

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 001-38606

Berry Corporation (bry)

(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation or organization)

81-5410470
(I.R.S. Employer Identification Number)

16000 Dallas Parkway, Suite 500
Dallas, Texas 75248
(661) 616-3900
(Address of principal executive offices, including zip code
Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	BRY	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405) 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 emerging growth company. See 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

Shares of common stock outstanding as of April 30, 2022 80,760,354

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The financial information and certain other information presented in this report have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column in certain tables in this report. In addition, certain percentages presented in this report reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers, or may not sum due to rounding.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

BERRY CORPORATION (bry)
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2022	December 31, 2021
	(in thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 17,960	\$ 15,283
Accounts receivable, net of allowance for doubtful accounts of \$866 at March 31, 2022 and \$866 at December 31, 2021	111,961	86,269
Other current assets	36,567	45,946
Total current assets	166,488	147,498
Noncurrent assets:		
Oil and natural gas properties	1,585,525	1,537,894
Accumulated depletion and amortization	(372,136)	(340,328)
Total oil and natural gas properties, net	1,213,389	1,197,566
Other property and equipment	151,479	140,710
Accumulated depreciation	(41,840)	(36,927)
Total other property and equipment, net	109,639	103,783
Derivative instruments	—	1,070
Deferred income taxes	171	—
Other noncurrent assets	5,040	6,562
Total assets	\$ 1,494,727	\$ 1,456,479
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 154,084	\$ 157,524
Derivative instruments	92,472	29,625
Total current liabilities	246,556	187,149
Noncurrent liabilities:		
Long-term debt	394,846	394,566
Derivative instruments	56,208	18,577
Deferred income taxes	—	1,831
Asset retirement obligations	142,999	143,926
Other noncurrent liabilities	23,692	17,782
Commitments and Contingencies - Note 4		
Stockholders' Equity:		
Common stock (\$0.001 par value; 750,000,000 shares authorized; 86,342,808 and 85,590,417 shares issued; and 80,759,540 and 80,007,149 shares outstanding, at March 31, 2022 and December 31, 2021, respectively)	86	86
Additional paid-in-capital	907,059	912,471
Treasury stock, at cost (5,583,268 and 5,583,268 shares at March 31, 2022 and December 31, 2021, respectively)	(52,436)	(52,436)
Retained deficit	(224,283)	(167,473)
Total stockholders' equity	630,426	692,648
Total liabilities and stockholders' equity	\$ 1,494,727	\$ 1,456,479

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

BERRY CORPORATION (bry)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
(in thousands, except per share amounts)		
Revenues and other:		
Oil, natural gas and natural gas liquids sales	\$ 210,351	\$ 135,265
Services revenue	39,836	—
Electricity sales	5,419	10,069
Losses on oil and gas sales derivatives	(161,858)	(53,504)
Marketing revenues	289	2,234
Other revenues	45	137
Total revenues and other	94,082	94,201
Expenses and other:		
Lease operating expenses	63,124	62,284
Costs of services	33,472	—
Electricity generation expenses	4,463	7,648
Transportation expenses	1,158	1,576
Marketing expenses	299	2,227
General and administrative expenses	22,942	17,070
Depreciation, depletion, and amortization	39,777	33,840
Taxes, other than income taxes	6,605	9,557
Gains on natural gas purchase derivatives	(29,054)	(27,730)
Other operating expenses	3,769	799
Total expenses and other	146,555	107,271
Other (expenses) income:		
Interest expense	(7,675)	(8,485)
Other, net	(13)	(143)
Total other (expenses) income	(7,688)	(8,628)
Loss before income taxes	(60,161)	(21,698)
Income tax benefit	(3,351)	(376)
Net loss	\$ (56,810)	\$ (21,322)
Net loss per share:		
Basic	\$ (0.71)	\$ (0.27)
Diluted	\$ (0.71)	\$ (0.27)

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

BERRY CORPORATION (bry)
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Three-Month Period Ended March 31, 2021				
	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Total Stockholders' Equity
	(in thousands)				
December 31, 2020	\$ 85	\$ 915,877	\$ (49,995)	\$ (151,931)	\$ 714,036
Shares withheld for payment of taxes on equity awards and other	—	(1,442)	—	—	(1,442)
Stock based compensation	—	3,995	—	—	3,995
Issuance of common stock	1	—	—	—	1
Dividends declared on common stock, \$0.04/share	—	(3,474)	—	—	(3,474)
Net loss	—	—	—	(21,322)	(21,322)
March 31, 2021	<u>\$ 86</u>	<u>\$ 914,956</u>	<u>\$ (49,995)</u>	<u>\$ (173,253)</u>	<u>\$ 691,794</u>

	Three-Month Period Ended March 31, 2022				
	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Deficit	Total Stockholders' Equity
	(in thousands)				
December 31, 2021	\$ 86	\$ 912,471	\$ (52,436)	\$ (167,473)	\$ 692,648
Shares withheld for payment of taxes on equity awards and other	—	(4,096)	—	—	(4,096)
Stock based compensation	—	3,920	—	—	3,920
Dividends declared on common stock, \$0.06/share	—	(5,236)	—	—	(5,236)
Net loss	—	—	—	(56,810)	(56,810)
March 31, 2022	<u>\$ 86</u>	<u>\$ 907,059</u>	<u>\$ (52,436)</u>	<u>\$ (224,283)</u>	<u>\$ 630,426</u>

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

BERRY CORPORATION (bry)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	2022	2021
(in thousands)		
Cash flows from operating activities:		
Net loss	\$ (56,810)	\$ (21,322)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, depletion and amortization	39,777	33,840
Amortization of debt issuance costs	576	1,360
Stock-based compensation expense	3,686	3,779
Deferred income taxes	(2,002)	(376)
Other operating expenses	(910)	—
Derivative activities:		
Total losses	132,804	25,774
Cash settlements on derivatives	(32,152)	850
Changes in assets and liabilities:		
Increase in accounts receivable	(25,648)	(296)
Decrease (increase) decrease in other assets	9,231	(5,663)
(Decrease) increase in accounts payable and accrued expenses	(14,093)	1,300
(Decrease) in other liabilities	(5,929)	(816)
Net cash provided by operating activities	48,530	38,430
Cash flows from investing activities:		
Capital expenditures:		
Capital expenditures	(27,620)	(23,569)
Changes in capital expenditures accruals	9,992	3,508
Acquisitions, net of cash received	(18,932)	—
Proceeds from sale of property and equipment and other	—	124
Net cash used in investing activities	(36,560)	(19,937)
Cash flows from financing activities:		
Borrowings under 2021 RBL credit facility	107,000	—
Repayments on 2021 RBL credit facility	(107,000)	—
Dividends paid on common stock	(5,197)	(246)
Shares withheld for payment of taxes on equity awards and other	(4,096)	(1,442)
Net cash used in financing activities	(9,293)	(1,688)
Net increase in cash and cash equivalents	2,677	16,805
Cash and cash equivalents:		
Beginning	15,283	80,557
Ending	<u>\$ 17,960</u>	<u>\$ 97,362</u>

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

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1—Basis of Presentation

“Berry Corp.” refers to Berry Corporation (bry), a Delaware corporation, which is the sole member of each of its three Delaware limited liability company subsidiaries: (1) Berry Petroleum Company, LLC (“Berry LLC”), (2) CJ Berry Well Services Management, LLC (“C&J Management”) and (3) C&J Well Services, LLC (“CJWS”). As the context may require, the “Company”, “we”, “our” or similar words refer to Berry Corp. and its subsidiary, Berry LLC, and as of October 1, 2021 this also includes CJWS and CJ Management.

Nature of Business

We are a western United States independent upstream energy company with a focus on onshore, low geologic risk, long-lived conventional oil reserves in the San Joaquin basin of California, with newly acquired well servicing and abandonment capabilities in California. As of October 1, 2021, we have operated in two business segments: (i) development and production (“D&P”) and (ii) well servicing and abandonment. The D&P business segment is engaged in the development and production of onshore, low geologic risk, long-lived conventional oil reserves primarily located in California, as well as Utah. On October 1, 2021, we completed the acquisition of one of the largest upstream well servicing and abandonment businesses in California, which now constitutes our well servicing and abandonment segment, also referred to as “CJWS”.

Berry Corp. was incorporated under Delaware law in February 2017 and its common stock began trading on NASDAQ under the symbol “bry” in July 2018. Berry Corp. operates through its three wholly owned subsidiaries. Berry LLC owns and operates our oil and gas assets, all of which are located onshore in the United States (the “U.S.”), in California (in the San Joaquin basin), and Utah (in the Uinta basin). We are focused on the development and production of onshore, low geologic risk, long-lived conventional oil reserves. In January 2022, we divested our natural gas properties in the Piceance basin of Colorado.

Principles of Consolidation and Reporting

The condensed consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles (“GAAP”), which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. In management’s opinion, the accompanying financial statements contain all normal, recurring adjustments that are necessary to fairly present our interim unaudited condensed consolidated financial statements. We eliminated all significant intercompany transactions and balances upon consolidation. For oil and gas exploration and production joint ventures in which we have a direct working interest, we account for our proportionate share of assets, liabilities, revenue, expense and cash flows within the relevant lines of the financial statements.

We prepared this report pursuant to the rules and regulations of the U.S. Security and Exchange Commission (“SEC”) applicable to interim financial information, which permit the omission of certain disclosures to the extent they have not changed materially since the latest annual financial statements. We believe our disclosures are adequate to make the disclosed information not misleading. The results reported in these unaudited condensed consolidated financial statements may not accurately forecast results for future periods. This Quarterly Report on Form 10-Q should be read in conjunction with the consolidated financial statements and the notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2021.

New Accounting Standards Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months and to include qualitative and quantitative disclosures with respect to the amount, timing, and uncertainty of cash flows arising from leases. In January 2018, the FASB issued ASU 2018-01, *Leases (Topic 842)*, which is an update to the lease standard providing an optional transition approach for land easements allowing entities to evaluate only new or modified land easements. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842)*,

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

which provided optional transition relief allowing a prospective approach in applying the new rules by not adjusting comparative period financial information for the effects of the new rules and not requiring disclosures for periods before the effective date. As an emerging growth company, we have elected to delay the adoption of these rules until they are applicable to non-SEC issuers. During the second quarter of 2020, this adoption date was further delayed by FASB until fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. We adopted these rules in the first quarter of 2022 prospectively.

Note 2—Debt

The following table summarizes our outstanding debt:

	March 31, 2022	December 31, 2021	Interest Rate	Maturity	Security
	(in thousands)				
2021 RBL Facility	\$ —	\$ —	variable rates 5.5% (2022) and 5.3% (2021)	August 26, 2025	Mortgage on 90% of Present Value of proven oil and gas reserves and lien on certain other assets
2026 Notes	400,000	400,000	7.0%	February 15, 2026	Unsecured
Long-Term Debt - Principal Amount	400,000	400,000			
Less: Debt Issuance Costs	(5,154)	(5,434)			
Long-Term Debt, net	\$ 394,846	\$ 394,566			

Deferred Financing Costs

We incurred legal and bank fees related to the issuance of debt. At March 31, 2022 and December 31, 2021, debt issuance costs for the 2021 RBL Facility (as defined below) reported in “other noncurrent assets” on the balance sheet were approximately \$4 million and \$5 million net of amortization, respectively. At March 31, 2022 and December 31, 2021, debt issuance costs, net of amortization, for the unsecured notes due February 2026 (the “2026 Notes”) reported in “Long-Term Debt, net” on the balance sheet was approximately \$5 million.

For each of the three month periods ended March 31, 2022 and 2021, the amortization expense for the 2021 RBL Facility, the 2017 RBL Facility (as defined below) and the 2026 Notes, combined, was approximately \$1 million. The amortization of debt issuance costs is presented in “interest expense” in the condensed consolidated statements of operations.

Fair Value

Our debt is recorded at the carrying amount on the balance sheets. The carrying amount of the 2021 RBL Facility approximates fair value because the interest rates are variable and reflect market rates. The fair value of the 2026 Notes was approximately \$398 million and \$400 million at March 31, 2022 and December 31, 2021, respectively.

2021 RBL Facility

On August 26, 2021, Berry Corp, as a guarantor, together with Berry LLC, as the borrower, entered into a credit agreement that provided for a revolving loan with up to \$500 million of commitment, subject to a reserve borrowing base (as amended by the First Amendment and the Second Amendment, each as defined below, the “2021 RBL Facility”). Our initial borrowing base was \$200 million. The 2021 RBL Facility provides a letter of credit subfacility for the issuance of letters of credit in an aggregate amount not to exceed \$20 million. Issuances of letters of credit reduce the borrowing availability for revolving loans under the 2021 RBL Facility on a dollar for dollar basis. The 2021 RBL Facility matures on August 26, 2025, unless terminated earlier in accordance with the 2021 RBL Facility terms. Borrowing base redeterminations generally become effective each May and November, although the

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

borrower and the lenders may each make one interim redetermination between scheduled redeterminations. In December 2021, we completed the first scheduled semi-annual borrowing base redetermination and entered into that certain First Amendment to Credit Agreement (the "First Amendment"), which resulted in a reaffirmed borrowing base at \$200 million and changes to the hedging covenants in respect of the exclusion of short puts or similar derivatives in the calculation of minimum and maximum hedging requirements. In May 2022, Berry Corp., as a guarantor, and Berry LLC, as the borrower, entered into that certain Second Amendment to Credit Agreement and Limited Consent and Waiver (the "Second Amendment") pursuant to which, among other things, the requisite lenders under the 2021 RBL Facility (i) consented to certain dividends and distributions and to certain investments made by Berry LLC in C&J Well Services, LLC and/or CJ Berry Well Services Management, LLC, in each case, as further described therein, (ii) waived certain minimum hedging requirements for the time periods described therein, (iii) waived any breach, default or event of default which may have arisen as a result of any of the foregoing, (iv) amended the restricted payments covenant to give us additional flexibility to make restricted payments, subject to satisfaction of certain leverage and availability conditions and other conditions described below and in the Second Amendment and (v) amended the minimum hedging covenant to not, until October 1, 2022, require hedges for any full calendar month from and after January 1, 2025, as further described in the Second Amendment.

If the outstanding principal balance of the revolving loans and the aggregate face amount of all letters of credit under the 2021 RBL Facility exceeds the borrowing base at any time as a result of a redetermination of the borrowing base, we have the option within 30 days to take any of the following actions, either individually or in combination: make a lump sum payment curing the deficiency, deliver reserve engineering reports and mortgages covering additional oil and gas properties sufficient in certain lenders' opinion to increase the borrowing base and cure the deficiency or begin making equal monthly principal payments that will cure the deficiency within the next six-month period. Upon certain adjustments to the borrowing base other than a result of a redetermination, we are required to make a lump sum payment in an amount equal to the amount by which the outstanding principal balance of the revolving loans and the aggregate face amount of all letters of credit under the 2021 RBL Facility exceeds the borrowing base. In addition, the 2021 RBL Facility provides that if there are any outstanding borrowings and the consolidated cash balance exceeds \$20 million at the end of each calendar week, such excess amounts shall be used to prepay borrowings under the credit agreement. Otherwise, any unpaid principal will be due at maturity.

The outstanding borrowings under the revolving loan bear interest at a rate equal to either (i) a customary base rate plus an applicable margin ranging from 2.0% to 3.0% per annum, and (ii) a customary benchmark rate plus an applicable margin ranging from 3.0% to 4.0% per annum, and in each case depending on levels of borrowing base utilization. In addition, we must pay the lenders a quarterly commitment fee of 0.5% on the average daily unused amount of the borrowing availability under the 2021 RBL Facility. We have the right to prepay any borrowings under the 2021 RBL Facility with prior notice at any time without a prepayment penalty.

The 2021 RBL Facility requires us to maintain on a consolidated basis as of each quarter-end (i) a leverage ratio of not more than 3.0 to 1.0 and (ii) a current ratio of not less than 1.0 to 1.0. As of March 31, 2022, our leverage ratio and current ratio were 1.7:1.0 and 2.4:1.0, respectively. In addition, the 2021 RBL Facility currently provides that, to the extent we incur unsecured indebtedness, including any amounts raised in the future, the borrowing base will be reduced by an amount equal to 25% of the amount of such unsecured debt. We were in compliance with all financial covenants under the 2021 RBL Facility as of March 31, 2022.

The 2021 RBL Facility contains usual and customary events of default and remedies for credit facilities of a similar nature. The 2021 RBL Facility also places restrictions on the borrower and its restricted subsidiaries with respect to additional indebtedness, liens, dividends and other payments to shareholders, repurchases or redemptions of our common stock, redemptions of the borrower's senior notes, investments, acquisitions, mergers, asset dispositions, transactions with affiliates, hedging transactions and other matters.

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

From and after August 26, 2022, the 2021 RBL Facility permits us to repurchase certain indebtedness so long as both before and after giving pro forma effect to such repurchase, no default or event of default exists, availability is equal to or greater than 20% of the borrowing base and our pro forma leverage ratio is less than or equal to 2.0 to 1.0. The 2021 RBL Facility also permits us to make restricted payments so long as both before and after giving pro forma effect to such distribution, no default or event of default exists, availability exceeds 75% of the borrowing base, and our pro forma leverage ratio is less than or equal to 1.5 to 1.0. In addition, we can make other restricted payments in an aggregate amount not to exceed 100% of Free Cash Flow (as defined under the 2021 RBL Facility) for the fiscal quarter most recently ended prior to such distribution so long as, in addition to other conditions and limitations as described in the 2021 RBL Facility, both before and after giving pro forma effect to such distribution, no default or event of default exists, availability is greater than 20% of the borrowing base and our pro forma leverage ratio is less than or equal to 2.0 to 1.0.

Berry LLC is the borrower on the 2021 RBL Facility and Berry Corp. is the guarantor. Each future subsidiary of Berry Corp., with certain exceptions, is required to guarantee our obligations and obligations of the other guarantors under the 2021 RBL Facility and under certain hedging transactions and banking services arrangements (the "Guaranteed Obligations"). The lenders under the 2021 RBL Facility hold a mortgage on at least 90% of the present value of our proven oil and gas reserves. The obligations of Berry LLC and the guarantors are also secured by liens on substantially all of our personal property, subject to customary exceptions.

As of March 31, 2022, we had no borrowings outstanding, \$7 million in letters of credit outstanding and approximately \$193 million of available borrowing capacity under the 2021 RBL Facility.

2017 RBL Facility

On July 31, 2017, we entered into a credit agreement that provided for a revolving loan with up to \$1.5 billion of commitment, subject to a reserve borrowing base ("2017 RBL Facility"). In April 2021, we completed our scheduled semi-annual borrowing base redetermination under our 2017 RBL Facility, which resulted in a reaffirmed borrowing base at \$200 million. On August 26, 2021, we cancelled the 2017 RBL Facility agreement. There were no borrowings outstanding at the time of cancellation.

Debt Repurchase Program

In February 2020, our Board of Directors adopted a program to spend up to \$75 million for the opportunistic repurchase of our 2026 Notes. The manner, timing and amount of any purchases will be determined based on our evaluation of market conditions, compliance with outstanding agreements and other factors, may be commenced or suspended at any time without notice and do not obligate Berry Corp. to purchase the 2026 Notes during any period or at all. We have not yet repurchased any notes under this program.

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 3—Derivatives

We utilize derivatives, such as swaps, puts, calls and collars, to hedge a portion of our forecasted oil and gas production and gas purchases to reduce exposure to fluctuations in oil and natural gas prices, which addresses our market risk. In addition to the hedging requirements of the 2021 RBL Facility, we target covering our operating expenses and a majority of our fixed charges, which includes capital needed to sustain production levels, as well as interest and fixed dividends as applicable, with the oil and gas sales hedges for a period of up to three years out. Additionally, we target fixing the price for a large portion of our natural gas purchases used in our steam operations for up to three years. We have also entered into Utah gas transportation contracts to help reduce the price fluctuation exposure, however these do not qualify as hedges. We also, from time to time, have entered into agreements to purchase a portion of the natural gas we require for our operations, which we do not record at fair value as derivatives because they qualify for normal purchases and normal sales exclusions. We had no such transactions in the periods presented.

For fixed-price oil and gas sales swaps, we are the seller, so we make settlement payments for prices above the indicated weighted-average price per barrel and per mmbtu, respectively, and receive settlement payments for prices below the indicated weighted-average price per barrel and per mmbtu, respectively.

For our long put spreads, in addition to any deferred premium payments, we would receive settlement payments for prices below the indicated highest price of the long put with the maximum payment received per barrel equal to the difference between the indicated prices of the long and short put. No payment would be made or received for prices above the highest indicated price of the long put. The short put spreads offset the long put spreads.

For our purchased oil puts, we would receive settlement payments for prices below the indicated weighted-average price per barrel of Brent. For some of our options we paid or received a premium at the time the positions were created and for others, the premium payment or receipt is deferred until the time of settlement. As of March 31, 2022 we have net payable deferred premiums of approximately \$14 million, which is reflected in the mark-to-market valuation and will be payable beginning in 2022 through 2024, in approximately the same amount each year.

For our sold oil calls, we would make settlement payments for prices above the indicated weighted-average price. No payment would be due for prices below the indicated weighted-average price.

For our purchased gas calls, we would receive settlement payments for prices above the indicated weighted-average price. No payment would be received for prices below the indicated weighted-average price.

For our sold oil and gas puts, we would make settlement payments for prices below the indicated weighted-average price. No payment would be due for prices above the indicated weighted-average price.

We use oil and gas production hedges to protect our sales against decreases in oil and gas prices. We also use natural gas purchase hedges to protect our natural gas purchases against increases in prices. We do not enter into derivative contracts for speculative trading purposes and have not accounted for our derivatives as cash-flow or fair-value hedges. The changes in fair value of these instruments are recorded in current earnings. Gains (losses) on oil and gas sales hedges are classified in the revenues and other section of the statement of operations, while natural gas purchase hedges are included in expenses and other section of the statement of operations.

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

As of March 31, 2022, we had the following hedges for our crude oil production and natural gas purchases.

