Section 13(b) of the Plan, the Administrator may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, the Restricted Stock or this Agreement; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of the Grantee with respect to the Restricted Stock shall not to that extent be effective without the consent of the Company and the Grantee.

(b) Severability. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction by reason of applicable law shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating or affecting 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.

(c) Entire Agreement and Effectiveness. This Agreement embodies the complete agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

(d) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

(e) Headings. The paragraph headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

(f) Gender and Plurals. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

(g) Successors and Assigns. This Agreement shall bind and inure to the benefit of and be enforceable by and against Grantee, the Company and their respective successors, assigns, heirs, representatives and estates, as the case may be.

(h) Construction. Where specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. The language used in this Agreement shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party.

(i) Survival of Representations, Warranties and Agreements. All representations, warranties and agreements contained herein shall survive the consummation of the transactions contemplated hereby and the termination of this Agreement.

(j) WAIVER OF PUNITIVE AND EXEMPLARY DAMAGE CLAIMS. EACH PARTY, BY EXECUTING THIS AGREEMENT, WAIVES, TO THE FULLEST EXTENT ALLOWED BY LAW, ANY CLAIMS TO RECOVER PUNITIVE, EXEMPLARY OR SIMILAR DAMAGES NOT MEASURED BY THE PREVAILING PARTY’S ACTUAL DAMAGES IN ANY DISPUTE OR CONTROVERSY ARISING UNDER, RELATING TO OR IN CONNECTION WITH THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the Effective Date.

COMPANY:

LAREDO PETROLEUM, INC.

M. Jason Pigott
President & CEO

GRANTEE:

Electronic Signature
Printed Name: Participant Name

EXHIBIT 31.1

CERTIFICATION

I, Jason Pigott, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Laredo Petroleum, 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: May 5, 2022

/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 Laredo Petroleum, 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: May 5, 2022

/s/ Bryan J. Lemmerman

Bryan J. Lemmerman

Senior 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 Laredo Petroleum, Inc. (the "Company"), and Bryan J. Lemmerman, Senior 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 March 31, 2022, 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.

May 5, 2022

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

May 5, 2022

/s/ Bryan J. Lemmerman
Bryan J. Lemmerman

Senior Vice President and Chief Financial Officer

EXHIBIT 95.1

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").

Laredo Petroleum, Inc., (“Laredo”), 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 Laredo’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 March 31, 2022

Citation, Order, Violation or Action	OnCore[a]
Section 104 S&S citations (#)	None
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]	None
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.