	Q2 2022	Q3 2022	Q4 2022	FY 2023	FY 2024
Brent - Crude Oil production					
Swaps					
Hedged volume (bbls)	1,299,500	1,288,000	1,196,000	3,420,750	1,917,000
Weighted-average price (\$/bbl)	\$ 75.92	\$ 75.97	\$ 74.05	\$ 72.98	\$ 75.52
Put Spreads					
Long \$50/\$40 Put Spread hedged volume (bbls)	409,500	414,000	414,000	2,555,000	1,647,000
Short \$50/\$40 Put Spread hedged volume (bbls)	45,500	46,000	46,000	365,000	366,000
Producer Collars hedged volume (bbls)					
	—	—	—	1,460,000	1,098,000
Weighted-average price (\$/bbl)	—	—	—	\$40.00/\$106.00	\$40.00/\$105.00
Henry Hub - Natural Gas purchases					
Consumer Collars					
Hedged volume (mmbtu)	2,730,000	2,760,000	2,760,000	10,950,000	9,150,000
Weighted-average price (\$/mmbtu)	\$4.00/\$2.75	\$4.00/\$2.75	\$4.00/\$2.75	\$4.00/\$2.75	\$4.00/\$2.75

In April we added consumer collars (Henry Hub) of 300,000 mmbtu for the second quarter of 2022 and 1,840,000 mmbtu for the second half of 2022 at \$4.00/\$2.75. We terminated consumer collars (Henry Hub) of 5,520,000 mmbtu for 2023 and 9,150,000 mmbtu for 2024 at \$4.00/\$2.75, resulting in a net cash impact of less than \$1 million.

We sold fixed price oil swaps (Brent) of 245,000 bbls at \$102.36 for May 2022 through December 2022 and 12,778 bbls at \$93.10 for 2023.

Our commodity derivatives are measured at fair value using industry-standard models with various inputs including publicly available underlying commodity prices and forward curves, and all are classified as Level 2 in the required fair value hierarchy for the periods presented. These commodity derivatives are subject to counterparty netting. The following tables present the fair values (gross and net) of our outstanding derivatives as of March 31, 2022 and December 31, 2021:

		March 31, 2022			
		Balance Sheet Classification	Gross Amounts Recognized at Fair Value	Gross Amounts Offset in the Balance Sheet	Net Fair Value Presented in the Balance Sheet
(in thousands)					
Assets:					
Commodity Contracts	Current assets	\$	23,513	\$ (23,513)	\$ —
Commodity Contracts	Non-current assets		43,081	(43,081)	—
Liabilities:					
Commodity Contracts	Current liabilities		(115,985)	23,513	(92,472)
Commodity Contracts	Non-current liabilities		(99,289)	43,081	(56,208)
Total derivatives		\$	(148,680)	\$ —	\$ (148,680)

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

December 31, 2021			
Balance Sheet Classification	Gross Amounts Recognized at Fair Value	Gross Amounts Offset in the Balance Sheet	Net Fair Value Presented in the Balance Sheet
(in thousands)			
Assets:			
Commodity Contracts	Current assets	\$ 5,360	\$ (5,360)
Commodity Contracts	Non-current assets	29,828	(28,758)
Liabilities:			
Commodity Contracts	Current liabilities	(34,985)	5,360
Commodity Contracts	Non-current liabilities	(47,335)	28,758
Total derivatives		<u>\$ (47,132)</u>	<u>\$ —</u>
			<u>\$ (47,132)</u>

By using derivative instruments to economically hedge exposure to changes in commodity prices, we expose ourselves to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk. We do not receive collateral from our counterparties.

We minimize the credit risk in derivative instruments by limiting our exposure to any single counterparty. In addition, our 2021 RBL Facility prevents us from entering into hedging arrangements that are secured, except with our lenders and their affiliates that have margin call requirements, that otherwise require us to provide collateral or with a non-lender counterparty that does not have an A or A2 credit rating or better from Standards & Poor's or Moody's, respectively. In accordance with our standard practice, our commodity derivatives are subject to counterparty netting under agreements governing such derivatives which partially mitigates the counterparty nonperformance risk.

Note 4—Lawsuits, Claims, Commitments and Contingencies

In the normal course of business, we, or our subsidiaries, are the subject of, or party to, pending or threatened legal proceedings, contingencies and commitments involving a variety of matters that seek, or may seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, fines and penalties, remediation costs, or injunctive or declaratory relief.

We accrue for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. We have not recorded any reserve balances at March 31, 2022 and December 31, 2021. We also evaluate the amount of reasonably possible losses that we could incur as a result of these matters. We believe that reasonably possible losses that we could incur in excess of accruals on our balance sheet would not be material to our consolidated financial position or results of operations.

We, or our subsidiaries, or both, have indemnified various parties against specific liabilities those parties might incur in the future in connection with transactions that they have entered into with us. As of March 31, 2022, we are not aware of material indemnity claims pending or threatened against us.

Securities Litigation Matter

On November 20, 2020, Luis Torres, individually and on behalf of a putative class, filed a securities class action lawsuit (the "Torres Lawsuit") in the United States District Court for the Northern District of Texas against Berry Corp. and certain of its current and former directors and officers (collectively, the "Defendants"). The complaint asserts violations of Sections 11 and 15 of the Securities Act of 1933, and Sections 10(b) and 20(a) of the Exchange Act, on behalf of a putative class of all persons who purchased or otherwise acquired (i) common stock pursuant and/or traceable to the Company's 2018 IPO; or (ii) Berry Corp.'s securities between July 26, 2018 and November 3, 2020 (the "Class Period"). In particular, the complaint alleges that the Defendants made false and misleading statements during the Class Period and in the offering materials for the IPO, concerning the Company's business,

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

operational efficiency and stability, and compliance policies, that artificially inflated the Company's stock price, resulting in injury to the purported class members when the value of Berry Corp.'s common stock declined following release of its financial results for the third quarter of 2020 on November 3, 2020.

On January 21, 2021, multiple plaintiffs filed motions in the Torres Lawsuit seeking to be appointed lead plaintiff and lead counsel. After briefing and a stipulation between the remaining movants, the Court appointed Luis Torres and Allia DeAngelis as co-lead plaintiffs on August 18, 2021. On November 1, 2021, the co-lead plaintiffs filed an amended complaint asserting claims on behalf of the same putative class under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Exchange Act, alleging, among other things, that the Company and the individual Defendants made false and misleading statements between July 26, 2018 and November 3, 2020 regarding the Company's permits and permitting processes. The amended complaint does not quantify the alleged losses but seeks to recover all damages sustained by the putative class as a result of these alleged securities violations, as well as attorneys' fees and costs. The Defendants filed a Motion to Dismiss on January 24, 2022, and the plaintiffs' filed their opposition on April 11, 2022; Defendants' reply is due on June 6, 2022.

We dispute these claims and intend to defend the matter vigorously. Given the uncertainty of litigation, the preliminary stage of the case, and the legal standards that must be met for, among other things, class certification and success on the merits, we cannot reasonably estimate the possible loss or range of loss that may result from this action.

Note 5—Equity

Cash Dividends

Our Board of Directors approved a regular cash dividend of \$0.06 per share on our common stock for the first quarter of 2022, which we paid in April 2022. The Board of Directors approved a \$0.06 per share regular cash dividend on our common stock for the second quarter of 2022, which is expected to be paid in July 2022. The Board of Directors approved a \$0.13 per share variable dividend on our common stock based on our first quarter results, which is expected to be paid in June 2022.

Stock Repurchase Program

In April of 2022, our Company's Board of Directors approved an increase of \$102 million to the Company's stock repurchase authorization bringing the Company's total share repurchase authority to \$150 million. The Board's authorization permits the Company to make purchases of its common stock from time to time in the open market and in privately negotiated transactions, subject to market conditions and other factors, up to the aggregate amount authorized by the Board. The Board's authorization has no expiration date. In 2018 and 2019, the Company repurchased a total of 5,057,682 shares under the stock repurchase program for approximately \$50 million in aggregate. In February 2020, the Board of Directors authorized the repurchase of the remaining \$50 million available under the repurchase program and through December 2021, we repurchased an additional 471,022 shares for approximately \$2 million in aggregate. The Company did not repurchase any shares during the three months ended March 31, 2022. Accordingly, as of March 31, 2022, the Company has repurchased a total of 5,528,704 shares under the stock repurchase program for approximately \$52 million in aggregate. As discussed in this quarterly report, we implemented a new shareholder return model in early 2022, for which we intend to allocate a portion of Discretionary Free Cash Flow to opportunistic share repurchases.

Repurchases may be made from time to time in the open market, in privately negotiated transactions or by other means, as determined in the Company's sole discretion. The manner, timing and amount of any purchases will be determined based on our evaluation of market conditions, stock price, compliance with outstanding agreements and other factors, may be commenced or suspended at any time without notice and does not obligate the company to purchase shares during any period or at all. Any shares repurchased are reflected as treasury stock and any shares acquired will be available for general corporate purposes.

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Stock-Based Compensation

In February 2022, the Company granted awards of approximately 1,300,000 shares of restricted stock units (“RSUs”), which will vest annually in equal amounts over three years. In March 2022, the Company granted awards of approximately 611,000 shares performance-based restricted stock units (“PSUs”), which will cliff vest, if at all, at the end of a three year performance period. The RSUs awarded are equity awards as they will be settled in stock. The PSUs awarded are liability awards as they can be settled in cash or stock. The fair value of these awards was approximately \$19 million, of which \$8 million relates to liability awards, which will be subsequently remeasured at each reporting period.

The RSUs awarded in February 2022 are solely time-based awards. Of the PSUs awarded to certain Berry employees (excluding CJWS employee awards) in March 2022, (a) 50% of such will vest, if at all, based on a total stockholder return (“TSR”) performance metric (the “TSR PSUs”), which is defined as the capital gains per share of stock plus dividends paid assuming reinvestment, with TSR measured on an absolute basis and relative to the TSR of the 44 exploration and production companies in the Vanguard World Fund - Vanguard Energy ETF Index plus the S&P SmallCap 600 Value Index (collectively, the “Peer Group”) during the performance period and (b) 50% of such awards will vest, if at all, based on the consolidated Company’s average cash returned on invested capital (“CROIC PSUs”) over the performance period. The PSUs awarded to certain CJWS employees in March 2022 will vest, if at all based on the CJWS average cash returned on invested capital (“ROIC PSUs”) over the performance period. Depending on the results achieved during the three-year performance period, the actual number of shares that a grant recipient receives at the end of the period may range from 0% to 250% of the TSR PSUs granted and from 0% to 200% of the CROIC and ROIC PSUs granted.

The fair value of the RSUs was determined using the grant date stock price. The fair value of the CROIC PSUs and ROIC PSUs was determined using the stock price and estimated performance as of the reporting period as the awards are liability awards. The fair value of the TSR PSUs was determined using a Monte Carlo simulation analysis to estimate the total shareholder return ranking of the Company, including a comparison against the Peer Group over the performance periods as of the reporting period as the awards are liability awards. The expected volatility of the Company’s common stock at the date of grant was estimated based on average volatility rates for the Company and selected guideline public companies. The dividend yield assumption was based on the then current annualized declared dividend. The risk-free interest rate assumption was based on observed interest rates consistent with the approximate three-year performance measurement period.

Note 6—Supplemental Disclosures to the Financial Statements

Other current assets reported on the condensed consolidated balance sheets included the following:

	March 31, 2022	December 31, 2021
	(in thousands)	
Prepaid expenses	\$ 19,702	\$ 26,840
Materials and supplies	9,305	9,533
Deposits	3,720	6,415
Oil inventories	2,756	2,933
Other	1,084	225
Total other current assets	<u>\$ 36,567</u>	<u>\$ 45,946</u>

Other non-current assets at March 31, 2022 and December 31, 2021, included approximately \$4 million and \$5 million of deferred financing costs, net of amortization, respectively.

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Accounts payable and accrued expenses on the condensed consolidated balance sheets included the following:

	March 31, 2022	December 31, 2021
	(in thousands)	
Accounts payable-trade	\$ 23,599	\$ 17,699
Accrued expenses	63,029	62,962
Royalties payable	18,373	24,816
Greenhouse gas liability - current portion	6,972	7,513
Taxes other than income tax liability	11,095	8,273
Accrued interest	3,713	10,736
Dividends payable	4,840	4,800
Asset retirement obligations - current portion	20,000	20,000
Operating lease liability	1,779	—
Other	684	725
Total accounts payable and accrued expenses	\$ 154,084	\$ 157,524

The decrease of \$1 million in the long-term portion of the asset retirement obligations from \$144 million at December 31, 2021 to \$143 million at March 31, 2022 was due to \$5 million of liabilities settled during the period, and a \$1 million reduction related to property sales. These decreases were offset by \$3 million of accretion and \$3 million of liabilities incurred.

Other non-current liabilities at March 31, 2022 included approximately \$17 million of greenhouse gas liability and \$7 million of operating lease noncurrent liability. For December 31, 2021, we had \$18 million in greenhouse gas liability.

Supplemental Information on the Statement of Operations

For the three months ended March 31, 2022, other operating expenses was \$4 million and mainly consisted of over \$2 million in royalty audit charges incurred prior to our emergence and restructuring in 2017, and approximately \$1 million loss on the divestiture of the Piceance properties. For the three months ended March 31, 2021, other operating expenses was \$1 million and mainly consisted of oil tank storage fees.

Supplemental Cash Flow Information

Supplemental disclosures to the condensed consolidated statements of cash flows are presented below:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Supplemental Disclosures of Significant Non-Cash Investing Activities:		
Material inventory transfers to oil and natural gas properties	\$ 243	\$ 1,020
Supplemental Disclosures of Cash Payments (Receipts):		
Interest, net of amounts capitalized	\$ 14,539	\$ 14,637

Cash and cash equivalents consist primarily of highly liquid investments with original maturities of three months or less and are stated at cost, which approximates fair value. As part of our cash management system, we use a controlled disbursement account to fund cash distribution checks presented for payment by the holder. Checks issued but not yet presented to banks may result in overdraft balances for accounting purposes and have been included in “accounts payable and accrued expenses” in the condensed consolidated balance sheets. Such amounts are immaterial as of March 31, 2022 and December 31, 2021.

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 7—Earnings Per Share

We calculate basic earnings (loss) per share by dividing net income (loss) by the weighted-average number of common shares outstanding for each period presented. Common shares issuable upon the satisfaction of certain conditions pursuant to a contractual agreement, are considered common shares outstanding and are included in the computation of net income (loss) per share.

The RSUs and PSUs are not a participating security as the dividends are forfeitable. For the three months ended March 31, 2022 and 2021 no incremental RSU or PSU shares were included in the diluted EPS calculation as their effect was anti-dilutive under the “if converted” method.

	Three Months Ended March 31,	
	2022	2021
(in thousands except per share amounts)		
Basic EPS calculation		
Net loss	\$ (56,810)	\$ (21,322)
Weighted-average shares of common stock outstanding	80,298	80,115
Basic loss per share	\$ (0.71)	\$ (0.27)
Diluted EPS calculation		
Net loss	\$ (56,810)	\$ (21,322)
Weighted-average shares of common stock outstanding	80,298	80,115
Dilutive effect of potentially dilutive securities ⁽¹⁾	—	—
Weighted-average common shares outstanding - diluted	80,298	80,115
Diluted loss per share	\$ (0.71)	\$ (0.27)

(1) We excluded approximately 4.1 million and 2.2 million of combined RSUs and PSUs from the dilutive weighted-average common shares outstanding for the three months ended March 31, 2022 and 2021, because their effect was anti-dilutive.

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 8—Revenue Recognition

We derive revenue from sales of oil, natural gas and natural gas liquids (“NGL”), with additional revenue generated from sales of electricity and marketing activities. Effective October 1, 2021, we completed the acquisition of CJWS, a well servicing and abandonment business. Revenue from CJWS is generated from well servicing and abandonment business.

The following table provides disaggregated revenue for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Oil sales	\$ 202,724	\$ 122,359
Natural gas sales	5,982	12,077
Natural gas liquids sales	1,645	829
Service revenue	39,836	—
Electricity sales	5,419	10,069
Marketing revenues	289	2,234
Other revenues	45	137
Revenues from contracts with customers	255,940	147,705
Losses on oil and gas sales derivatives	(161,858)	(53,504)
Total revenues and other	<u>\$ 94,082</u>	<u>\$ 94,201</u>

Note 9—Acquisition and Divestiture

2022

Piceance Divestiture

In January 2022, we completed the divestiture of all of our natural gas properties in Colorado, which were in the Piceance basin. The divestiture closed with a loss of approximately \$1 million.

Antelope Creek Acquisition

In February 2022, we completed the acquisition of oil and gas producing assets in the Antelope Creek area of Utah for approximately \$18 million. These assets are adjacent to our existing Uinta assets and prior to our acquisition produced approximately 600 boe/d.

Note 10—Segment Information

As of October 1, 2021, we have operated in two business segments: (i) development and production and (ii) well servicing and abandonment. The development and production segment is engaged in the development and production of onshore, low geologic risk, long-lived conventional oil reserves primarily located in California, as well as Utah. On October 1, 2021, we completed the acquisition of an upstream well servicing and abandonment business in California, which became a reportable segment (well servicing and abandonment) under U.S. GAAP. Prior to October 1, 2021, we did not have more than one reportable segment, thus no prior period segment information has been presented.

The following table represents selected financial information for the periods presented regarding the Company's business segments on a stand-alone basis and the consolidation and elimination entries necessary to arrive at the financial information for the Company on a consolidated basis.

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

	Three Months Ended March 31, 2022			
	Development & Production	Well Servicing and Abandonment	Corporate/Eliminations	Consolidated Company
	(in thousands)			
Revenues - excluding hedges	\$ 216,104	\$ 39,836	\$ —	\$ 255,940
Net loss before income taxes	\$ (34,291)	\$ (284)	\$ (25,586)	\$ (60,161)
Adjusted EBITDA	\$ 105,649	\$ 3,300	\$ (13,237)	\$ 95,712
Capital expenditures	\$ 26,437	\$ 628	\$ 555	\$ 27,620
Total assets	\$ 1,471,358	\$ 73,887	\$ (50,518)	\$ 1,494,727

Adjusted EBITDA is the measure reported to the chief operating decision maker (CODM) for purposes of making decisions about allocating resources to and assessing performance of each segment. The measure also allows our management to more effectively evaluate our operating performance and compare the results between periods without regard to our financing methods or capital structure. Adjusted EBITDA is calculated as earnings before interest expense; income taxes; depreciation, depletion, and amortization; derivative gains or losses net of cash received or paid for scheduled derivative settlements; impairments; stock compensation expense; and unusual and infrequent items. While Adjusted EBITDA is a non-GAAP measure, the amounts included in the calculations of Adjusted EBITDA, were computed in accordance with GAAP. This measure is provided in addition to, and not as an alternative for, income and liquidity measures calculated in accordance with GAAP and should not be considered as an alternative to, or more meaningful than, income and liquidity measures calculated in accordance with GAAP. Our computations of Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. Adjusted EBITDA should be read in conjunction with the information contained in our financial statements prepared in accordance with GAAP.

	Three Months Ended March 31, 2022			
	Development & Production	Well Servicing and Abandonment	Corporate/Eliminations	Consolidated Company
	(in thousands)			
Adjusted EBITDA reconciliation to net income (loss):				
Net loss	\$ (34,291)	\$ (284)	\$ (22,235)	\$ (56,810)
Add (Subtract):				
Interest expense	—	—	7,675	7,675
Income tax benefit	—	—	(3,351)	(3,351)
Depreciation, depletion, and amortization	35,474	3,179	1,124	39,777
Losses on derivatives	132,804	—	—	132,804
Net cash paid for scheduled derivative settlements	(32,152)	—	—	(32,152)
Other operating expenses	3,495	174	100	3,769
Stock compensation expense	319	33	3,450	3,802
Non-recurring costs	—	198	—	198
Adjusted EBITDA	\$ 105,649	\$ 3,300	\$ (13,237)	\$ 95,712

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

Note 11—Leases

In the first quarter of 2021, we adopted ASC 842 using the modified retrospective approach that requires us to determine our lease balances as of the date of adoption. Prior periods continue to be reported under accounting standards in effect for those periods.

The Company determines if an arrangement is a lease at inception of the contract. If an arrangement is a lease, the present value of the related lease payments is recorded as a liability and an equal amount is capitalized as a right of use asset on the Company's balance sheet. Right of use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. We have long-term operating leases generally for offices. The Company's estimated incremental borrowing rate, determined at the lease commencement date using the Company's average secured borrowing rate, is used to calculate present value. The weighted average estimated incremental borrowing rate used for the three months ended March 31, 2022 was 5%.

Leases with an initial term of 12 months or less are not recorded on the balance sheet and the Company recognizes lease expense for these leases on a straight-line basis over the lease term.

The following table presents supplemental interim consolidated balance sheet information related to leases as of March 31, 2022.

	Three Months Ended March 31, 2022	Balance Sheet Classification
	(in thousands)	
Leases		
Assets		
Operating lease assets	\$ 8,045	Other property and equipment
Operating lease noncurrent assets	526	Other noncurrent assets
Total assets	\$ 8,571	
Liabilities		
Operating lease liability	\$ 1,779	Accounts payable and accrued expenses
Operating lease noncurrent liability	6,792	Other noncurrent liabilities
Total liabilities	\$ 8,571	
		Three Months Ended March 31, 2022
Long-Term and Discount Rate		
<u>Weighted-average remaining lease term:</u>		
Operating Lease		5.0 years
<u>Weighted-average discount rate:</u>		
Operating Lease		5 %

BERRY CORPORATION (bry)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

The following table presents a schedule of future minimum lease payments required under all operating lease agreements as of March 31, 2022.

	As of March 31, 2022	
	Operating Leases	
	(in thousands)	
2022	\$	1,779
2023		1,903
2024		1,603
2025		1,551
2026		1,555
Thereafter		1,213
Total lease payments		9,604
Less imputed interest		(1,033)
Total lease obligations		8,571
Less current obligations		(1,779)
Long-term lease obligations	\$	6,792

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

Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) should be read in conjunction with our interim unaudited consolidated financial statements and related notes presented in this Quarterly Report on Form 10-Q, as well as our audited consolidated financial statements and related notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2021 (the “Annual Report”) filed with the Securities and Exchange Commission (“SEC”). When we use the terms “we,” “us,” “our,” “Berry,” the “Company” or similar words in this report, we are referring to, as the context may require, (i) for periods prior to October 1, 2021, Berry Corporation (bry), a Delaware corporation (formerly known as Berry Petroleum Corporation, “Berry Corp.”), together with its subsidiary Berry Petroleum, LLC, a Delaware limited liability company (“Berry LLC”); and (ii) for periods on or after October 1, 2021, Berry Corp. together with its subsidiaries, Berry LLC, CJ Berry Well Services Management, LLC, a Delaware limited liability company (“C&J Management”), and C&J Well Services, LLC, a Delaware limited liability company (“C&J Well Services”).

Our Company

We are a western United States independent upstream energy company with a focus on onshore, low geologic risk, long-lived conventional oil reserves in the San Joaquin basin of California, with newly acquired well servicing and abandonment capabilities in California. Since October 1, 2021, we have operated in two business segments: (i) development and production (“D&P”) and (ii) well servicing and abandonment. The D&P business segment is engaged in the development and production of onshore, low geologic risk, long-lived conventional oil reserves primarily located in California, as well as Utah. On October 1, 2021, we completed the acquisition of one of the largest upstream well servicing and abandonment businesses in California, which now constitutes our well servicing and abandonment segment, also referred to as “CJWS.”

The assets in our D&P business, in the aggregate, are characterized by high oil content, with 100% oil content for our California assets and are in rural areas with low population. In California, we focus on conventional, shallow oil reservoirs, the drilling and completion of which are relatively low-cost in contrast to unconventional resource plays. The California oil market has primarily Brent-influenced pricing which has recently realized premium pricing to WTI. All of our California assets are located in the oil-rich reservoirs in the San Joaquin basin, which has more than 150 years of production history and substantial oil remaining in place. As a result of the substantial data produced over the basin’s long history, its reservoir characteristics are well understood, which enables predictable, repeatable, low geological risk and low-cost development opportunities. We also have upstream assets in the low-operating cost, oil-rich reservoirs in the Uinta basin of Utah. In January 2022, we divested our natural gas properties in the Piceance basin of Colorado.

CJWS provides wellsite services in California to oil and natural gas production companies, with a focus on well servicing, well abandonment services, and water logistics. CJWS’ services include rig-based and coiled tubing-based well maintenance and workover services, recompletion services, fluid management services, fishing and rental services, and other ancillary oilfield services. Additionally, CJWS performs plugging and abandonment services on wells at the end of their productive life, which we believe creates a strategic growth opportunity for Berry. CJWS is a synergistic fit with the services required by our oil and gas operations and supports our commitment to be a responsible operator and reduce our emissions, including through the proactive plugging and abandonment of wells. Additionally, CJWS is critical to advancing our strategy to work with the State of California to reduce fugitive emissions - including methane and carbon dioxide - from idle wells. There are approximately 35,000 idle wells estimated to be in California according to third-party sources. We believe that CJWS is uniquely positioned to capture both state and federal funds to help remediate orphan idle wells (an idle well that has been abandoned by the operator and as a result becomes a burden of the State is referred to as an orphan well), in addition to helping third-party customers address their idle wells.

Since our Initial Public Offering in 2018, we have demonstrated our commitment to returning a substantial amount of capital to shareholders, delivering \$139 million to our shareholders through dividends and share repurchases through April 30, 2022. In 2022, we initiated a new shareholder return model, designed to significantly increase cash returns to our shareholders from our Discretionary Free Cash Flow. We define “Discretionary Free Cash Flow,” which is a non-GAAP financial measure, as cash flow from operations less regular fixed dividends and the capital needed to hold production flat. This supplemental non-GAAP financial measure is used by management, including as described below under “Management’s Discussion and Analysis—How We Plan and Evaluate

Operations,” as well as by external users of our financial statements. Please see “Management’s Discussion and Analysis—Non-GAAP Financial Measures” for reconciliation of Discretionary Free Cash Flow to cash provided by operating activities, our most directly comparable financial measure calculated and presented in accordance with GAAP. Like our business model, this new shareholder returns model is simple and further demonstrates our commitment to return capital to our shareholders.

We believe that the successful execution of our strategy across our low-declining, oil-weighted production base coupled with extensive inventory of identified drilling locations with attractive full-cycle economics will support our objectives to generate Levered Free Cash Flow to fund our operations, optimize capital efficiency, and generate Discretionary Free Cash Flow, while maintaining a low leverage profile and focusing on attractive organic and strategic growth through commodity price cycles. “Levered Free Cash Flow” is a non-GAAP financial measure defined as Adjusted EBITDA less capital expenditures, interest expense and dividends. “Adjusted EBITDA” is also a non-GAAP financial measure defined as earnings before interest expense; income taxes; depreciation, depletion, and amortization; derivative gains or losses net of cash received or paid for scheduled derivative settlements; impairments; stock compensation expense; and other unusual and infrequent items. These supplemental non-GAAP financial measures are used by management, including as described below under “Management’s Discussion and Analysis—How We Plan and Evaluate Operations,” as well as by external users of our financial statements. Please see “Management’s Discussion and Analysis—Non-GAAP Financial Measures” for reconciliations of Levered Free Cash Flow and Adjusted EBITDA to net cash provided by operating activities and of Adjusted EBITDA to net income (loss), our most directly comparable financial measures calculated and presented in accordance with GAAP.

We have a progressive approach to growing and evolving our businesses in today's dynamic oil and gas industry. Our strategy includes proactively engaging the many forces driving our industry and impacting our operations, whether positive or negative, to maximize the utility of our assets, create value for shareholders, and support environmental goals that align with safe, more efficient and lower emission operations. As part of our commitment to creating long-term value for our stockholders, we are dedicated to conducting our operations in an ethical, safe and responsible manner, to protecting the environment, and to taking care of our people and the communities in which we live and operate. We believe that oil and gas will remain an important part of the energy landscape going forward and our goal is to conduct our business safely and responsibly, while supporting economic stability and social equity through engagement with our stakeholders. We recognize the oil and gas industry’s role in the energy transition and are determined to be part of the solution.

How We Plan and Evaluate Operations

We use the following metrics to manage and assess the performance of our operations: (a) Levered Free Cash Flow; (b) Adjusted EBITDA; (c) Discretionary Free Cash Flow for shareholder returns; (d) operating expenses; (e) environmental, health & safety (“EH&S”) results; (f) general and administrative expenses; (g) production from our D&P business; and (h) the performance of our well servicing and abandonment operations based on activity levels, pricing and relative performance for each service provided.

Levered Free Cash Flow

We use “Levered Free Cash Flow” in planning our capital allocation to sustain production levels and fund internal growth opportunities, as well as determine our strategic hedging needs. We also hedge to meet the hedging requirements of the 2021 RBL Facility. Levered Free Cash Flow is a non-GAAP financial measure that we define as Adjusted EBITDA less capital expenditures, interest expense and dividends. Adjusted EBITDA is also a non-GAAP financial measure that is discussed and defined below.

Adjusted EBITDA

Adjusted EBITDA is the primary financial and operating measurement that our management uses to analyze and monitor the operating performance of both our D&P business and CJWS. Adjusted EBITDA is a non-GAAP financial measure that we define as earnings before interest expense; income taxes; depreciation, depletion, and amortization (“DD&A”); derivative gains or losses net of cash received or paid for scheduled derivative settlements; impairments; stock compensation expense; and unusual and infrequent items.

Shareholder Returns

In early 2022, we implemented a new shareholder return model, in accordance with which we intend to allocate a significant portion of Discretionary Free Cash Flow to pay variable quarterly cash dividends. The model is based on our Discretionary Free Cash Flow, which is a non-GAAP measure that we define as cash flow from operations less regular fixed dividends and the capital needed to hold production flat. We expect remaining Discretionary Free Cash Flow will be allocated to fund opportunistic debt repurchases, opportunistic growth (including from our extensive inventory of drilling opportunities), advancing our short- and long-term sustainability initiatives, share repurchases, and/or capital retention. See “Management’s Discussion and Analysis—Non-GAAP Financial Measures” for reconciliation of Discretionary Free Cash Flow to cash provided by operating activities, our most directly comparable financial measure calculated and presented in accordance with GAAP.

Our focus on shareholder returns is also demonstrated through our performance-based restricted stock awards, which are based on the Company's average cash returned on invested capital and total stockholder return on both a relative and absolute basis.

Operating Expenses

Overall, operating expense is used by management as a measure of the efficiency with which operations are performing. With respect to our D&P business, we define operating expenses as lease operating expenses, electricity generation expenses, transportation expenses, and marketing expenses, offset by the third-party revenues generated by electricity, transportation and marketing activities, as well as the effect of derivative settlements (received or paid) for gas purchases. Lease operating expenses include fuel, labor, field office, vehicle, supervision, maintenance, tools and supplies, and workover expenses. Taxes other than income taxes and costs of services are excluded from operating expenses. Marketing revenues represent sales of natural gas purchased from and sold to third parties. The electricity, transportation and marketing activity related revenues are viewed and treated internally as a reduction to operating costs when tracking and analyzing the economics of development projects and the efficiency of our hydrocarbon recovery. Additionally, we strive to minimize the variability of our fuel gas costs for our California steam operations with gas hedges, and more recently agreements to transport fuel gas from the Rockies which have historically been cheaper than the California markets.

Environmental, Health & Safety (EH&S)

Like other companies in the oil and gas industry, the operations of both our D&P business and CJWS are subject to complex federal, state and local laws and regulations that govern health and safety, the release or discharge of materials, and land use or environmental protection that may restrict the use of our properties and operations, increase our costs or lower demand for or restrict the use of our products and services. Please see “Management’s Discussion and Analysis—Regulatory Matters” in this quarterly report as well as “Part I, Item 1 “Regulatory Matters” and Part I, Item 1A. “Risk Factors” in our Annual Report for a discussion of the potential impact that government regulations, including those regarding EH&S matters, may have upon our business, operations, capital expenditures, earnings and competitive position.

As part of our commitment to creating long-term stockholder value, we strive to conduct our operations in an ethical, safe and responsible manner, to protect the environment and to take care of our people and the communities in which we live and operate. We also seek proactive and transparent engagement with regulatory agencies, the communities in which we operate and our other stakeholders in order to realize the full potential of our resources in a timely fashion that safeguards people and the environment and complies with existing laws and regulations. We monitor our EH&S performance through various measures, and we hold our employees and contractors to high standards. Meeting corporate EH&S metrics, including with respect to EH&S incidents and spill prevention, is a part of our short-term incentive program for all employees.

General and Administrative Expenses

We monitor our cash general and administrative expenses as a measure of the efficiency of our overhead activities and less than 10% of such costs are capitalized, which we believe is significantly less than industry norms. Such expenses are a key component of the appropriate level of support our corporate and professional team provides to the development of our assets and our day-to-day operations.

Production

Oil and gas production is a key driver of our operating performance, an important factor to the success of our business, and used in forecasting future development economics. We measure and closely monitor production on a continuous basis, adjusting our property development efforts in accordance with the results. We track production by commodity type and compare it to prior periods and expected results.

Well Servicing and Abandonment Operations Performance

We consistently monitor our well servicing and abandonment operations performance with revenue and cost by service and customer, as well as Adjusted EBITDA for this business.

Business Environment, Market Conditions and Outlook

Our operating and financial results, and those of the oil and gas industry as a whole, are heavily influenced by commodity prices. Oil and gas prices, including the differentials between the relevant benchmarks and the prices we receive for our oil and natural gas production in our D&P business, have fluctuated, and may continue to fluctuate, significantly as a result of numerous market-related variables, including global geopolitical and economic conditions. While oil prices have improved in 2022, they still remain volatile.

Our well servicing and abandonment business is dependent on expenditures of oil and gas companies, which tend to fluctuate in line with the volatility of commodity prices. However, because existing oil and natural gas wells require ongoing spending to maintain production, expenditures by oil and gas companies for the maintenance of existing wells historically have been relatively stable and predictable. Additionally, our customers' requirements to plug and abandon wells are largely driven by regulatory requirements which are not dependent on commodity prices.

Brent prices trended higher for the three months ended March 31, 2022 as compared to the three months ended December 31, 2021 and March 31, 2021, reflecting a premium due to the reduction in crude oil supply resulting from sanctions imposed on Russia in response to its large-scale invasion of Ukraine in February 2022 and building on the ongoing recovery in the oil and gas industry in early 2022 due to increasing demand as more states and countries re-open and national and global economies continue to recover from the global COVID-19 pandemic. The demand for oil, while improving as the ability of the global industry to grow supply diminishes and so long as exports from Russia are subject to sanctions, could again decline due to, among other things, uncertainty and volatility arising from the ongoing conflict in Ukraine, release of sanctions on Russia, a widespread resurgence of the COVID-19 outbreak or increasing inflation. Further, the volatility in oil and natural gas prices driven by the conflict between Russia and Ukraine could accelerate the transition away from fossil fuels, resulting in reduced demand over the longer term. The extent to which our operating and financial results of future periods will be adversely impacted by the ongoing conflict in Ukraine, increasing inflation, the COVID-19 pandemic and the actions of foreign oil and gas producers will depend largely on future developments, which are highly uncertain and cannot be accurately predicted. Further, to what extent these events do ultimately impact our future business, liquidity, financial condition, and results of operations is highly uncertain and dependent on numerous factors that are not within our control and cannot be predicted, including the duration and extent of the conflict in Ukraine, government action with respect to climate change regulation, increasing inflation and international sanctions and speculation as to future actions by OPEC+.

Commodity Pricing and Differentials

Our revenue, costs, profitability, shareholder returns and future growth are highly dependent on the prices we receive for our oil and natural gas production, as well as the prices we pay for our natural gas purchases, which are affected by a variety of factors in Part I, Item 1A. “Risk Factors” in our Annual Report.

Average oil prices, as noted below, were higher for the three months ended March 31, 2022 compared to the three months ended December 31, 2021 and March 31, 2021. Though the California market generally receives Brent-influenced pricing, California oil prices are determined ultimately by local supply and demand dynamics.

In California, the price we pay for fuel gas purchases is generally based on the Kern, Delivered Index, which was as high as \$8.00 per mmbtu and as low as \$3.70 per mmbtu during the first quarter of 2022, while we paid an average of \$6.30 per mmbtu in this period.

The following table presents the average Brent, WTI, Kern, Delivered, and Henry Hub prices for the three months ended March 31, 2022, December 31, 2021 and March 31, 2021:

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
Oil (bbl) – Brent	\$ 97.90	\$ 79.66	\$ 61.32
Oil (bbl) – WTI	\$ 94.54	\$ 76.89	\$ 57.82
Natural gas (mmbtu) – Kern, Delivered	\$ 4.83	\$ 5.65	\$ 7.99
Natural gas (mmbtu) – Henry Hub	\$ 4.67	\$ 4.75	\$ 3.50

As mentioned above, California oil prices are Brent-influenced as California refiners import approximately 70% of the state’s demand from OPEC+ countries and other waterborne sources. Without the higher costs and potential environmental impact associated with importing crude via rail or supertanker, we believe our in-state production and low-cost crude transportation options, coupled with Brent-influenced pricing, in appropriate oil price environments, should continue to allow us to realize positive cash margins in California over the cycle.

Utah oil prices have historically traded at a discount to WTI as the local refineries are designed for Utah's unique oil characteristics and the remoteness of the assets makes access to other markets logistically challenging. However, we have high operational control of our existing acreage, which provides significant upside for additional vertical and or horizontal development and recompletions.

Natural gas prices and differentials are strongly affected by local market fundamentals, availability of transportation capacity from producing areas and seasonal impacts. We purchase substantially more natural gas for our California steamfloods and cogeneration facilities than we produce and sell in the Rockies. In recent history, the California gas markets have generally had higher gas prices than the Rockies and the rest of the United States. Higher gas prices have a negative impact on our operating results. However, we mitigate a portion of this exposure by selling excess electricity from our cogeneration operations to third parties at prices linked to the price of natural gas. We also strive to minimize the variability of our fuel gas costs for our steam operations by hedging a significant portion of such gas purchases. In addition, we have entered into pipeline capacity agreements for the shipment of natural gas from the Rockies to our assets in California that help reduce our exposure to fuel gas purchase price fluctuations. Additionally, the negative impact of higher gas prices on our California operating expenses is partially offset by higher gas sales for the gas we produce and sell in the Rockies.

Prices and differentials for NGLs are related to the supply and demand for the products making up these liquids. Some of them more typically correlate to the price of oil while others are affected by natural gas prices as well as the demand for certain chemical products which are used as feedstock. In addition, infrastructure constraints magnify pricing volatility.

Our earnings are also affected by the performance of our cogeneration facilities. These cogeneration facilities generate both electricity and steam for our properties and electricity for off-lease sales. While a portion of the electric output of our cogeneration facilities is utilized within our production facilities to reduce operating expenses, we also sell electricity produced by two of our cogeneration facilities under long-term contracts with terms ending in July 2022 through December 2026. The most significant input and cost of the cogeneration facilities is natural gas. We generally receive significantly more revenue from these cogeneration facilities in the summer months, most notably in June through September, due to negotiated capacity payments we receive.

Regulatory Matters

Like other companies in the oil and gas industry, both our D&P business and CJWS are subject to complex and stringent federal, state, and local laws and regulations, and California, where most of our operations and assets are located, is one of the most heavily regulated states in the United States with respect to oil and gas operations. A combination of federal, state and local laws and regulations govern most aspects of our activities in California. Collectively, the effect of the existing laws and regulations is to potentially limit the number and location of our wells through restrictions on the use of our properties, limit our ability to develop certain assets and conduct certain operations, and reduce the amount of oil and natural gas that we can produce from our wells below levels that would otherwise be possible. Additionally, the regulatory burden on the industry increases our costs and consequently may have an adverse effect upon operations, capital expenditures, earnings and our competitive position. Violations and liabilities with respect to these laws and regulations could result in significant administrative, civil, or criminal penalties, remedial clean-ups, natural resource damages, permit modifications or revocations, operational interruptions or shutdowns and other liabilities. The costs of remedying such conditions may be significant, and remediation obligations could adversely affect our financial condition, results of operations and future prospects. For additional information about the potential impact that government regulations, including those regarding environmental matters, may have upon our business, operations, capital expenditures, earnings and competitive position, please see Part I, Item 1 “Regulatory Matters,” as well as Part I, Item 1A. “Risk Factors” in our Annual Report.

Our oil and gas operations in California are subject to compliance with the California Environmental Quality Act (“CEQA”), and we cannot receive certain permits and other approvals required for our operations until we have demonstrated compliance with CEQA. There have been a number of developments at both the California state and local levels that have resulted in delays in the issuance of new drilling permits for oil and gas activities in Kern County where all of our California assets are located, as well as a more time- and cost- intensive permitting process. Most notably, in Kern County, we historically have satisfied CEQA by complying with the local oil and gas ordinance, which was supported by an Environmental Impact Report (an “EIR”) covering oil and gas operations in Kern County (“Kern County EIR”). In 2020, a lawsuit was filed challenging the Kern County EIR, and subsequently the California Fifth District Court of Appeals issued a ruling invalidating a portion of the Kern County EIR until Kern County made certain revisions to the Kern County EIR and recertified it (“Kern County Ruling”). To address the Kern County Ruling, Kern County elected to prepare a supplemental EIR which was approved by the Kern County Board of Supervisors in March 2021. Following further challenges by plaintiffs, a Kern County Superior Court judge suspended use of the Kern County EIR as supplemented, stopping the issuance of new oil and gas permits by Kern County (the “Kern County Permit Suspension”) in October 2021, pending a determination by the Kern County Superior Court that the Kern County EIR complied with the CEQA requirements. A hearing on the challenge to the EIR is scheduled in Kern County Superior Court for May 26, 2022. We cannot predict the outcome of this hearing or whether it will result in the imposition of more onerous permit requirements or other requirements or restrictions on land use and exploration and production activities.

Importantly, neither the Kern County Ruling nor the Kern County Permit Suspension invalidated existing permits and our plans and operations have not been materially impacted to date. Until Kern County is able to resolve the challenges regarding the sufficiency of the Kern County EIR and resume the ability to issue permits, our ability to obtain new permits and approvals to enable our future plans in Kern County requires demonstrating to CalGEM compliance with CEQA. Demonstrating CEQA compliance without being able to reference the Kern County EIR or another CEQA-compliant EIR is a more technically, time and cost intensive process and may, among other things, require that we conduct an environmental impact review. As a result, we together with other Kern County operators

have experienced delays in the issuance of permits for new wells by CalGEM, as well as a more time- and cost- intensive permitting process. We have, however, received a number of permits to drill new wells in areas covered by a previously conducted CEQA analysis. We believe that we have sufficient permit inventory (that is, permits in hand) to support our drilling plans for new wells into June 2022, and we have submitted permit applications to facilitate our full 2022 drilling plans for new wells. We have not experienced delays in the issuance of permits for the workover of existing wells.

Approximately 6% of our current 2022 production plans is expected to come from the drilling of new wells, which requires the issuance of new permits and extensive environmental review. Approximately 4% of our 2022 production is expected to come from the workover of existing wells, for which we have continued to receive permits and the environmental review is expedited because the well already exists. Our existing producing wells are expected to contribute the other 90%, what we call our base production. Our drilling plans for the remainder of the year, and therefore our current 2022 production goals, may be impacted by our ability to timely obtain the required permits and approvals to support those planned activities, particularly if there are further delays in or new restrictions imposed upon the issuance or renewal of permits and approvals required for oil and gas activities in Kern County. If we are unable to obtain the permits required to support our current 2022 drilling plans, we may modify our drilling plans and production goals, and reduce our planned capital expenditures or deploy that capital to other activities.

Seasonality

Seasonal weather conditions can impact our drilling, production and well servicing activities. These seasonal conditions can occasionally pose challenges in our operations for meeting well-drilling and completion objectives and increase competition for equipment, supplies and personnel, which could lead to shortages and increase costs or delay operations. For example, our operations may have been and in the future may be impacted by ice and snow in the winter, especially in Utah, and by electrical storms and high temperatures in the spring and summer, as well as by wild fires and rain.

Natural gas prices fluctuate based on seasonal and other market-related impacts. For example, natural gas prices increased significantly in the first quarter of 2022 reflecting a premium driven by European instability which brought new demand for domestic production as a way to replace natural gas previously produced by Russia, as well as lower storage levels. We purchase significantly more gas than we sell to generate steam and electricity in our cogeneration facilities for our production activities in our D&P business. As a result, our key exposure to gas prices is in our costs. We mitigate a substantial portion of this exposure by selling excess electricity from our cogeneration operations to third parties. The pricing of these electricity sales is closely tied to the purchase price of natural gas. These sales are generally higher in the summer months as they include seasonal capacity amounts. We also hedge a significant portion of the gas we expect to consume and in 2021 we entered into new pipeline capacity agreements for the shipment of natural gas from the Rockies to our operations in California to help limit our exposure to fuel gas purchase price fluctuations.

Capital Expenditures

For the three months ended March 31, 2022, our consolidated capital expenditures were approximately \$28 million, on an accrual basis including capitalized overhead and interest and excluding acquisitions and asset retirement spending. Approximately 53% and 35% of capital expenditures for the three months ended March 31, 2022 was directed to California oil and Utah operations, respectively.

Our 2022 capital expenditure budget for D&P operations and corporate activities is approximately \$125 to \$135 million, excluding \$8 million for C&J Well Services, which we expect will keep our annual production flat. We currently anticipate oil production will be approximately 92% of total production volume in 2022, compared to 88% in 2021. Based on current commodity prices and our drilling success rate to date, we expect to be able to fund our 2022 capital development programs with cash flow from operations. The execution of these plans requires that we timely obtain certain regulatory permits and approvals, which we may not be able to obtain on a timely basis or at all.

The amount and timing of capital expenditures are within our control and subject to our discretion, and due to the speed with which we are able to drill and complete our wells in California, capital may be adjusted quickly during the year depending on numerous factors, including commodity prices, storage constraints, supply/demand considerations and attractive rates of return. We believe it is important to retain the flexibility to defer planned capital expenditures and may do so based on a variety of factors, including but not limited to the success of our drilling activities, prevailing and anticipated prices for oil, natural gas and NGLs, the receipt and timing of required regulatory permits and approvals, the availability of necessary equipment, infrastructure and capital, seasonal conditions, drilling and acquisition costs and the level of participation by other interest owners, as well as general market conditions. Any postponement or elimination of our development drilling program could result in a reduction of proved reserves volumes and materially affect our business, financial condition and results of operations. Additionally and not included in the capital expenditures noted above, for the full year 2022, we plan to spend approximately \$21 million to \$24 million on plugging and abandonment activities, including 280 to 320 wells and satisfying our annual obligations under the California Idle Well Management Program. We spent approximately \$5 million for plugging and abandonment activities in the first quarter of 2022. Our well servicing and abandonment segment expects to plug and abandon approximately 2,000 wells for their third party customers in 2022, helping to safely address the environmental hazards and others risk from California's number of idle wells.

Summary by Area

The following table shows a summary by area of our selected historical financial and operating information for our development and production operations for the periods indicated.

(\$ in thousands, except prices)	California (San Joaquin and Ventura basins) ⁽³⁾ Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
	Oil, natural gas and natural gas liquids sales	\$ 186,252	\$ 158,317
Operating income ⁽¹⁾	\$ 60,162	\$ 17,217	\$ 18,965
Depreciation, depletion, and amortization (DD&A)	\$ 35,786	\$ 35,647	\$ 32,896
Average daily production (mboe/d)	22.2	22.7	21.9
Production (oil % of total)	100 %	100 %	100 %
Realized sales prices:			
Oil (per bbl)	\$ 93.16	\$ 75.90	\$ 57.34
NGLs (per bbl)	\$ —	\$ —	\$ —
Gas (per mcf)	\$ —	\$ —	\$ —
Capital expenditures ⁽²⁾	\$ 14,622	\$ 22,596	\$ 22,760

(\$ in thousands, except prices)	Utah (Uinta basin) Three Months Ended			Colorado (Piceance basin) ⁽⁴⁾ Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021	March 31, 2022	December 31, 2021	March 31, 2021
	Oil, natural gas and natural gas liquids sales	\$ 23,038	\$ 19,762	\$ 15,889	\$ 1,056	\$ 3,294
Operating income ⁽¹⁾	\$ 11,173	\$ 8,713	\$ 7,433	\$ 610	\$ 3,050	\$ 5,039
Depreciation, depletion, and amortization (DD&A)	\$ 803	\$ 597	\$ 554	\$ 9	\$ 38	\$ 38
Average daily production (mboe/d)	4.1	4.2	4.0	0.4	1.0	1.2
Production (oil % of total)	53 %	51 %	49 %	— %	1 %	2 %
Realized sales prices:						
Oil (per bbl)	\$ 83.02	\$ 66.56	\$ 52.08	\$ 89.41	\$ 84.38	\$ 25.80
NGLs (per bbl)	\$ 47.03	\$ 47.45	\$ 26.81	\$ —	\$ —	\$ —
Gas (per mcf)	\$ 5.93	\$ 5.63	\$ 6.65	\$ 5.12	\$ 5.54	\$ 9.83
Capital expenditures ⁽²⁾	\$ 9,752	\$ 1,007	\$ 392	\$ —	\$ —	\$ 1

(1) Operating income (loss) includes oil, natural gas and NGL sales, marketing revenues, other revenues, and scheduled oil derivative settlements, offset by operating expenses (as defined elsewhere), general and administrative expenses, DD&A, impairment of oil and gas properties, and taxes, other than income taxes.

(2) Excludes corporate capital expenditures.

(3) Our Placerita properties, in the Ventura basin, were divested in October 2021.

(4) Our properties in Colorado were in the Piceance basin, all of which were all divested in January 2022.

Production and Prices

The following table sets forth information regarding average daily production, total production and average prices for each of the periods indicated.

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
Average daily production:⁽¹⁾			
Oil (m bbl/d)	24.4	24.8	23.9
Natural Gas (mmcf/d)	11.5	16.4	16.9
NGL (m bbl/d)	0.4	0.4	0.3
Total (mboe/d) ⁽²⁾	26.7	27.9	27.1
Total Production:			
Oil (m bbl)	2,198	2,281	2,151
Natural gas (mmcf)	1,037	1,496	1,517
NGLs (m bbl)	35	36	31
Total (mboe) ⁽²⁾	2,406	2,566	2,435
Weighted-average realized sales prices:			
Oil without hedges (\$/bbl)	\$ 92.25	\$ 75.11	\$ 56.89
Effects of scheduled derivative settlements (\$/bbl)	\$ (15.38)	\$ (20.50)	\$ (12.08)
Oil with hedges (\$/bbl)	\$ 76.87	\$ 54.61	\$ 44.81
Natural gas (\$/mcf)	\$ 5.77	\$ 5.60	\$ 7.96
NGL (\$/bbl)	\$ 47.03	\$ 47.45	\$ 26.81
Average Benchmark prices:			
Oil (bbl) – Brent	\$ 97.90	\$ 79.66	\$ 61.32
Oil (bbl) – WTI	\$ 94.54	\$ 76.89	\$ 57.82
Natural gas (mmbtu) – Kern, Delivered ⁽³⁾	\$ 4.83	\$ 5.65	\$ 7.99
Natural gas (mmbtu) – Henry Hub ⁽⁴⁾	\$ 4.67	\$ 4.75	\$ 3.50

(1) Production represents volumes sold during the period. We also consume a portion of the natural gas we produce on lease to extract oil and gas.

(2) Natural gas volumes have been converted to boe based on energy content of six mcf of gas to one bbl of oil. Barrels of oil equivalence does not necessarily result in price equivalence. The price of natural gas on a barrel of oil equivalent basis is currently substantially lower than the corresponding price for oil and has been similarly lower for a number of years. For example, in the three months ended March 31, 2022, the average prices of Brent oil and Henry Hub natural gas were \$97.90 per bbl and \$4.67 per mmbtu.

(3) Kern, Delivered Index is the relevant index used for gas purchases in California.

(4) Henry Hub is the relevant index used for gas sales in the Rockies.

The following table sets forth average daily production by operating area for the periods indicated:

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
Average daily production (mboe/d):⁽¹⁾			
California	22.2	22.7	21.9
Utah	4.1	4.2	4.0
Colorado	0.4	1.0	1.2
Total average daily production	26.7	27.9	27.1

(1) Production represents volumes sold during the period.

Average daily production decreased by 1.2 mboe/d for the three months ended March 31, 2022, compared to the three months ended December 31, 2021. Production for the first quarter was impacted by the sales of our Placerita (California) properties in the fourth quarter 2021 and Piceance (Colorado) properties in the first quarter 2022, as well as the acquisition of the Antelope Creek (Utah) properties in the first quarter 2022. Daily production in the first quarter was essentially flat when compared to the fourth quarter after considering the net reduction of approximately 1.0 mboe/d from these transactions. Our California production of 22.2 mboe/d for the first quarter 2022 decreased 0.5 mboe/d from the fourth quarter 2021 due in part to the Placerita sale, as well as certain offset wells being temporarily shut-in during planned reworks and abandonment activities.

Average daily production for the three months ended March 31, 2022 was 1.5% or 0.4 mboe/d lower than the three months ended March 31, 2021. Production for the first quarter 2022 was impacted by the transactions noted above. Daily production in the first quarter 2022 was higher when compared to the first quarter 2021 after considering these transactions.

Results of Operations

Three Months Ended March 31, 2022 compared to Three Months Ended December 31, 2021.

	Three Months Ended		\$ Change	% Change
	March 31, 2022	December 31, 2021		
(in thousands)				
Revenues and other:				
Oil, natural gas and NGL sales	\$ 210,351	\$ 181,377	\$ 28,974	16 %
Service revenue	39,836	35,840	3,996	11 %
Electricity sales	5,419	6,308	(889)	(14)%
Losses on oil and gas sales derivatives	(161,858)	(16,378)	(145,480)	888 %
Marketing and other revenues	334	939	(605)	(64)%
Total revenues and other	\$ 94,082	\$ 208,086	\$ (114,004)	(55)%

Revenues and Other

Oil, natural gas and NGL sales increased by \$29 million, or 16%, to approximately \$210 million for the three months ended March 31, 2022, compared to the three months ended December 31, 2021. The increase was driven by \$38 million higher unhedged oil prices and partially offset by \$6 million of lower oil volumes and \$2 million of lower gas prices and gas volumes. The decrease in oil and gas volumes was largely a result of the recent sales of the Placerita and Piceance properties.

Service revenue consisted entirely of revenue from the well servicing and abandonment business we acquired on October 1, 2021. Service revenue increased by \$4 million or 11% to approximately \$40 million in the first quarter 2022, largely due to seasonal impact.

Electricity sales represent sales to utilities, and decreased \$1 million, or 14%, to approximately \$5 million for the three months ended March 31, 2022 compared to the three months ended December 31, 2021. The decrease was primarily attributed to lower unit sales volumes mostly driven by the sale of our Placerita assets, which included an electricity-generating cogeneration facility (cogen), in the fourth quarter of 2021. Over the last three years the Placerita cogen accounted for approximately 41% of our electrical sales.

Gain or loss on oil and gas sales derivatives consists of settlement gains and losses and mark-to-market gains and losses. Our settlement loss for the three months ended March 31, 2022 was \$34 million and the loss for the three months ended December 31, 2021 was \$43 million. The quarter-over-quarter decrease in settlement losses was driven by a decrease in notional volumes hedged and an increase in average swap strike prices in the first quarter of 2022 compared to those of the fourth quarter of 2021. The average derivative fixed price increased to \$69.78 in the first quarter of 2022 when compared to \$50.33 in the fourth quarter of 2021. The mark-to-market non-cash loss of \$128 million for the three months ended March 31, 2022 was due to an increase in the difference between the the average market price and the fixed price. The mark-to-market non-cash gain of \$30 million for the three months end December 31, 2021 was due to the average market price being closer to, although higher than, the fixed price at the end of the prior quarter.

Marketing and other revenues decreased by approximately \$1 million for the three months ended March 31, 2022 when compared to the three months ended December 31, 2021 due to the sale of our Piceance operations in Colorado, which included third-party marketing activities, in the first quarter 2022. Piceance has historically accounted for nearly all of our marketing revenues.

	Three Months Ended		\$ Change	% Change
	March 31, 2022	December 31, 2021		
(in thousands, except expenses per boe)				
Expenses and other:				
Lease operating expenses	\$ 63,124	\$ 67,292	\$ (4,168)	(6)%
Costs of services	33,472	28,339	5,133	18 %
Electricity generation expenses	4,463	3,660	803	22 %
Transportation expenses	1,158	1,758	(600)	(34)%
Marketing expenses	299	825	(526)	(64)%
General and administrative expenses	22,942	22,357	585	3 %
Depreciation, depletion and amortization	39,777	38,903	874	2 %
Taxes, other than income taxes	6,605	11,920	(5,315)	(45)%
(Gains) losses on natural gas purchase derivatives	(29,054)	15,772	(44,826)	n/a
Other operating expenses (income)	3,769	(1,726)	5,495	(318)%
Total expenses and other	146,555	189,100	(42,545)	(22)%
Other (expenses) income:				
Interest expense	(7,675)	(7,451)	(224)	3 %
Other, net	(13)	(91)	78	(86)%
Total other (expenses) income	(7,688)	(7,542)	(146)	2 %
Income (loss) before income taxes	(60,161)	11,444	(71,605)	(626)%
Income tax (benefit) expense	(3,351)	2,619	(5,970)	(228)%
Net (loss) income	\$ (56,810)	\$ 8,825	\$ (65,635)	(744)%
Expenses per boe:⁽¹⁾				
Lease operating expenses	\$ 26.25	\$ 26.23	\$ 0.02	— %
Electricity generation expenses	1.86	1.43	0.43	30 %
Electricity sales ⁽¹⁾	(2.25)	(2.46)	0.21	(9)%
Transportation expenses	0.48	0.69	(0.21)	(30)%
Transportation sales ⁽¹⁾	(0.02)	(0.05)	0.03	(60)%
Marketing expenses	0.13	0.32	(0.19)	(59)%
Marketing revenues ⁽¹⁾	(0.12)	(0.33)	0.21	(64)%
Derivatives settlements received for gas purchases ⁽¹⁾	(0.69)	(3.37)	2.68	(80)%
Total operating expenses	\$ 25.64	\$ 22.46	\$ 3.18	14 %
Total unhedged operating expenses ⁽²⁾	\$ 26.33	\$ 25.83	\$ 0.50	2 %
Total non-energy operating expenses ⁽³⁾	\$ 13.58	\$ 13.41	\$ 0.17	1 %
Total energy operating expenses ⁽⁴⁾	\$ 12.06	\$ 9.05	\$ 3.01	33 %
General and administrative expenses ⁽⁵⁾	\$ 9.54	\$ 8.71	\$ 0.83	10 %
Depreciation, depletion and amortization	\$ 16.53	\$ 15.16	\$ 1.37	9 %
Taxes, other than income taxes	\$ 2.74	\$ 4.65	\$ (1.91)	(41)%

- (1) We report electricity, transportation and marketing sales separately in our financial statements as revenues in accordance with GAAP. However, these revenues are viewed and used internally in calculating operating expenses which is used to track and analyze the economics of development projects and the efficiency of our hydrocarbon recovery. We purchase third-party gas to generate electricity through our cogeneration facilities to be used in our field operations activities and view the added benefit of any excess electricity sold externally as a cost reduction/benefit to generating steam for our thermal recovery operations. Marketing revenues and expenses mainly relate to natural gas purchased from third parties that moves through our gathering and processing systems and then is sold to third parties. Transportation sales relate to water and other liquids that we transport on our systems on behalf of third parties and have not been significant to date. Operating expenses also include the effect of derivative settlements (received or paid) for gas purchases.
- (2) Total unhedged operating expenses equals total operating expenses, excluding the derivative settlements paid (received) for gas purchases.
- (3) Total non-energy operating expenses equals total operating expenses, excluding fuel, electricity sales and gas purchase derivative settlement (gains) losses.
- (4) Total energy operating expenses equals fuel and gas purchase derivative settlement (gains) losses less electricity sales.
- (5) Includes non-recurring costs and non-cash stock compensation expense, in aggregate, of approximately \$1.62 per boe and \$2.14 per boe for the three months ended March 31, 2022 and December 31, 2021, respectively.

Expenses and Other

In accordance with GAAP, we report sales of electricity, marketing and transportation activities (as applicable) separately in our financial statements as revenues. However, these revenues are viewed and used internally in calculating operating expenses, which are used to track and analyze the economics of development projects and the efficiency of our hydrocarbon recovery.

Operating expenses are defined above in “How We Plan and Evaluate Operations”, which include electricity, marketing and transportation revenues. On a hedged basis, operating expenses increased by 14%, or \$3.18 per boe to \$25.64 for the first quarter 2022 compared to the fourth quarter 2021. During the first quarter, energy operating expenses increased due to higher hedged purchased gas costs as our previous below market hedge book closed in Q4 and new hedged prices are more closely aligned to current market. As expected, non-energy operating expenses increased slightly on a per boe basis due to increased labor costs, compared to the fourth quarter of 2021.

Unhedged lease operating expenses per boe remained relatively flat at \$26.25 for the three months ended March 31, 2022, compared to \$26.23 per boe for the three months ended December 31, 2021.

Cost of services in 2021 consisted entirely of costs from the well servicing and abandonment business we acquired on October 1, 2021. Cost of services increased by \$5 million or 18% compared to \$33 million in the first quarter 2022, mainly due to improving revenue, higher costs primarily around labor and fuel, and seasonal activity levels.

Electricity generation expenses increased approximately 30% to \$1.86 per boe for the three months ended March 31, 2022, compared to \$1.43 per boe for the three months ended December 31, 2021 due to higher natural gas fuel costs. Fuel costs exclude the effects of natural gas derivative settlements mentioned elsewhere.

Gains and losses on natural gas purchase derivatives resulted in a \$29 million gain for the three months ended March 31, 2022 and a loss of \$16 million in the three months ended December 31, 2021. Settlement gains for the three months ended March 31, 2022 and December 31, 2021 were \$2 million or \$0.69 per boe and \$9 million or \$3.51 per boe, respectively, and decreased due to hedged prices being more closely in line with market prices in the first quarter of 2022. The mark-to-market valuation gain was \$27 million for the three months ended March 31, 2022 and a loss of \$24 million for the three months ended December 31, 2021 due to higher futures prices relative to the derivative fixed prices.

Transportation expense decreased to \$0.48 per boe for the three months ended March 31, 2022 compared to \$0.69 per boe for the three months ended December 31, 2021, primarily due to the sale of our Piceance operations in the first quarter of 2022.

Marketing expenses decreased by \$0.19 per boe for the three months ended March 31, 2022 when compared to the three months ended December 31, 2021, due to the sale of our Piceance operations in the first quarter of 2022, which included third-party marketing activities.

General and administrative expenses increased by \$0.6 million, or 3%, to \$22.9 million for the three months ended March 31, 2022, compared to the three months ended December 31, 2021, due to the following matters and those noted in adjusted general and administrative expenses below. For the three months ended March 31, 2022 and December 31, 2021, general and administrative expenses included non-cash stock compensation costs of approximately \$3.7 million and \$3.5 million, respectively. We incurred approximately \$0.2 million and \$2 million of expenses related to acquisition and divestiture activity which have been categorized as non-recurring for the three months ended March 31, 2022 and December 31, 2021, respectively. Less than 10% of our overhead is capitalized and thus excluded from general and administrative expenses.

Adjusted general and administrative expenses, which exclude non-cash stock compensation costs and non-recurring costs, increased to \$19 million for the three months ended March 31, 2022 compared to \$17 million for the three months ended December 31, 2021. As expected, adjusted general and administrative expenses increased due to higher legal and expected inflation of employee costs. See “—Non-GAAP Financial Measures” for a reconciliation of adjusted general and administrative expense to general and administrative expenses, the most directly comparable financial measures calculated and presented in accordance with GAAP.

DD&A was \$1 million, or 2%, higher for the three months ended March 31, 2022 compared to the three months ended December 31, 2021. The increase was a result of slightly higher DD&A rates for the D&P segment, partially offset by lower production.

Taxes, Other Than Income Taxes

	Three Months Ended		\$ Change	% Change
	March 31, 2022	December 31, 2021		
	(per boe)			
Severance taxes	\$ 1.26	\$ 0.58	\$ 0.68	117 %
Ad valorem and property taxes	1.51	1.20	0.31	26 %
Greenhouse gas allowances	(0.03)	2.87	(2.90)	(101)%
Total taxes other than income taxes	<u>\$ 2.74</u>	<u>\$ 4.65</u>	<u>\$ (1.91)</u>	<u>(41)%</u>

Taxes, other than income taxes, decreased in the three months ended March 31, 2022 by \$1.91 per boe, or 41%, to \$2.74. Severance taxes were higher in the first quarter of 2022 due to a positive year-end adjustment lowering the fourth quarter expense. Ad valorem and property taxes were higher in the first quarter of 2022 due to lower assessments received in the fourth quarter of 2021. The first quarter of 2022 greenhouse gas (“GHG”) amount was a result of lower mark-to-market prices at the end of the period resulting in reductions to cumulative emission costs to date, which are scheduled for payment in future periods.

Other Operating Expenses

For the three months ended March 31, 2022, other operating expenses were \$4 million and consisted of over \$2 million of royalty audit charges incurred prior to our emergence and restructuring in 2017, and over \$1 million loss on the divestiture of the Piceance properties. Other operating income for the three months ended December 31, 2021 was approximately \$2 million and consisted of a gain on the divestiture of the Placerita properties.

Interest Expense

Interest expense was relatively flat at \$8 million for each of the three months ended March 31, 2022 and December 31, 2021.

Income Tax Benefit

Our effective tax rate was approximately 5% for the three months ended March 31, 2022 compared to 23% for the three months ended December 31, 2021. The rate in the first quarter of 2022 was impacted by changes in the valuation allowance recorded against deferred tax assets.

Three Months Ended March 31, 2022 compared to Three Months Ended March 31, 2021.

	Three Months Ended March 31,		\$ Change	% Change
	2022	2021		
(in thousands)				
Revenues and other:				
Oil, natural gas and NGL sales	\$ 210,351	\$ 135,265	\$ 75,086	56 %
Service revenue	39,836	—	39,836	100 %
Electricity sales	5,419	10,069	(4,650)	(46)%
Losses on oil and gas sales derivatives	(161,858)	(53,504)	(108,354)	203 %
Marketing and other revenues	334	2,371	(2,037)	(86)%
Total revenues and other	\$ 94,082	\$ 94,201	\$ (119)	— %

Revenues and Other

Oil, natural gas and NGL sales increased by \$75 million, or 56% to approximately \$210 million for the three months ended March 31, 2022 when compared to the three months ended March 31, 2021. This variance was mostly the result of higher unhedged commodity prices, as well as higher oil volumes.

Service revenue in the first quarter 2022 was \$40 million. Services revenue consisted entirely of revenue from the well servicing and abandonment business we acquired on October 1, 2021.

Electricity sales represent sales to utilities, and decreased by \$5 million, or 46%, to approximately \$5 million for the three months ended March 31, 2022 when compared to the three months ended March 31, 2021. The increase was largely due to lower unit sales volumes driven by sale of our Placerita assets, which included an electricity-generating cogeneration facility (cogen), in the fourth quarter 2021. Over the last three years the Placerita cogen accounted for approximately 41% of our electrical sales.

Gain or loss on oil and gas sales derivatives consists of settlement gains and losses and mark-to-market gains and losses. Our settlement losses for the three months ended March 31, 2022 and the three months ended March 31, 2021 were \$34 million and \$26 million, respectively. The quarter-over-quarter increases in settlement losses and mark-to-market non-cash losses were driven by higher oil prices in the first quarter 2022 relative to our derivative fixed prices with notional volumes of 14 mbbbl/d in the first quarter 2022 and 19 mbbbls/d in the first quarter 2021. The mark-to-market non-cash losses of \$128 million and \$28 million for the three months ended March 31, 2022 and March 31, 2021, respectively, were due to higher futures prices relative to the derivative fixed prices at each period end.

Marketing and other revenues decreased by approximately \$2 million for the three months ended March 31, 2022 when compared to the three months ended March 31, 2021 due to sale of our Piceance operations, which included third-party marketing activities, in the first quarter 2022. The prior year's revenue also reflected high gas prices as a result of Winter Storm Uri. Piceance has historically accounted for nearly all of our marketing revenues.

	Three Months Ended March 31,		\$ Change	% Change
	2022	2021		
(in thousands, except expenses per boe)				
Expenses and other:				
Lease operating expenses	\$ 63,124	\$ 62,284	\$ 840	1 %
Costs of services	33,472	—	33,472	100 %
Electricity generation expenses	4,463	7,648	(3,185)	(42)%
Transportation expenses	1,158	1,576	(418)	(27)%
Marketing expenses	299	2,227	(1,928)	(87)%
General and administrative expenses	22,942	17,070	5,872	34 %
Depreciation, depletion and amortization	39,777	33,840	5,937	18 %
Taxes, other than income taxes	6,605	9,557	(2,952)	(31)%
(Gains) on natural gas purchase derivatives	(29,054)	(27,730)	(1,324)	5 %
Other operating expenses	3,769	799	2,970	372 %
Total expenses and other	146,555	107,271	39,284	37 %
Other (expenses) income:				
Interest expense	(7,675)	(8,485)	810	(10)%
Other, net	(13)	(143)	130	(91)%
Total other (expenses) income	(7,688)	(8,628)	940	(11)%
Income (loss) before income taxes	(60,161)	(21,698)	(38,463)	177 %
Income tax benefit	(3,351)	(376)	(2,975)	791 %
Net loss	\$ (56,810)	\$ (21,322)	\$ (35,488)	(166)%
Expenses per boe:⁽¹⁾				
Lease operating expenses	\$ 26.25	\$ 25.58	\$ 0.67	3 %
Electricity generation expenses	1.86	3.14	(1.28)	(41)%
Electricity sales ⁽¹⁾	(2.25)	(4.13)	1.88	(46)%
Transportation expenses	0.48	0.65	(0.17)	(26)%
Transportation sales ⁽¹⁾	(0.02)	(0.06)	0.04	(67)%
Marketing expenses	0.13	0.92	(0.79)	(86)%
Marketing revenues ⁽¹⁾	(0.12)	(0.92)	0.80	(87)%
Derivatives settlements (received) paid for gas purchases ⁽¹⁾	(0.69)	(10.78)	10.09	(94)%
Total operating expenses	\$ 25.64	\$ 14.40	\$ 11.24	78 %
Total unhedged operating expenses ⁽²⁾	\$ 26.33	\$ 25.18	\$ 1.15	5 %
Total non-energy operating expenses ⁽³⁾	\$ 13.58	\$ 12.74	\$ 0.84	7 %
Total energy operating expenses ⁽⁴⁾	\$ 12.06	\$ 1.66	\$ 10.40	627 %
General and administrative expenses ⁽⁵⁾	\$ 9.54	\$ 7.01	\$ 2.53	36 %
Depreciation, depletion and amortization	\$ 16.53	\$ 13.90	\$ 2.63	19 %
Taxes, other than income taxes	\$ 2.74	\$ 3.93	\$ (1.19)	(30)%

- (1) We report electricity, transportation and marketing sales separately in our financial statements as revenues in accordance with GAAP. However, these revenues are viewed and used internally in calculating operating expenses which is used to track and analyze the economics of development projects and the efficiency of our hydrocarbon recovery. We purchase third-party gas to generate electricity through our cogeneration facilities to be used in our field operations activities and view the added benefit of any excess electricity sold externally as a cost reduction/benefit to generating steam for our thermal recovery operations. Marketing revenues and expenses mainly relate to natural gas purchased from third parties that moves through our gathering and processing systems and then is sold to third parties. Transportation sales relate to water and other liquids that we transport on our systems on behalf of third parties and have not been significant to date. Operating expenses also include the effect of derivative settlements (received or paid) for gas purchases.
- (2) Total unhedged operating expenses equals total operating expenses, excluding the derivative settlements paid (received) for gas purchases.
- (3) Total non-energy operating expenses equals total operating expenses, excluding fuel, electricity sales and gas purchase derivative settlement (gains) losses.
- (4) Total energy operating expenses equals fuel and gas purchase derivative settlement (gains) losses less electricity sales.
- (5) Includes non-recurring costs and non-cash stock compensation expense, in aggregate, of approximately \$1.62 per boe and \$1.51 per boe for the three months ended March 31, 2022 and March 31, 2021, respectively.

Expenses and Other

On a hedged basis, operating expenses, increased by 78% or \$11.24 per boe to \$25.63 per boe for the first quarter 2022 compared to \$14.40 per boe for the first quarter 2021. The increase was largely due to the impact the purchased gas hedges, discussed below, had on the higher energy operating expense.

Unhedged lease operating expenses were \$26.25 per boe for the three months ended March 31, 2022, a 3% or \$0.67 boe increase compared to \$25.58 for the three months ended March 31, 2021. Unhedged fuel costs for our California steam operations decreased \$1.57 per boe. Unhedged average fuel purchase price per mmbtu decreased 9% in the first quarter 2022 compared to the first quarter 2021 and gas volumes purchased were also down slightly. The prior year's fuel costs reflected high gas prices as a result of Winter Storm Uri. As expected, non-energy operating expenses increased due to higher lease operating expense driven by higher well maintenance and recompletion activities, and higher labor costs.

Cost of services in the first quarter 2022 were \$33 million and there were no costs of services in the first quarter of 2021, as we acquired the well servicing and abandonment business on October 1, 2021.

Electricity generation expenses decreased approximately 41% to \$1.86 per boe for the three months ended March 31, 2022 from \$3.14 per boe for the same period in 2021 due to lower natural gas costs, in part due to the impact of the Placerita properties sale. Fuel costs included in electricity generation expenses exclude the effects of natural gas derivative settlements.

Gains and losses on natural gas purchase derivatives for the three months ended March 31, 2022 and March 31, 2021 resulted in a gain of \$29 million and \$28 million, respectively. Settlement gains for the three months ended March 31, 2022 were \$2 million or \$0.69 per boe compared to the settlement gain of \$26 million or \$10.78 per boe for the three months ended March 31, 2021, driven by lower gas prices which came off unprecedented highs in the first quarter of 2021 from Winter Storm Uri. The mark-to-market valuation gain for the three months ended March 31, 2022 was \$27 million compared to \$2 million gain for the same period in 2021, consistent with the changes in futures prices at the end of each period. Because we are the fixed price payer on these natural gas swaps, generally, increases in the associated price index creates valuation gains.

Transportation expenses decreased to \$0.48 per boe for the three months ended March 31, 2022 compared to \$0.65 per boe for the three months ended March 31, 2021, primarily due to the sale of our Piceance operations the first quarter 2022.

Marketing expenses decreased to \$0.13 per boe for the three months ended March 31, 2022, compared to \$0.92 per boe for the three months ended March 31, 2021, due to the sale of Piceance in the first quarter 2022. The prior year expenses also included the impact of higher gas prices due to Winter Storm Uri.

General and administrative expenses increased \$6 million, or 34%, to approximately \$23 million for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. For the three months ended March 31, 2022 and March 31, 2021, general and administrative expenses included non-cash stock compensation

costs of approximately \$3.7 million and \$3.7 million, respectively, with \$0.2 million non-recurring costs in 2022 and no non-recurring costs in the same period of 2021. The first quarter 2022 also included \$3 million of general and administrative expenses from the well servicing and abandonment segment which had no corresponding amount in 2021 as we purchased these operations in the fourth quarter 2021.

Adjusted general and administrative expenses, which exclude non-cash stock compensation costs and non-recurring costs, increased 46% to \$19 million for the three months ended March 31, 2022 compared to \$13 million for the three month periods ended March 31, 2021. The increase was primarily due to the new well servicing and abandonment operations, as well as higher legal and other professional service expenses and employee costs.

DD&A for the first quarter 2022 increased approximately \$6 million to \$40 million when compared to the first quarter 2021 driven primarily by the new well servicing and abandonment operations and higher DD&A rates for the D&P segment, partially offset by lower production.

Taxes, Other Than Income Taxes

	Three Months Ended March 31,		\$ Change	% Change
	2022	2021		
	(per boe)			
Severance taxes	\$ 1.26	\$ 0.99	\$ 0.27	27 %
Ad valorem and property taxes	1.51	2.01	(0.50)	(25)%
Greenhouse gas allowances	(0.03)	0.93	(0.96)	(103)%
Total taxes other than income taxes	<u>\$ 2.74</u>	<u>\$ 3.93</u>	<u>\$ (1.19)</u>	<u>(30)%</u>

Taxes, other than income taxes decreased 30% to \$2.74 per boe for the three months ended March 31, 2022 compared to \$3.93 per boe for the three months ended March 31, 2021. Severance taxes increased due to higher revenue in Utah, while property taxes in California were lower quarter over quarter. The first quarter of 2022 GHG amount was a result of lower mark-to-market prices at the end of the period resulting in reductions to cumulative emission costs to date, which are scheduled for payment in future periods.

Other Operating Expenses (Income)

For the three months ended March 31, 2022, other operating expenses were \$4 million and consisted of over \$2 million of royalty audit charges incurred prior to our emergence and restructuring in 2017, and over \$1 million of loss on the divestiture of the Piceance properties. Other operating income for the three months ended March 31, 2021 was \$1 million and comprised mainly of sales tax and bankruptcy-related refunds, partially offset by excess abandonment costs.

Interest Expense

Interest expense was comparable in the three months ended March 31, 2022 and March 31, 2021.

Income Tax Benefit

Our effective tax rate was approximately 5% for the three months ended March 31, 2022 compared to 2% for the three months ended March 31, 2021. The rates were impacted by changes in the valuation allowance recorded against deferred tax assets.

Non-GAAP Financial Measures

Adjusted EBITDA, Levered Free Cash Flow, Adjusted Net Income (Loss), Adjusted General and Administrative Expenses and Discretionary Free Cash Flow

Adjusted Net Income (Loss) is not a measure of net income (loss), Levered Free Cash Flow and Discretionary Free Cash Flow are not measures of cash flow, and Adjusted EBITDA is not a measure of either, in all cases, as determined by GAAP. Adjusted EBITDA, Levered Free Cash Flow, Adjusted Net Income (Loss) and Discretionary Free Cash Flow are supplemental non-GAAP financial measures used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies.

We define Adjusted EBITDA as earnings before interest expense; income taxes; depreciation, depletion, and amortization; derivative gains or losses net of cash received or paid for scheduled derivative settlements; impairments; stock compensation expense; and unusual and infrequent items. We define Levered Free Cash Flow as Adjusted EBITDA less capital expenditures, interest expense and dividends.

Our management believes Adjusted EBITDA provides useful information in assessing our financial condition, results of operations and cash flows and is widely used by the industry and the investment community. The measure also allows our management to more effectively evaluate our operating performance and compare the results between periods without regard to our financing methods or capital structure. Levered Free Cash Flow is used by management as a primary metric to plan capital allocation to sustain production levels and for internal growth opportunities, as well as hedging needs. It also serves as a measure for assessing our financial performance and our ability to generate excess cash from operations to service debt and pay dividends.

Adjusted Net Income (Loss) excludes the impact of unusual and infrequent items affecting earnings that vary widely and unpredictably, including non-cash items such as derivative gains and losses. This measure is used by management when comparing results period over period. We define Adjusted Net Income (Loss) as net income (loss) adjusted for derivative gains or losses net of cash received or paid for scheduled derivative settlements, other unusual and infrequent items, and the income tax expense or benefit of these adjustments using our effective tax rate.

We define Discretionary Free Cash Flow as cash flow from operations less regular fixed dividends and the capital needed to hold production flat. We expect to allocate 60% of Discretionary Free Cash Flow predominantly in the form of cash variable dividends, as well as opportunistic debt repurchases. The remaining 40% will be used for opportunistic growth, including from our extensive inventory of drilling opportunities, advancing our short- and long-term sustainability initiatives, share repurchases, and/or capital retention. Our management believes Discretionary Free Cash Flow provides useful information in assessing our financial condition, and is the primary metric to determine the quarterly variable dividend.

While Adjusted EBITDA, Adjusted Net Income (Loss), Levered Free Cash Flow and Discretionary Free Cash Flow are non-GAAP measures, the amounts included in the calculation of Adjusted EBITDA, Adjusted Net Income (Loss), Levered Free Cash Flow and Discretionary Free Cash Flow were computed in accordance with GAAP. These measures are provided in addition to, and not as an alternative for, income and liquidity measures calculated in accordance with GAAP. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing our financial performance, such as our cost of capital and tax structure, as well as the historic cost of depreciable and depletable assets. Our computations of Adjusted EBITDA, Adjusted Net Income (Loss), Levered Free Cash Flow and Discretionary Free Cash Flow may not be comparable to other similarly titled measures used by other companies. Adjusted EBITDA, Adjusted Net Income (Loss), Levered Free Cash Flow and Discretionary Free Cash Flow should be read in conjunction with the information contained in our financial statements prepared in accordance with GAAP.

Adjusted General and Administrative Expenses is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies. We define Adjusted General and Administrative Expenses as general and administrative expenses adjusted for non-cash stock compensation expense and unusual and infrequent costs. Management believes Adjusted General

and Administrative Expenses is useful because it allows us to more effectively compare our performance from period to period.

We exclude the items listed above from general and administrative expenses in arriving at Adjusted General and Administrative Expenses because these amounts can vary widely and unpredictably in nature, timing, amount and frequency and stock compensation expense is non-cash in nature. Adjusted General and Administrative Expenses should not be considered as an alternative to, or more meaningful than, general and administrative expenses as determined in accordance with GAAP. Our computations of Adjusted General and Administrative Expenses may not be comparable to other similarly titled measures of other companies.

The following tables present reconciliations of the non-GAAP financial measures Adjusted EBITDA and Levered Free Cash Flow to the GAAP financial measures of net income (loss) and net cash provided or used by operating activities, as applicable, for each of the periods indicated.

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
	(in thousands)		
Adjusted EBITDA reconciliation to net income (loss):			
Net (loss) income	\$ (56,810)	\$ 8,825	\$ (21,322)
Add (Subtract):			
Interest expense	7,675	7,451	8,485
Income tax (benefit) expense	(3,351)	2,619	(376)
Depreciation, depletion and amortization	39,777	38,903	33,840
Losses on derivatives	132,804	32,150	25,774
Net cash (paid) received for scheduled derivative settlements	(32,152)	(33,421)	850
Other operating expenses (income)	3,769	(1,726)	799
Stock compensation expense	3,802	3,564	3,779
Non-recurring costs	198	2,030	—
Adjusted EBITDA	\$ 95,712	\$ 60,395	\$ 51,829

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
(in thousands)			
Adjusted EBITDA reconciliation to net cash provided by operating activities and Levered Free Cash Flow calculation:			
Net cash provided by operating activities	\$ 48,530	\$ 40,230	\$ 38,430
Add (Subtract):			
Cash interest payments	14,539	97	14,637
Cash income tax payments	—	405	—
Non-recurring costs	198	2,030	—
Other changes in operating assets and liabilities	32,445	17,633	(1,238)
Adjusted EBITDA	<u>\$ 95,712</u>	<u>\$ 60,395</u>	<u>\$ 51,829</u>
Subtract:			
Capital expenditures - accrual basis	(27,620)	(27,673)	(23,569)
Interest expense	(7,675)	(7,451)	(8,485)
Fixed cash dividends declared	(5,236)	(4,798)	(3,474)
Levered Free Cash Flow⁽¹⁾	<u>\$ 55,181</u>	<u>\$ 20,473</u>	<u>\$ 16,301</u>

(1) Levered Free Cash Flow, as defined by the Company, includes cash paid for scheduled derivative settlements of \$32 million and \$33 million for the three months ended March 31, 2022 and December 31, 2021, respectively, and cash received of \$1 million for the three months ended March 31, 2021.

The following table presents a reconciliation of the non-GAAP financial measure Adjusted Net Income (Loss) to the GAAP financial measure of net income (loss).

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
(in thousands)			
Adjusted Net Income (Loss) reconciliation to net income (loss):			
Net (loss) income	\$ (56,810)	\$ 8,825	\$ (21,322)
Add: discrete income tax items	293	581	—
Add (Subtract):			
Losses on derivatives	132,804	32,150	25,774
Net cash (paid) received for scheduled derivative settlements	(32,152)	(33,421)	850
Other operating expenses	3,769	(1,726)	799
Non-recurring costs	198	2,030	—
Total additions, net	104,619	(967)	27,423
Income tax (expense) benefit of adjustments at effective tax rate ⁽¹⁾	(5,231)	1,765	(474)
Adjusted Net Income (Loss)	<u>\$ 42,871</u>	<u>\$ 10,204</u>	<u>\$ 5,627</u>
Basic EPS on Adjusted Net Income (Loss)	\$ 0.53	\$ 0.13	\$ 0.07
Diluted EPS on Adjusted Net Income (Loss)	\$ 0.51	\$ 0.12	\$ 0.07
Weighted average shares of common stock outstanding - basic	80,298	80,007	80,115
Weighted average shares of common stock outstanding - diluted	84,447	84,011	82,276

(1) Excludes discrete income tax items from the total additions, net line item and the tax effect the discrete income tax items have on the current rate.

The following table presents a reconciliation of the non-GAAP financial measure Adjusted General and Administrative Expenses to the GAAP financial measure of general and administrative expenses for each of the periods indicated.

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
(in thousands)			
Adjusted General and Administrative Expense reconciliation to general and administrative expenses:			
General and administrative expenses	\$ 22,942	\$ 22,357	\$ 17,070
Subtract:			
Non-cash stock compensation expense (G&A portion)	(3,706)	(3,457)	(3,669)
Non-recurring costs	(198)	(2,030)	—
Adjusted general and administrative expenses	<u>\$ 19,038</u>	<u>\$ 16,870</u>	<u>\$ 13,401</u>
Development and production segment, and corporate	\$ 15,968	\$ 6.64	\$ 13,677
Well servicing and abandonment segment	\$ 3,070	\$ 3,193	\$ 5.33
			\$ 13,401
			\$ 5.50

The following table presents a reconciliation of the non-GAAP financial measure Discretionary Free Cash Flow to the GAAP financial measure of operating cash flow for each of the periods indicated.

	Three Months Ended	
	March 31, 2022	
(in thousands)		
Discretionary Free Cash Flow:		
Operating cash flow ⁽¹⁾	\$	48,530
Subtract:		
Maintenance capital ⁽²⁾⁽³⁾		(26,437)
Fixed dividends ⁽⁴⁾		(5,236)
Discretionary Free Cash Flow	<u>\$</u>	<u>16,857</u>

(1) Combined D&P business and well servicing and abandonment.

(2) D&P business only.

(3) Maintenance capital is the capital required to keep annual production flat, calculated as the capital expenditures for the D&P business during the period presented.

(4) Represents fixed dividends declared as noted on the consolidated statement of stockholders' equity as "Dividends declared on common stock."

Liquidity and Capital Resources

Currently, we expect to fund our 2022 capital expenditures with cash flows from our operations. As of March 31, 2022, we had liquidity of \$213 million, consisting of \$20 million cash on hand and \$193 million available for borrowings under our 2021 RBL Facility. The 2021 RBL Facility has a borrowing base of \$200 million with no further borrowing restrictions beyond the covenants summarized below. We also have \$400 million in aggregate principal amount 7% senior unsecured notes due February 2026 (the “2026 Notes”) outstanding as further discussed below.

Our new shareholder return model, which went into effect January 1, 2022, is designed to increase cash returns to our shareholders, further demonstrating our commitment to be a leading returner of capital to our shareholders. The model is based on our Discretionary Free Cash Flow, which is defined as cash flow from operations less regular fixed dividends and the capital needed to hold production flat. See “Management’s Discussion and Analysis—Non-GAAP Financial Measures” for reconciliation of Discretionary Free Cash Flow to cash provided by operating activities, our most directly comparable financial measure calculated and presented in accordance with GAAP. Under this new model, the company intends to allocate Discretionary Free Cash Flow on a quarterly basis as follows: (a) 60% predominantly in the form of variable cash dividends to be paid quarterly, as well as opportunistic debt repurchases; (b) 40% in the form of discretionary capital, to be used for opportunistic growth, including from our extensive inventory of drilling opportunities, advancing our short- and long-term sustainability initiatives, share repurchases, and/or capital retention.

We currently believe that our liquidity, capital resources and cash on hand will be sufficient to conduct our business and operations for at least the next 12 months. In the longer term, if oil prices were to significantly decline and remain weak, we may not be able to continue to generate the same level of Levered Free Cash Flow we are currently generating and our liquidity and capital resources may not be sufficient to conduct our business and operations until commodity prices recover. Please see Part II, Item 1A “Risk Factors” for a discussion of known material risks, many of which are beyond our control, that could adversely impact our business, liquidity, financial condition, and results of operations.

2021 RBL Facility

On August 26, 2021, Berry Corp, as a guarantor, together with Berry LLC, as the borrower, entered into a credit agreement that provided for a revolving loan with up to \$500 million of commitment, subject to a reserve borrowing base (as amended by the First Amendment and the Second Amendment, each as defined below, the “2021 RBL Facility”). Our initial borrowing base was \$200 million. The 2021 RBL Facility provides a letter of credit subfacility for the issuance of letters of credit in an aggregate amount not to exceed \$20 million. Issuances of letters of credit reduce the borrowing availability for revolving loans under the 2021 RBL Facility on a dollar for dollar basis. The 2021 RBL Facility matures on August 26, 2025, unless terminated earlier in accordance with the 2021 RBL Facility terms. Borrowing base redeterminations generally become effective each May and November, although the borrower and the lenders may each make one interim redetermination between scheduled redeterminations. In December 2021, we completed the first scheduled semi-annual borrowing base redetermination and entered into that certain First Amendment to Credit Agreement (the “First Amendment”), which resulted in a reaffirmed borrowing base at \$200 million and changes to the hedging covenants in respect of the exclusion of short puts or similar derivatives in the calculation of minimum and maximum hedging requirements. In May 2022, Berry Corp., as a guarantor, and Berry LLC, as the borrower, entered into that certain Second Amendment to Credit Agreement and Limited Consent and Waiver (the “Second Amendment”) pursuant to which, among other things, the requisite lenders under the 2021 RBL Facility (i) consented to certain dividends and distributions and to certain investments made by Berry LLC in C&J Well Services, LLC and/or CJ Berry Well Services Management, LLC, in each case, as further described therein, (ii) waived certain minimum hedging requirements for the time periods described therein, (iii) waived any breach, default or event of default which may have arisen as a result of any of the foregoing, (iv) amended the restricted payments covenant to give us additional flexibility to make restricted payments, subject to satisfaction of certain leverage and availability conditions and other conditions described below and in the Second Amendment and (v) amended the minimum hedging covenant to not, until October 1, 2022, require hedges for any full calendar month from and after January 1, 2025, as further described in the Second Amendment.

If the outstanding principal balance of the revolving loans and the aggregate face amount of all letters of credit

under the 2021 RBL Facility exceeds the borrowing base at any time as a result of a redetermination of the borrowing base, we have the option within 30 days to take any of the following actions, either individually or in combination: make a lump sum payment curing the deficiency, deliver reserve engineering reports and mortgages covering additional oil and gas properties sufficient in certain lenders' opinion to increase the borrowing base and cure the deficiency or begin making equal monthly principal payments that will cure the deficiency within the next six-month period. Upon certain adjustments to the borrowing base other than a result of a redetermination, we are required to make a lump sum payment in an amount equal to the amount by which the outstanding principal balance of the revolving loans and the aggregate face amount of all letters of credit under the 2021 RBL Facility exceeds the borrowing base. In addition, the 2021 RBL Facility provides that if there are any outstanding borrowings and the consolidated cash balance exceeds \$20 million at the end of each calendar week, such excess amounts shall be used to prepay borrowings under the credit agreement. Otherwise, any unpaid principal will be due at maturity.

The outstanding borrowings under the revolving loan bear interest at a rate equal to either (i) a customary base rate plus an applicable margin ranging from 2.0% to 3.0% per annum, and (ii) a customary benchmark rate plus an applicable margin ranging from 3.0% to 4.0% per annum, and in each case depending on levels of borrowing base utilization. In addition, we must pay the lenders a quarterly commitment fee of 0.5% on the average daily unused amount of the borrowing availability under the 2021 RBL Facility. We have the right to prepay any borrowings under the 2021 RBL Facility with prior notice at any time without a prepayment penalty.

The 2021 RBL Facility requires us to maintain on a consolidated basis as of each quarter-end (i) a leverage ratio of not more than 3.0 to 1.0 and (ii) a current ratio of not less than 1.0 to 1.0. As of March 31, 2022, our leverage ratio and current ratio were 1.7:1.0 and 2.4:1.0, respectively. In addition, the 2021 RBL Facility currently provides that, to the extent we incur unsecured indebtedness, including any amounts raised in the future, the borrowing base will be reduced by an amount equal to 25% of the amount of such unsecured debt. We were in compliance with all financial covenants under the 2021 RBL Facility as of March 31, 2022.

The 2021 RBL Facility contains usual and customary events of default and remedies for credit facilities of a similar nature. The 2021 RBL Facility also places restrictions on the borrower and its restricted subsidiaries with respect to additional indebtedness, liens, dividends and other payments to shareholders, repurchases or redemptions of our common stock, redemptions of the borrower's senior notes, investments, acquisitions, mergers, asset dispositions, transactions with affiliates, hedging transactions and other matters.

From and after August 26, 2022, the 2021 RBL Facility permits us to repurchase certain indebtedness so long as both before and after giving pro forma effect to such repurchase, no default or event of default exists, availability is equal to or greater than 20% of the borrowing base and our pro forma leverage ratio is less than or equal to 2.0 to 1.0. The 2021 RBL Facility also permits us to make restricted payments so long as both before and after giving pro forma effect to such distribution, no default or event of default exists, availability exceeds 75% of the borrowing base, and our pro forma leverage ratio is less than or equal to 1.5 to 1.0. In addition, we can make other restricted payments in an aggregate amount not to exceed 100% of Free Cash Flow (as defined under the 2021 RBL Facility) for the fiscal quarter most recently ended prior to such distribution so long as, in addition to other conditions and limitations as described in the 2021 RBL Facility, both before and after giving pro forma effect to such distribution, no default or event of default exists, availability is greater than 20% of the borrowing base and our pro forma leverage ratio is less than or equal to 2.0 to 1.0.

Berry LLC is the borrower on the 2021 RBL Facility and Berry Corp. is the guarantor. Each future subsidiary of Berry Corp., with certain exceptions, is required to guarantee our obligations and obligations of the other guarantors under the 2021 RBL Facility and under certain hedging transactions and banking services arrangements (the "Guaranteed Obligations"). The lenders under the 2021 RBL Facility hold a mortgage on at least 90% of the present value of our proven oil and gas reserves. The obligations of Berry LLC and the guarantors are also secured by liens on substantially all of our personal property, subject to customary exceptions.

As of March 31, 2022, we had no borrowings outstanding, \$7 million in letters of credit outstanding and approximately \$193 million of available borrowing capacity under the 2021 RBL Facility.

Hedging

We have protected a significant portion of our anticipated cash flows in 2022 through 2024, using our commodity hedging program, including swaps, puts, calls and collars. We hedge crude oil and gas production to protect against oil and gas price decreases and we also hedge natural gas purchases to protect against price increases. In addition, we also hedge to meet the hedging requirements of the 2021 RBL Facility. Our generally low-decline production base, coupled with our stable operating cost environment, affords an ability to hedge a material amount of our future expected production. We expect our operations to generate sufficient cash flows at current commodity prices including our current hedging positions. For information regarding risks related to our hedging program, see “Item 1A. Risk Factors—Risks Related to Our Operations and Industry” in our Annual Report.

As of April 28, 2022, we had the following hedges for our crude oil production and gas purchases.

	Q2 2022	Q3 2022	Q4 2022	FY 2023	FY 2024
Brent					
Swaps					
Hedged volume (bbls)	1,360,500	1,380,000	1,288,000	3,433,528	1,917,000
Weighted-average price (\$/bbl)	\$ 77.10	\$ 77.73	\$ 76.07	\$ 73.06	\$ 75.52
Put Spreads					
Hedged volume (bbls)	364,000	368,000	368,000	2,190,000	1,281,000
Weighted-average price (\$/bbl)	\$50/\$40	\$50/\$40	\$50/\$40	\$50/\$40	\$50/\$40
Producer Collars					
Hedged volume (bbls)	—	—	—	1,460,000	1,098,000
Weighted-average price (\$/bbl)	\$ —	\$ —	\$ —	\$106/\$40	\$105/\$40
Henry Hub					
Consumer Collars					
Hedged volume (mmbtu)	3,030,000	3,680,000	3,680,000	5,430,000	—
Weighted-average price (\$/mmbtu)	\$4.00/\$2.75	\$4.00/\$2.75	\$4.00/\$2.75	\$4.00/\$2.75	\$ —

The following table summarizes the historical results of our hedging activities.

	Three Months Ended		
	March 31, 2022	December 31, 2021	March 31, 2021
Crude Oil (per bbl):			
Realized sales price, before the effects of derivative settlements	\$ 92.25	\$ 75.11	\$ 56.89
Effects of derivative settlements	\$ (15.38)	\$ (20.50)	\$ (12.08)
Oil with hedges (\$/bbl)	\$ 76.87	\$ 54.61	\$ 44.81
Purchased Natural Gas (per mmbtu):			
Purchase price, before the effects of derivative settlements	\$ 6.30	\$ 6.66	\$ 6.93
Effects of derivative settlements	\$ (0.29)	\$ (1.51)	\$ (4.51)
Purchased Natural Gas with hedges	\$ 6.01	\$ 5.15	\$ 2.42

Cash Dividends

Our Board of Directors approved a regular cash dividend of \$0.06 per share on our common stock for the first quarter of 2022, which we paid in April 2022. The Board of Directors approved a \$0.06 per share regular cash dividend on our common stock for the second quarter of 2022, which is expected to be paid in July 2022. The Board of Directors approved a \$0.13 per share variable dividend on our common stock based on our first quarter results,

which is expected to be paid in June 2022. As of April 30, 2022, the Company has paid approximately \$86 million in dividends since the inception of our dividend program in the third quarter of 2018. When combined with the \$52 million in stock repurchases, this represents a 125% return of capital on our IPO net proceeds.

Stock Repurchase Program

In April of 2022, our Company's Board of Directors approved an increase of \$102 million to the Company's stock repurchase authorization bringing the Company's total share repurchase authority to \$150 million. The Board's authorization permits the Company to make purchases of its common stock from time to time in the open market and in privately negotiated transactions, subject to market conditions and other factors, up to the aggregate amount authorized by the Board. The Board's authorization has no expiration date. In 2018 and 2019, the Company repurchased a total of 5,057,682 shares under the stock repurchase program for approximately \$50 million in aggregate. In February 2020, the Board of Directors authorized the repurchase of the remaining \$50 million available under the repurchase program and through December 2021, we repurchased an additional 471,022 shares for approximately \$2 million in aggregate. The Company did not repurchase any shares during the three months ended March 31, 2022. Accordingly, as of March 31, 2022, the Company has repurchased a total of 5,528,704 shares under the stock repurchase program for approximately \$52 million in aggregate. As discussed in this quarterly report, we implemented a new shareholder return model in early 2022, for which we intend to allocate a portion of Discretionary Free Cash Flow to opportunistic share repurchases.

Repurchases may be made from time to time in the open market, in privately negotiated transactions or by other means, as determined in the Company's sole discretion. The manner, timing and amount of any purchases will be determined based on our evaluation of market conditions, stock price, compliance with outstanding agreements and other factors, may be commenced or suspended at any time without notice and does not obligate the company to purchase shares during any period or at all. Any shares repurchased are reflected as treasury stock and any shares acquired will be available for general corporate purposes.

Debt Repurchase Program

In February 2020, our Board of Directors adopted a program to spend up to \$75 million for the opportunistic repurchase of our 2026 Notes. The manner, timing and amount of any purchases will be determined based on our evaluation of market conditions, compliance with outstanding agreements and other factors, may be commenced or suspended at any time without notice and do not obligate Berry Corp. to purchase the 2026 Notes during any period or at all. We have not yet repurchased any notes under this program.

Statements of Cash Flows

The following is a comparative cash flow summary:

	Three Months Ended March 31,	
	2022	2021
	(in thousands)	
Net cash:		
Provided by operating activities	\$ 48,530	\$ 38,430
Used in investing activities	(36,560)	(19,937)
Used in financing activities	(9,293)	(1,688)
Net increase in cash and cash equivalents	<u>\$ 2,677</u>	<u>\$ 16,805</u>

Operating Activities

Cash provided by operating activities increased for the three months ended March 31, 2022 by approximately \$10 million when compared to the three months ended March 31, 2021, and the most significant increases were sales of \$70 million and a decrease of \$6 million in unhedged operating expenses, partially offset by an increase of \$33 million in derivative settlements paid, a decrease of \$27 million in working capital and other changes and an increase of \$6 million in general and administrative expenses, most of which was the impact from well servicing and abandonment operations acquired in late 2021.

Investing Activities

The following provides a comparative summary of cash flows from investing activities:

	Three Months Ended March 31,	
	2022	2021
(in thousands)		
Capital expenditures:		
Capital expenditures	\$ (27,669)	\$ (23,569)
Changes in capital expenditures accruals	9,992	3,508
Acquisitions, net of cash received	(18,932)	—
Proceeds from sale of properties and equipment and other	—	124
Cash used in investing activities	<u>\$ (36,609)</u>	<u>\$ (19,937)</u>

Cash used in investing activities increased \$17 million for the three months ended March 31, 2022 when compared to the same period in 2021, primarily due to an increase in cash used for acquisitions when compared to the same period in 2021.

Financing Activities

Cash used by financing activities in 2022 was primarily for dividends paid of \$5 million and for taxes on equity awards of \$4 million. In 2021, the cash used was primarily for taxes on equity awards of \$1 million.

Guarantor Financial Information

The 2026 Notes and 2021 RBL Facility were issued by Berry LLC (“Issuer”) and are guaranteed by Berry Corp (“Parent Guarantor”). See Note 3—Debt in the 2021 Annual Report for further information. The Issuer is 100% owned by the Parent Guarantor. The Parent Guarantor has no independent assets or operations and is subject to a passive holding company covenant under the 2021 RBL Facility. Any guarantees of potential future registered debt securities by Berry Corp. or Berry LLC would be full and unconditional. In addition, there are no significant restrictions upon the ability of Berry LLC to distribute funds to Berry Corp. by distribution or loan other than restrictions under the 2021 RBL Facility. None of the assets of Berry Corp. or Berry LLC represent restricted net assets.

For cash management purposes, the Company transfers cash between the Parent Guarantor, Issuer and non-guarantors through intercompany receivables and payables. While the non-guarantor subsidiaries do not guarantee the Issuer's obligations under our outstanding debt, the transfer of cash under these activities facilitates the ability of the recipient to make specified third-party payments for principal and interest on the 2026 Notes and 2021 RBL Facility.

The summarized financial information of the Guarantor and Issuer is presented below on a combined basis after the elimination of: (i) intercompany transactions among such entities and (ii) equity in earnings from and investments in the non-guarantor subsidiaries. Transactions with, and amounts due to or from, non-guarantor subsidiaries are separately disclosed.

	Three Months Ended	
	March 31, 2022	
	(in thousands)	
	(unaudited)	
Total revenue to third parties	\$	216,104
Total expenses	\$	135,487
Net loss	\$	(56,524)

	As of March 31, 2022		As of December 31, 2021	
	(in thousands)			
	(unaudited)			
Receivables from non-guarantor subsidiaries	\$	4,698	\$	16,792
Other current assets		136,070		114,983
Total current assets	\$	140,768	\$	131,775
Noncurrent assets	\$	1,339,053	\$	1,317,241
Other current liabilities	\$	231,366	\$	179,691
Other noncurrent liabilities	\$	617,745	\$	576,681

Balance Sheet Analysis

The changes in our balance sheet from December 31, 2021 to March 31, 2022 are discussed below.

	March 31, 2022		December 31, 2021	
	(in thousands)			
Cash and cash equivalents	\$	17,960	\$	15,283
Accounts receivable, net	\$	111,961	\$	86,269
Derivative instruments assets - current and long-term	\$	—	\$	1,070
Other current assets	\$	36,567	\$	45,946
Property, plant & equipment, net	\$	1,323,028	\$	1,301,349
Deferred income taxes asset - long-term	\$	171	\$	—
Other noncurrent assets	\$	5,040	\$	6,562
Accounts payable and accrued expenses	\$	154,084	\$	157,524
Derivative instruments liabilities - current and long-term	\$	148,680	\$	48,202
Long-term debt	\$	394,846	\$	394,566
Deferred income taxes liability - long-term	\$	—	\$	1,831
Asset retirement obligations - long-term	\$	142,999	\$	143,926
Other noncurrent liabilities	\$	23,692	\$	17,782
Stockholders' equity	\$	630,426	\$	692,648

See “—Liquidity and Capital Resources” for discussions about the changes in cash and cash equivalents.

The \$26 million increase in accounts receivable was driven by \$23 million higher sales period-over-period, primarily due to higher crude prices. Another \$3 million of the increase is attributable to higher sales from the well servicing and abandonment segment.

The \$102 million increase in net derivative liabilities is due to the change from a net liability of \$47 million at December 31, 2021 to a net liability of \$149 million as of March 31, 2022. Changes to mark-to-market derivative values at the end of each period result from differences in the forward curve prices relative to the contract fixed prices, changes in positions held and settlements received and paid throughout the periods.

The \$9 million decrease in other current assets was primarily due to a \$3 million refund of prepaid permitting fees, \$3 million for adjustments related to transition services provided for recent divestitures, \$3 million refund of letter of credit collateral, \$4 million expensing of prepaid expenses, mostly insurance, for the well servicing and abandonment segment, partially offset by an increase of \$3 million in prepaid property taxes and other fees.

The \$22 million increase in property, plant and equipment was primarily due to \$33 million in capital investments, \$19 million of acquisitions primarily Antelope Creek oil and gas properties in Utah, as well as \$8 million for operating leases based on the adoption of new lease accounting rule ASC 842 in the quarter, offset by year to date depreciation of \$37 million.

The \$2 million decrease in other noncurrent assets was primarily due to an adjustment to the provisional amounts preliminarily assigned as intangibles for the CJWS acquisition as of December 31, 2021.

The \$3 million decrease in accounts payable and accrued expenses included \$7 million in lower interest accrual due to the semi-annual interest payment made in the first quarter 2022, \$6 million in lower royalties payable due to the annual payment made in the first quarter 2022, \$2 million in other accrued expenses including greenhouse gas, partially offset by increases of \$5 million in well servicing and abandonment segment payables, as well as \$3 million in taxes, other than income taxes, \$2 million in trade payables and \$2 million for the current portion of lease liability based on the adoption of ASC 842 in the quarter.

The \$2 million decrease in the deferred income tax liability - long-term is due to a decrease in deferred DD&A and the impact of the Piceance assets divestiture.

The \$1 million decrease in the long-term portion of the asset retirements obligations from \$144 million at December 31, 2021 to \$143 million at March 31, 2022 was due to \$5 million of liabilities settled during the period and \$1 million reduction due to property sales offset by \$3 million of accretion expense and \$2 million of liabilities incurred.

The \$6 million increase in other noncurrent liabilities was primarily due to \$7 million for the long term portion of lease liability based on the adoption of ASC 842 in the quarter, offset by \$1 million lower non-current greenhouse gas liabilities compared to year end.

The \$62 million decrease in stockholders' equity was due to the net loss of \$57 million, \$5 million of common stock dividends declared, and \$4 million of shares withheld for payment of taxes on equity awards. These decreases were partially offset by \$4 million of stock-based equity awards, net of taxes.

Lawsuits, Claims, Commitments, and Contingencies

In the normal course of business, we, or our subsidiaries, are the subject of, or party to, pending or threatened legal proceedings, contingencies and commitments involving a variety of matters that seek, or may seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, fines and penalties, remediation costs, or injunctive or declaratory relief.

We accrue for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. We have not recorded any reserve balances at March 31, 2022 and December 31, 2021. We also evaluate the amount of reasonably possible losses that we could incur as a result of these matters. We believe that reasonably possible losses that we could incur in excess of accruals on our balance sheet would not be material to our consolidated financial position or results of operations.

We, or our subsidiaries, or both, have indemnified various parties against specific liabilities those parties might incur in the future in connection with transactions that they have entered into with us. As of March 31, 2022, we are not aware of material indemnity claims pending or threatened against us.

Securities Litigation Matter

On November 20, 2020, Luis Torres, individually and on behalf of a putative class, filed a securities class action lawsuit (the “Torres Lawsuit”) in the United States District Court for the Northern District of Texas against Berry Corp. and certain of its current and former directors and officers (collectively, the “Defendants”). The complaint asserts violations of Sections 11 and 15 of the Securities Act of 1933, and Sections 10(b) and 20(a) of the Exchange Act, on behalf of a putative class of all persons who purchased or otherwise acquired (i) common stock pursuant and/or traceable to the Company’s 2018 IPO; or (ii) Berry Corp.’s securities between July 26, 2018 and November 3, 2020 (the “Class Period”). In particular, the complaint alleges that the Defendants made false and misleading statements during the Class Period and in the offering materials for the IPO, concerning the Company’s business, operational efficiency and stability, and compliance policies, that artificially inflated the Company’s stock price, resulting in injury to the purported class members when the value of Berry Corp.’s common stock declined following release of its financial results for the third quarter of 2020 on November 3, 2020.

On January 21, 2021, multiple plaintiffs filed motions in the Torres Lawsuit seeking to be appointed lead plaintiff and lead counsel. After briefing and a stipulation between the remaining movants, the Court appointed Luis Torres and Allia DeAngelis as co-lead plaintiffs on August 18, 2021. On November 1, 2021, the co-lead plaintiffs filed an amended complaint asserting claims on behalf of the same putative class under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Exchange Act, alleging, among other things, that the Company and the individual Defendants made false and misleading statements between July 26, 2018 and November 3, 2020 regarding the Company’s permits and permitting processes. The amended complaint does not quantify the alleged losses but seeks to recover all damages sustained by the putative class as a result of these alleged securities violations, as well as attorneys’ fees and costs. The Defendants filed a Motion to Dismiss on January 24, 2022, and the plaintiffs’ filed their opposition on April 11, 2022; Defendants’ reply is due on June 6, 2022.

We dispute these claims and intend to defend the matter vigorously. Given the uncertainty of litigation, the preliminary stage of the case, and the legal standards that must be met for, among other things, class certification and success on the merits, we cannot reasonably estimate the possible loss or range of loss that may result from this action.

Contractual Obligations

The following is a summary of our commitments and contractual obligations as of March 31, 2022:

	Payments Due				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	Thereafter
(in thousands)					
Off-Balance Sheet arrangements:					
Processing and transportation contracts ⁽¹⁾	\$ 94,762	\$ 10,301	\$ 18,685	\$ 16,165	\$ 49,611
Lease obligations	10,154	2,374	3,828	3,361	591
Other purchase obligations ⁽²⁾	17,100	14,700	2,400	—	—
Total contractual obligations	<u>\$ 122,016</u>	<u>\$ 27,375</u>	<u>\$ 24,913</u>	<u>\$ 19,526</u>	<u>\$ 50,202</u>

(1) Amounts include payments which will become due under long-term agreements to purchase goods and services used in the normal course of business to secure pipeline transportation of natural gas to market and between markets, as well as, gathering and processing of natural gas.

(2) Amounts include a drilling commitment in California, for which we are required to drill 57 wells with an estimated total cost and minimum commitment of \$17.1 million by April 2023. 49 of those wells are estimated at \$14.7 million and are required to be drilled within one year.

Critical Accounting Policies and Estimates

See Note 1, Basis of Presentation, in the Notes to Consolidated Condensed Financial Statements in Part I, Item 1 of this Form 10-Q and Part II, Item 7 “Critical Accounting Policies and Estimates” in the Annual Report.

Cautionary Note Regarding Forward-Looking Statements

The information included or incorporated by reference in this Quarterly Report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this Quarterly Report that address plans, activities, events, objectives, goals, strategies, or developments that the Company expects, believes or anticipates will or may occur in the future, such as those regarding our financial position, liquidity, cash flows (including, but not limited to, Discretionary Free Cash Flow), financial and operating results, capital program and development and production plans, operations and business strategy, potential acquisition and other strategic opportunities, reserves, hedging activities, capital expenditures, return of capital, our new shareholder return model and the payment of future dividends, future repurchases of stock or debt, capital investments, our ESG strategy and the initiation of new projects or business in connection therewith, recovery factors, and other guidance, are forward-looking statements. These statements are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although we believe that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control. Therefore, such forward-looking statements involve significant risks and uncertainties that could materially affect our expected financial position, financial and operating results, liquidity, cash flows (including, but not limited to, Discretionary Free Cash Flow), and business prospects. Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. You can typically identify forward-looking statements by words such as aim, anticipate, achievable, believe, budget, continue, could, effort, estimate, expect, forecast, goal, guidance, intend, likely, may, might, objective, outlook, plan, potential, predict, project, seek, should, target, will or would and other similar words that reflect the prospective nature of events or outcomes. For any such forward-looking statement that includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that while we believe such assumptions or bases to be reasonable and make them in good faith, assumed facts or bases almost always vary from actual results, sometimes materially. Material risks that may affect us are discussed below in Part II, Item 1A. “Risk Factors” in this Quarterly Report, as well as in Part I, Item 1A. “Risk Factors” our most recent Annual Report and other filings with the Securities and Exchange Commission.

Factors (but not all the factors) that could cause results to differ include among others:

- the regulatory environment, including availability or timing of, and conditions imposed on, obtaining and/or maintaining permits and approvals, including those necessary for drilling and/or development projects;
- the impact of current, pending and/or future laws and regulations, and of legislative and regulatory changes and other government activities, including those related to permitting, drilling, completion, well stimulation, operation, maintenance or abandonment of wells or facilities, managing energy, water, land, greenhouse gases or other emissions, protection of health, safety and the environment, or transportation, marketing and sale of our products;
- inflation levels, particularly the recent rise to historically high levels;
- the length, scope and severity of the ongoing COVID-19 pandemic or the emergence of a new pandemic, including the effects of related public health concerns and the impact of actions taken by governmental authorities and other third parties in response to the pandemic and its impact on commodity prices, supply and demand considerations, global supply chain disruptions and labor constraints;
- global economic trends, geopolitical risks and general economic and industry conditions, such as the economic impact from the COVID-19 pandemic, including the global supply chain disruptions and the government interventions into the financial markets and economy, among other factors;
- overall domestic and global political and economic conditions, including the imposition of tariffs or trade or other economic sanctions, political instability or armed conflict in oil and gas producing regions, including the ongoing conflict in Ukraine;
- those resulting from the COVID-19 pandemic and from the actions of foreign producers, importantly including OPEC+ and change in OPEC+'s production levels;
- volatility of oil, natural gas and NGL prices, including as a result of political instability, armed conflict or economic sanctions;
- the California and global energy future, including the factors and trends that are expected to shape it, such as concerns about climate change and other air quality issues, the transition to a low-emission economy and the expected role of different energy sources;
- supply of and demand for oil, natural gas and NGLs, including due to the actions of foreign producers, importantly including OPEC+ and change in OPEC+'s production levels;;
- disruptions to, capacity constraints in, or other limitations on the pipeline systems that deliver our oil and natural gas and other processing and transportation considerations;
- inability to generate sufficient cash flow from operations or to obtain adequate financing to fund capital expenditures, meet our working capital requirements or fund planned investments;
- price fluctuations and availability of natural gas and electricity and the cost of steam;
- our ability to use derivative instruments to manage commodity price risk;
- our ability to meet our planned drilling schedule, including due to our ability to obtain permits on a timely basis or at all, and to successfully drill wells that produce oil and natural gas in commercially viable quantities;
- concerns about climate change and other air quality issues;
- uncertainties associated with estimating proved reserves and related future cash flows;

- our ability to replace our reserves through exploration and development activities;
- drilling and production results, lower-than-expected production, reserves or resources from development projects or higher-than-expected decline rates;
- our ability to obtain timely and available drilling and completion equipment and crew availability and access to necessary resources for drilling, completing and operating wells;
- changes in tax laws;
- effects of competition;
- uncertainties and liabilities associated with acquired and divested assets;
- our ability to make acquisitions and successfully integrate any acquired businesses;
- market fluctuations in electricity prices and the cost of steam;
- asset impairments from commodity price declines;
- large or multiple customer defaults on contractual obligations, including defaults resulting from actual or potential insolvencies;
- geographical concentration of our operations;
- the creditworthiness and performance of our counterparties with respect to our hedges;
- impact of derivatives legislation affecting our ability to hedge;
- failure of risk management and ineffectiveness of internal controls;
- catastrophic events, including wildfires, earthquakes and pandemics;
- environmental risks and liabilities under federal, state, tribal and local laws and regulations (including remedial actions);
- potential liability resulting from pending or future litigation;
- our ability to recruit and/or retain key members of our senior management and key technical employees;
- information technology failures or cyberattacks; and
- governmental actions and political conditions, as well as the actions by other third parties that are beyond our control.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by law, we undertake no responsibility to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise except as required by applicable law.

All forward-looking statements, expressed or implied, included in this Quarterly Report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of March 31, 2022, there have been no material changes in the information required to be provided under Item 305 of Regulation S-K included under the caption *Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A)- Quantitative and Qualitative Disclosures About Market Risk*, in the 2021 Annual Report, except as discussed below.

Price Risk

Our most significant market risk relates to prices for oil, natural gas, and NGLs. Management expects energy prices to remain unpredictable and potentially volatile. As energy prices decline or rise significantly, revenues, certain costs such as fuel gas, and cash flows are likewise affected. Additional non-cash impairment charges for our oil and gas properties may be required if commodity prices experience significant decline.

We have historically hedged a large portion of our expected crude oil and our natural gas production, as well as our natural gas purchase requirements to reduce exposure to fluctuations in commodity prices. We use derivatives such as swaps, calls, puts and collars to hedge. We do not enter into derivative contracts for speculative trading purposes and we have not accounted for our derivatives as cash-flow or fair-value hedges. We continuously consider the level of our oil production and gas purchases that is appropriate to hedge based on a variety of factors, including, among other things, current and future expected commodity prices, our expected capital and operating costs, our overall risk profile, including leverage, size and scale, as well as any requirements for, or restrictions on, levels of hedging contained in any credit facility or other debt instrument applicable at the time.

We determine the fair value of our oil and gas sales and natural gas purchase derivatives using valuation techniques which utilize market quotes and pricing analysis. Inputs include publicly available prices and forward price curves generated from a compilation of data gathered from third parties. We validate data provided by third parties by understanding the valuation inputs used, obtaining market values from other pricing sources, analyzing pricing data in certain situations and confirming that those instruments trade in active markets. At March 31, 2022, the fair value of our hedge positions was a net liability of approximately \$149 million. A 10% increase in the oil and natural gas index prices above the March 31, 2022 prices would result in a net liability of approximately \$225 million; conversely, a 10% decrease in the oil and natural gas index prices below the March 31, 2022 prices would result in a net liability of approximately \$54 million. For additional information about derivative activity, see Note 3, Derivatives, in the Notes to the Condensed Consolidated Financial Statements in Part I, Item 1 of this report.

Actual gains or losses recognized related to our derivative contracts depend exclusively on the price of the underlying commodities on the specified settlement dates provided by the derivative contracts. Additionally, we cannot be assured that our counterparties will be able to perform under our derivative contracts. If a counterparty fails to perform and the derivative arrangement is terminated, our cash flows could be negatively impacted.

Item 4. Controls and Procedures

Our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer supervised and participated in our evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, they each concluded that our disclosure controls and procedures were effective as of March 31, 2022.

There were no changes in the Company's internal control over financial reporting during the first quarter of 2022 that materially affected, or were reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings

We are involved in various legal and administrative proceedings in the normal course of business, the ultimate resolutions of which, in the opinion of management, are not anticipated to have a material effect on our results of operations, liquidity or financial condition.

Securities Litigation Matter

On November 20, 2020, Luis Torres, individually and on behalf of a putative class, filed a securities class action lawsuit (the “Torres Lawsuit”) in the United States District Court for the Northern District of Texas against Berry Corp. and certain of its current and former directors and officers (collectively, the “Defendants”). The complaint asserts violations of Sections 11 and 15 of the Securities Act of 1933, and Sections 10(b) and 20(a) of the Exchange Act, on behalf of a putative class of all persons who purchased or otherwise acquired (i) common stock pursuant and/or traceable to the Company’s 2018 IPO; or (ii) Berry Corp.’s securities between July 26, 2018 and November 3, 2020 (the “Class Period”). In particular, the complaint alleges that the Defendants made false and misleading statements during the Class Period and in the offering materials for the IPO, concerning the Company’s business, operational efficiency and stability, and compliance policies, that artificially inflated the Company’s stock price, resulting in injury to the purported class members when the value of Berry Corp.’s common stock declined following release of its financial results for the third quarter of 2020 on November 3, 2020.

On January 21, 2021, multiple plaintiffs filed motions in the Torres Lawsuit seeking to be appointed lead plaintiff and lead counsel. After briefing and a stipulation between the remaining movants, the Court appointed Luis Torres and Allia DeAngelis as co-lead plaintiffs on August 18, 2021. On November 1, 2021, the co-lead plaintiffs filed an amended complaint asserting claims on behalf of the same putative class under Sections 11 and 15 of the Securities Act of 1933 and Sections 10(b) and 20(a) of the Exchange Act, alleging, among other things, that the Company and the individual Defendants made false and misleading statements between July 26, 2018 and November 3, 2020 regarding the Company’s permits and permitting processes. The amended complaint does not quantify the alleged losses but seeks to recover all damages sustained by the putative class as a result of these alleged securities violations, as well as attorneys’ fees and costs. The Defendants filed a Motion to Dismiss on January 24, 2022, and the plaintiffs’ filed their opposition on April 11, 2022; Defendants’ reply is due on June 6, 2022.

We dispute these claims and intend to defend the matter vigorously. Given the uncertainty of litigation, the preliminary stage of the case, and the legal standards that must be met for, among other things, class certification and success on the merits, we cannot reasonably estimate the possible loss or range of loss that may result from this action.

Other Matters.

For additional information regarding legal proceedings, see Note 4 to the condensed consolidated financial statements in Part I of this Form 10-Q and Note 5 to our consolidated financial statements for the year ended December 31, 2021 included in the Annual Report.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. A discussion of such risks and uncertainties may be found under the heading “Item 1A. Risk Factors” in our most recent Annual Report.

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

Stock Repurchase Program

In April of 2022, our Company's Board of Directors approved an increase of \$102 million to the Company's stock repurchase authorization bringing the Company's total share repurchase authority to \$150 million. The Board's authorization permits the Company to make purchases of its common stock from time to time in the open market and in privately negotiated transactions, subject to market conditions and other factors, up to the aggregate amount authorized by the Board. The Board's authorization has no expiration date. In 2018 and 2019, the Company repurchased a total of 5,057,682 shares under the stock repurchase program for approximately \$50 million in aggregate. In February 2020, the Board of Directors authorized the repurchase of the remaining \$50 million available under the repurchase program and through December 2021, we repurchased an additional 471,022 shares for approximately \$2 million in aggregate. The Company did not repurchase any shares during the three months ended March 31, 2022. Accordingly, as of March 31, 2022, the Company has repurchased a total of 5,528,704 shares under the stock repurchase program for approximately \$52 million in aggregate. As discussed in this quarterly report, we implemented a new shareholder return model in early 2022, for which we intend to allocate a portion of Discretionary Free Cash Flow to opportunistic share repurchases.

Repurchases may be made from time to time in the open market, in privately negotiated transactions or by other means, as determined in the Company's sole discretion. The manner, timing and amount of any purchases will be determined based on our evaluation of market conditions, stock price, compliance with outstanding agreements and other factors, may be commenced or suspended at any time without notice and does not obligate the company to purchase shares during any period or at all. Any shares repurchased are reflected as treasury stock and any shares acquired will be available for general corporate purposes.

Item 6. Exhibits

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of Berry Petroleum Corporation (incorporated by reference to Exhibit 3.1 of Form 8-K filed February 19, 2020)
3.2	Third Amended and Restated Bylaws of Berry Corporation (bry) (incorporated by reference to Exhibit 3.2 of Form 8-K filed February 19, 2020)
3.3	Certificate of Designation of Series A Convertible Preferred Stock of Berry Petroleum Corporation (incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form S-1 (File No. 333-226011))
3.4	Certificate of Amendment to Certificate of Designation (incorporated by reference to Exhibit 3.1 of Form 8-K filed July 30, 2018)
10.1*	Berry Corporation (bry) 2022 Omnibus Incentive Plan, dated March 1, 2022
10.2*	Berry Corporation (bry) 2022 Omnibus Incentive Plan - Form of Performance-Based Restricted Stock Unit Award Agreement with Total Shareholder Return Performance Criteria
10.3*	Berry Corporation (bry) 2022 Omnibus Incentive Plan - Form of Performance-Based Restricted Stock Unit Award Agreement with CROIC Performance Criteria
10.4*	Berry Corporation (bry) 2022 Omnibus Incentive Plan - Form of Performance-Based Restricted Stock Unit Award Agreement with C&J Well Services ROIC Performance Criteria (Executive Employment Agreement)
10.5*	Berry Corporation (bry) 2022 Omnibus Incentive Plan - Form of Performance-Based Restricted Stock Unit Award Agreement with C&J Well Services ROIC Performance Criteria
10.6*	Second Amendment to Credit Agreement, dated May 2, 2022, by and among Berry Petroleum Company, LLC, as borrower, Berry Corporation (bry), as guarantor, JP Morgan Chase Bank, N.A., as administrative agent and the lenders parties thereto
31.1*	Section 302 Certification of Chief Executive Officer
31.2*	Section 302 Certification of Chief Financial Officer
32.1*	Section 906 Certification of Chief Executive Officer and Chief Financial Officer
101.INS*	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Data Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

(*) Filed herewith.

GLOSSARY OF COMMONLY USED TERMS

The following are abbreviations and definitions of certain terms that may be used in this report, which are commonly used in the oil and natural gas industry:

“*Absolute TSR*” means absolute total stockholder return.

“*AROs*” means asset retirement obligations.

“*Adjusted EBITDA*” is a non-GAAP financial measure defined as earnings before interest expense; income taxes; depreciation, depletion, and amortization; derivative gains or losses net of cash received or paid for scheduled derivative settlements; impairments; stock compensation expense; and other unusual and infrequent items.

“*Adjusted G&A*” or “*Adjusted General and Administrative Expenses*” is a non-GAAP financial measure defined as general and administrative expenses adjusted for non-cash stock compensation expense, as well as unusual and infrequent costs.

“*Adjusted Net Income (Loss)*” is a non-GAAP financial measure defined as net income (loss) adjusted for derivative gains or losses net of cash received or paid for scheduled derivative settlements, other unusual and infrequent items, and the income tax expense or benefit of these adjustments using our effective tax rate.

“*API*” gravity means the relative density, expressed in degrees, of petroleum liquids based on a specific gravity scale developed by the American Petroleum Institute.

“*basin*” means a large area with a relatively thick accumulation of sedimentary rocks.

“*bbf*” means one stock tank barrel, or 42 U.S. gallons liquid volume, used in reference to oil or other liquid hydrocarbons.

“*bcf*” means one billion cubic feet, which is a unit of measurement of volume for natural gas.

“*BLM*” means for the U.S. Bureau of Land Management.

“*boe*” means barrel of oil equivalent, determined using the ratio of one Bbl of oil, condensate or natural gas liquids to six Mcf of natural gas.

“*boe/d*” means boe per day.

“*Break even*” means the Brent price at which we expect to generate positive Levered Free Cash Flow.

“*Brent*” means the reference price paid in U.S. dollars for a barrel of light sweet crude oil produced from the Brent field in the UK sector of the North Sea.

“*btu*” means one British thermal unit—a measure of the amount of energy required to raise the temperature of a one-pound mass of water one degree Fahrenheit at sea level.

“*CAA*” is an abbreviation for the Clean Air Act, which governs air emissions.

“*CalGEM*” is an abbreviation for the California Geologic Energy Management Division.

“*Cap-and-trade*” is a statewide program in California established by the Global Warming Solutions Act of 2006 which outlined an enforceable compliance obligation beginning with 2013 GHG emissions and currently extended through 2030.

“*CARB*” is an abbreviation for the California Air Resources Board.

“*CCA*” or “*CCAs*” is an abbreviation for California carbon allowances.

“*CERCLA*” is an abbreviation for the Comprehensive Environmental Response, Compensation and Liability Act, which imposes liability where hazardous substances have been released into the environment (commonly known as “*Superfund*”).

“*CEQA*” is an abbreviation for the California Environmental Quality Act which, among other things, requires certain governmental agencies to conduct environmental review of projects for which the agency is issuing a permit.

“*CJWS*” refers to C&J Well Services, LLC, our upstream well servicing and abandonment business segment in California.

“*Clean Water Rule*” refers to the rule issued in August 2015 by the EPA and U.S. Army Corps of Engineers which expanded the scope of the federal jurisdiction over wetlands and other types of waters.

“*COGCC*” is an abbreviation for the Colorado Oil and Gas Conservation Commission.

“*Completion*” means the installation of permanent equipment for the production of oil or natural gas.

“*Condensate*” means a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

“*CPUC*” is an abbreviation for the California Public Utilities Commission.

“*CWA*” is an abbreviation for the Clean Water Act, which governs discharges to and excavations within the waters of the United States.

“*DD&A*” means depreciation, depletion & amortization.

“*Development drilling*” or “*Development well*” means a well drilled to a known producing formation in a previously discovered field, usually offsetting a producing well on the same or an adjacent oil and natural gas lease.

“*Diatomite*” means a sedimentary rock composed primarily of siliceous, diatom shells.

“*Differential*” means an adjustment to the price of oil or natural gas from an established spot market price to reflect differences in the quality and/or location of oil or natural gas.

“Discretionary Free Cash Flow” is a non-GAAP financial measure defined as cash flow from operations less regular fixed dividends and the capital needed to hold production flat.

“*Downspacing*” means additional wells drilled between known producing wells to better develop the reservoir.

“*D&P*” means our development and production business segment, which is engaged in the development and production of onshore, low geologic risk, long-lived conventional oil reserves primarily located in California, as well as Utah.

“*EH&S*” is an abbreviation for Environmental, Health & Safety.

“*Enhanced oil recovery*” means a technique for increasing the amount of oil that can be extracted from a field.

“*EOR*” means enhanced oil recovery.

“*EPA*” is an abbreviation for the United States Environmental Protection Agency.

“*EPS*” is an abbreviation for earnings per share.

“*ESA*” is an abbreviation for the federal Endangered Species Act.

“*Exploration activities*” means the initial phase of oil and natural gas operations that includes the generation of a prospect or play and the drilling of an exploration well.

“*FASB*” is an abbreviation for the Financial Accounting Standards Board.

“*FERC*” is an abbreviation for the Federal Energy Regulatory Commission.

“*Field*” means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition.

“*FIP*” is an abbreviation for Federal Implementation Plan.

“*Formation*” means a layer of rock which has distinct characteristics that differ from those of nearby rock.

“*Fracturing*” means mechanically inducing a crack or surface of breakage within rock not related to foliation or cleavage in metamorphic rock in order to enhance the permeability of rocks by connecting pores together.

“*Fugitive Emissions*” means accidental emissions of vapors or gases from pressurized containment, either due to faulty equipment, leakage or other unforeseen mishaps.

“*GAAP*” is an abbreviation for U.S. generally accepted accounting principles.

“*Gas*” or “*Natural gas*” means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain liquids.

“*GHG*” or “*GHGs*” is an abbreviation for greenhouse gases.

“*Gross Acres*” or “*Gross Wells*” means the total acres or wells, as the case may be, in which we have a working interest.

“*Held by production*” means acreage covered by a mineral lease that perpetuates a company’s right to operate a property as long as the property produces a minimum paying quantity of oil or natural gas.

“*Henry Hub*” is a distribution hub on the natural gas pipeline system in Erath, Louisiana.

“*Hydraulic fracturing*” means a procedure to stimulate production by forcing a mixture of fluid and proppant (usually sand) into the formation under high pressure. This creates artificial fractures in the reservoir rock, which increases permeability.

“*Horizontal drilling*” means a wellbore that is drilled laterally.

“*ICE*” means Intercontinental Exchange.

“*Infill drilling*” means drilling of an additional well or wells at less than existing spacing to more adequately drain a reservoir.

“*Injection Well*” means a well in which water, gas or steam is injected, the primary objective typically being to maintain reservoir pressure and/or improve hydrocarbon recovery.

“*IOR*” means improved oil recovery.

“*IPO*” is an abbreviation for initial public offering.

“*LCFS*” is an abbreviation for low carbon fuel standard.

“*Leases*” means full or partial interests in oil or gas properties authorizing the owner of the lease to drill for, produce and sell oil and natural gas in exchange for any or all of rental, bonus and royalty payments. Leases are generally acquired from private landowners (fee leases) and from federal and state governments on acreage held by them.

“*Levered Free Cash Flow*” is a non-GAAP financial measure defined as Adjusted EBITDA less interest expense, dividends and capital expenditures.

“*LIBOR*” is an abbreviation for London Interbank Offered Rate.

“*mbbl*” means one thousand barrels of oil, condensate or NGLs.

“*mbbl/d*” means mbbl per day.

“*mboe*” means one thousand barrels of oil equivalent.

“*mboe/d*” means mboe per day.

“*mcf*” means one thousand cubic feet, which is a unit of measurement of volume for natural gas.

“*mmbbl*” means one million barrels of oil, condensate or NGLs.

“*mmboe*” means one million barrels of oil equivalent.

“*mmbtu*” means one million btus.

“*mmbtu/d*” means mmbtu per day.

“*mmcf*” means one million cubic feet, which is a unit of measurement of volume for natural gas.

“*mmcf/d*” means mmcf per day.

“*MTBA*” is an abbreviation for Migratory Bird Treaty Act.

“*MW*” means megawatt.

“*MWHs*” means megawatt hours.

“*NAAQS*” is an abbreviation for the National Ambient Air Quality Standard.

“*NASDAQ*” means Nasdaq Global Select Market.

“*NEPA*” is an abbreviation for the National Environmental Policy Act, which requires careful evaluation of the environmental impacts of oil and natural gas production activities on federal lands.

“*Net Acres*” or “*Net Wells*” is the sum of the fractional working interests owned in gross acres or wells, as the case may be, expressed as whole numbers and fractions thereof.

“*Net revenue interest*” means all of the working interests, less all royalties, overriding royalties, non-participating royalties, net profits interest or similar burdens on or measured by production from oil and natural gas.

“*NGA*” is an abbreviation for the Natural Gas Act.

“*NGL*” or “*NGLs*” means natural gas liquids, which are the hydrocarbon liquids contained within natural gas.

“*NRI*” is an abbreviation for net revenue interest.

“*NYMEX*” means New York Mercantile Exchange.

“*Oil*” means crude oil or condensate.

“*OPEC*” is an abbreviation for the Organization of the Petroleum Exporting Countries.

“*Operator*” means the individual or company responsible to the working interest owners for the exploration, development and production of an oil or natural gas well or lease.

“*OSHA*” is an abbreviation for the Occupational Safety and Health Act of 1970.

“*OTC*” means over-the-counter

“*PALS*” is an abbreviation for project approval letters.

“*PCAOB*” is an abbreviation for the Public Company Accounting Oversight Board.

“*PDNP*” is an abbreviation for proved developed non-producing.

“*PDP*” is an abbreviation for proved developed producing.

“*Permeability*” means the ability, or measurement of a rock’s ability, to transmit fluids.

“*PHMSA*” is an abbreviation for the U.S. Department of Transportation’s Pipeline and Hazardous Materials Safety Administration.

“*Play*” means a regionally distributed oil and natural gas accumulation. Resource plays are characterized by continuous, aerially extensive hydrocarbon accumulations.

“*PPA*” is an abbreviation for power purchase agreement.

“*Production costs*” means costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. For a complete definition of production costs, refer to the SEC’s Regulation S-X, Rule 4-10(a)(20).

“*Productive well*” means a well that is producing oil, natural gas or NGLs or that is capable of production.

“*Proppant*” means sized particles mixed with fracturing fluid to hold fractures open after a hydraulic fracturing treatment.

“*Prospect*” means a specific geographic area which, based on supporting geological, geophysical or other data and also preliminary economic analysis using reasonably anticipated prices and costs, is deemed to have potential for the discovery of commercial hydrocarbons.

“*Proved developed reserves*” means reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

“*Proved developed producing reserves*” means reserves that are being recovered through existing wells with existing equipment and operating methods.

“*Proved reserves*” means the estimated quantities of oil, gas and gas liquids, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

“*Proved undeveloped drilling location*” means a site on which a development well can be drilled consistent with spacing rules for purposes of recovering proved undeveloped reserves.

“*Proved undeveloped reserves*” or “*PUDs*” means proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage are limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances. Undrilled locations can be classified as having proved undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time. Estimates for proved undeveloped reserves are not attributed to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, or by other evidence using reliable technology establishing reasonable certainty.

“*PSUs*” means performance-based restricted stock units

“*PURPA*” is an abbreviation for the Public Utility Regulatory Policies Act.

“*PV-10*” is a non-GAAP financial measure and represents the present value of estimated future cash inflows from proved oil and gas reserves, less future development and production costs, discounted at 10% per annum to reflect the timing of future cash flows and using SEC-prescribed pricing assumptions for the period. While this measure does not include the effect of income taxes as it would in the use of the standardized measure calculation, it does provide an indicative representation of the relative value of the company on a comparative basis to other companies and from period to period.

“*QF*” means qualifying facility.

“*RCRA*” is an abbreviation for the Resource Conservation and Recovery Act, which governs the management of solid waste.

“*Realized price*” means the cash market price less all expected quality, transportation and demand adjustments.

“*Reasonable certainty*” means a high degree of confidence. For a complete definition of reasonable certainty, refer to the SEC’s Regulation S-X, Rule 4-10(a)(24).

“*Recompletion*” means the completion for production from an existing wellbore in a formation other than that in which the well has previously been completed.

“*Relative TSR*” means relative total stockholder return.

“*Reserves*” means estimated remaining quantities of oil and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and natural gas or related substances to market and all permits and financing required to implement the project. Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

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

“*Resources*” means quantities of oil and natural gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

“*Royalty*” means the share paid to the owner of mineral rights, expressed as a percentage of gross income from oil and natural gas produced and sold unencumbered by expenses relating to the drilling, completing and operating of the affected well.

“*Royalty interest*” means an interest in an oil and natural gas property entitling the owner to shares of oil and natural gas production, free of costs of exploration, development and production operations.

“*RSUs*” is an abbreviation for restricted stock units.

“*SARs*” is an abbreviation for stock appreciation rights.

“*SDWA*” is an abbreviation for the Safe Drinking Water Act, which governs the underground injection and disposal of wastewater.

“*SEC Pricing*” means pricing calculated using oil and natural gas price parameters established by current guidelines of the SEC and accounting rules based on the unweighted arithmetic average of oil and natural gas prices as of the first day of each of the 12 months ended on the given date.

“*Seismic Data*” means data produced by an exploration method of sending energy waves into the earth and recording the wave reflections to indicate the type, size, shape and depth of a subsurface rock formation. 2-D seismic provides two-dimensional information and 3-D seismic provides three-dimensional views.

“*Spacing*” means the distance between wells producing from the same reservoir. Spacing is often expressed in terms of acres, e.g., 40-acre spacing, and is often established by regulatory agencies.

“*SPCC plans*” means spill prevention, control and countermeasure plans.

“*Steamflood*” means cyclic or continuous steam injection.

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

“*Stimulating*” means mechanically inducing a crack or surface of breakage within rock not related to foliation or cleavage in metamorphic rock in order to enhance the permeability of rocks by connecting pores together.

“*Strip Pricing*” means pricing calculated using oil and natural gas price parameters established by current guidelines of the SEC and accounting rules with the exception of pricing that is based on average annual forward-month ICE (Brent) oil and NYMEX Henry Hub natural gas contract pricing in effect on a given date to reflect the market expectations as of that date.

“*Superfund*” is a commonly known term for CERLA.

“*UIC*” is an abbreviation for the Underground Injection Control program.

“*Unconventional resource plays*” means a resource play that uses methods other than traditional vertical well extraction. Unconventional resources are trapped in reservoirs with low permeability, meaning little to no ability for the oil or natural gas to flow through the rock and into a wellbore. Examples of unconventional oil resources include oil shales, oil sands, extra-heavy oil, gas-to-liquids and coal-to-liquids.

“*Undeveloped acreage*” means lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether or not such acreage contains proved reserves.

“*Unit*” means the joining of all or substantially all interests in a reservoir or field, rather than a single tract, to provide for development and operation without regard to separate property interests. Also, the area covered by a unitization agreement.

“*Unproved reserves*” means reserves that are considered less certain to be recovered than proved reserves. Unproved reserves may be further sub-classified to denote progressively increasing uncertainty of recoverability and include probable reserves and possible reserves.

“Well servicing and abandonment” means the CJWS business segment.

“*Wellbore*” means the hole drilled by the bit that is equipped for natural resource production on a completed well. Also called well or borehole.

“*Working interest*” means an interest in an oil and natural gas lease entitling the holder at its expense to conduct drilling and production operations on the leased property and to receive the net revenues attributable to such interest, after deducting the landowner’s royalty, any overriding royalties, production costs, taxes and other costs.

“*Workover*” means maintenance on a producing well to restore or increase production.

“*WST*” is an abbreviation for well stimulation treatment.

“*WTF*” means West Texas Intermediate.

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.

Berry Corporation (bry)
(Registrant)

Date: May 4, 2022

/s/ Cary Baetz

Cary Baetz
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: May 4, 2022

/s/ M. S. Helm

Michael S. Helm
Chief Accounting Officer
(Principal Accounting Officer)

**BERRY CORPORATION (BRY)
2022 OMNIBUS INCENTIVE PLAN**

1. **Purpose.** The purpose of the Berry Corporation (bry) 2022 Omnibus Incentive Plan (as amended, restated or otherwise modified from time to time, the “*Plan*”) is to provide a means through which (a) Berry Corporation (bry), a Delaware corporation (together with any successor thereto, the “*Company*”), and its Affiliates may attract, retain and motivate qualified persons as employees, directors and consultants, thereby enhancing the profitable growth of the Company and its Affiliates and (b) persons upon whom the responsibilities of the successful administration and management of the Company and its Affiliates rest, and whose present and potential contributions to the Company and its Affiliates are of importance, can acquire and maintain stock ownership or awards the value of which is tied to the performance of the Company, thereby strengthening their concern for the Company and its Affiliates. Accordingly, the Plan provides for the grant of Options, SARs, Restricted Stock, Restricted Stock Units, Stock Awards, Dividend Equivalents, Other Stock-Based Awards, Cash Awards, Substitute Awards, or any combination of the foregoing, as determined by the Committee in its sole discretion.

2. **Definitions.** For purposes of the Plan, the following terms shall be defined as set forth below:

(a) “*Affiliate*” means any corporation, partnership, limited liability company, limited liability partnership, association, trust or other organization that, directly or indirectly, controls, is controlled by, or is under common control with, the Company. For purposes of the preceding sentence, “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any entity or organization, shall mean the possession, directly or indirectly, of the power (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of the controlled entity or organization or (ii) to direct or cause the direction of the management and policies of the controlled entity or organization, whether through the ownership of voting securities, by contract, or otherwise.

(b) “*ASC Topic 718*” means the Financial Accounting Standards Board Accounting Standards Codification Topic 718, *Compensation – Stock Compensation*, as amended or any successor accounting standard.

(c) “*Award*” means any Option, SAR, Restricted Stock, Restricted Stock Unit, Stock Award, Dividend Equivalent, Other Stock-Based Award, Cash Award, or Substitute Award, together with any other right or interest, granted under the Plan.

(d) “*Award Agreement*” means any written instrument (including any employment, severance or change in control agreement) that sets forth the terms, conditions, restrictions and/or limitations applicable to an Award, in addition to those set forth under the Plan.

(e) “*Board*” means the Board of Directors of the Company.

(f) “*Cash Award*” means an Award denominated in cash granted under Section 6(i).

(g) “*Cause*” means “cause” (or a term of like import) as defined in the Participant’s Award Agreement governing the Award at issue or, if such term is not defined in the applicable Award Agreement, then “Cause” means “cause” (or a term of

like import) under the Company's severance plan covering the Participant or the Participant's employment or severance agreement with the Company or an Affiliate or, in the absence of such a plan or agreement that defines "cause" (or a term of like import), then Cause shall mean (i) the Participant's repeated failure to substantially fulfill the Participant's material obligations with respect to the Participant's employment (which failure, if able to be cured, remains uncured or continues or recurs 30 days after the Company provides written notice to the Participant); (ii) the Participant's conviction of, or plea of guilty or *nolo contendere* to, a felony or to a crime involving moral turpitude resulting in material financial or reputational harm to the Company or any of its Affiliates; (iii) the Participant's engaging in conduct that constitutes gross negligence or gross misconduct in carrying out the Participant's duties with respect to the Participant's employment; (iv) a material violation by the Participant of any non-competition, non-solicitation, confidentiality or other restrictive covenant obligation in any agreement between the Participant and the Company or any of its Affiliates; (v) any act by the Participant involving dishonesty relating to the business of the Company or any of its Affiliates that adversely and materially affects the business of the Company or any of its Affiliates; or (vi) a material breach by the Participant of the Company's written code of ethics or any other material written policy or regulation of the Company or any of its Affiliates governing the conduct of its employees or contractors (which breach, if able to be cured, remains uncured or continues or recurs 30 days after the Company provides written notice to the Participant).

(h) "**Change in Control**" means, except as otherwise provided in an Award Agreement or other written agreement with a Participant approved by the Committee, the occurrence of any of the following events:

(i) any "person," as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of Stock of the Company), becoming the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities;

(ii) during any period of 24 consecutive calendar months, individuals who were directors of the Company on the first day of such period (the "**Incumbent Directors**") cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination for election, by the Company's stockholders was approved by a vote of at least two-thirds of the Incumbent Directors will be considered as though such individual were an Incumbent Director, but excluding, for purposes of this proviso, any such individual whose initial assumption of office occurs as a result of an actual or threatened proxy contest with respect to election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as used in Section 13(d) of the Exchange Act), in each case, other than the Board, which individual, for the avoidance of doubt, shall not be deemed to be an Incumbent Director for purposes of this definition, regardless of whether such individual was approved by a vote of at least two-thirds of the Incumbent Directors;

(iii) consummation of a reorganization (excluding a reorganization under either Chapter 7 or Chapter 11 of Title 11 of the United States Code), merger, consolidation or other business combination (any of the foregoing, a “**Business Combination**”) of the Company or any direct or indirect subsidiary of the Company with any other entity, in any case, with respect to which the Company voting securities outstanding immediately prior to such Business Combination do not, immediately following such Business Combination, continue to represent (either by remaining outstanding or being converted into voting securities of the Company or any ultimate parent thereof) more than 50% of the then outstanding voting securities entitled to vote generally in the election of directors of the Company (or its successor) or any ultimate parent thereof after the Business Combination; or

(iv) (A) a complete liquidation or dissolution of the Company or (B) the consummation of a sale or disposition of all or substantially all of the assets of the Company and its subsidiaries (on a consolidated basis) in one or a series of related transactions.

Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any portion of an Award that provides for a deferral of compensation under the Nonqualified Deferred Compensation Rules, the transaction or event described in clauses (i), (ii), (iii) or (iv) above with respect to such Award (or portion thereof) must also constitute a “change in control event,” as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by the Nonqualified Deferred Compensation Rules.

(i) “**Change in Control Price**” means the amount determined in the following clause (i), (ii), (iii), (iv) or (v), whichever the Committee determines is applicable, as follows: (i) the price per share offered to holders of Stock in any merger or consolidation, (ii) the per share Fair Market Value of the Stock immediately before the Change in Control or other event without regard to assets sold in the Change in Control or other event and assuming the Company has received the consideration paid for the assets in the case of a sale of the assets, (iii) the amount distributed per share of Stock in a dissolution transaction, (iv) the price per share offered to holders of Stock in any tender offer or exchange offer whereby a Change in Control or other event takes place, or (v) if such Change in Control or other event occurs other than pursuant to a transaction described in clauses (i), (ii), (iii), or (iv) of this Section 2(h), the value per share of the Stock that may otherwise be obtained with respect to such Awards or to which such Awards track, as determined by the Committee as of the date determined by the Committee to be the date of cancellation and surrender of such Awards. In the event that the consideration offered to stockholders of the Company in any transaction described in this Section 2(h) or in Section 8(e) consists of anything other than cash, the Committee shall determine the fair market value of the portion of the consideration offered that is other than cash and such determination shall be final, conclusive and binding on all affected Participants to the extent applicable to Awards held by such Participants.

(j) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time, including the guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto.

(k) “**Committee**” means a committee of two or more directors designated by the Board to administer the Plan; provided, however, that, unless otherwise determined by the Board, the Committee shall consist solely of two or more Qualified Members.

(l) “**Dividend Equivalent**” means a right, granted to an Eligible Person under Section 6(g), to receive cash, Stock, other Awards or other property equal in value to dividends paid with respect to a specified number of shares of Stock, or other periodic payments.

(m) “**Effective Date**” means March 1, 2022.

(n) “**Eligible Person**” means any individual who, as of the date of grant of an Award, is an officer or employee of the Company or of any of its Affiliates, and any other person who provides services to the Company or any of its Affiliates, including directors of the Company; provided, however, that, any such individual must be an “employee” of the Company or any of its parents or subsidiaries within the meaning of General Instruction A.1(a) to Form S-8 if such individual is granted an Award that may result in such individual receiving Stock. An employee on leave of absence may be an Eligible Person.

(o) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended from time to time, including the guidance, rules and regulations promulgated thereunder and successor provisions, guidance, rules and regulations thereto.

(p) “**Fair Market Value**” of a share of Stock means, as of any specified date, (i) if the Stock is listed on a national securities exchange, the closing sales price of the Stock, as reported on the stock exchange composite tape on that date (or if no sales occur on such date, on the last preceding date on which such sales of the Stock are so reported); (ii) if the Stock is not traded on a national securities exchange but is traded over the counter on such date, the average between the reported high and low bid and asked prices of Stock on the most recent date on which Stock was publicly traded on or preceding the specified date; or (iii) in the event Stock is not publicly traded at the time a determination of its value is required to be made under the Plan, the amount determined by the Committee in its discretion in such manner as it deems appropriate, taking into account all factors the Committee deems appropriate, including the Nonqualified Deferred Compensation Rules. Notwithstanding this definition of Fair Market Value, with respect to one or more Award types, or for any other purpose for which the Committee must determine the Fair Market Value under the Plan, the Committee may elect to choose a different measurement date or methodology for determining Fair Market Value so long as the determination is consistent with the Nonqualified Deferred Compensation Rules and all other applicable laws and regulations.

(q) “**Good Reason**” (or a similar term denoting constructive termination) has the meaning, if any, assigned to such term in the Company’s severance plan covering the Participant or the Participant’s employment or severance agreement with the Company or an Affiliate or, in the absence of such a plan or agreement that defines “Good Reason,” then “Good Reason” shall have the meaning, if any, given to such term in the applicable Award Agreement governing the Award at issue. If not defined in any such documents, the term “Good Reason” as used herein shall not apply to the Participant’s Award at issue.

(r) “**ISO**” means an Option intended to be and designated as an “incentive stock option” within the meaning of Section 422 of the Code.

(s) “**Nonqualified Deferred Compensation Rules**” means the limitations and requirements of Section 409A of the Code, as amended from time to time, including the

guidance and regulations promulgated thereunder and successor provisions, guidance and regulations thereto.

(t) “**Nonstatutory Option**” means an Option that is not an ISO.

(u) “**Option**” means a right, granted to an Eligible Person under Section 6(b), to purchase Stock at a specified price during specified time periods, which may either be an ISO or a Nonstatutory Option.

(v) “**Other Stock-Based Award**” means an Award granted to an Eligible Person under Section 6(h).

(w) “**Participant**” means a person who has been granted an Award under the Plan that remains outstanding, including a person who is no longer an Eligible Person.

(x) “**Prior Plan**” means the Berry Petroleum Corporation 2017 Omnibus Incentive Plan, as amended and restated effective as of June 27, 2018.

(y) “**Qualified Member**” means a member of the Board who is (i) a “non-employee director” within the meaning of Rule 16b-3(b)(3), and (ii) “independent” under the listing standards or rules of the securities exchange upon which the Stock is traded, but only to the extent such independence is required in order to take the action at issue pursuant to such standards or rules.

(z) “**Restricted Stock**” means Stock granted to an Eligible Person under Section 6(d) that is subject to certain restrictions and to a risk of forfeiture.

(aa) “**Restricted Stock Unit**” means a right, granted to an Eligible Person under Section 6(e), to receive Stock, cash or a combination thereof at the end of a specified period or upon the occurrence of an event (which may or may not be coterminous with the vesting schedule of the Award).

(ab) “**Rule 16b-3**” means Rule 16b-3, promulgated by the SEC under Section 16 of the Exchange Act.

(ac) “**SAR**” means a stock appreciation right granted to an Eligible Person under Section 6(c).

(ad) “**SEC**” means the Securities and Exchange Commission.

(ae) “**Securities Act**” means the Securities Act of 1933, as amended from time to time, including the guidance, rules and regulations promulgated thereunder and successor provisions, guidance, rules and regulations thereto.

(af) “**Stock**” means the Company’s Common Stock, par value \$0.001 per share, and such other securities as may be substituted (or re-substituted) for Stock pursuant to Section 8.

(ag) “**Stock Award**” means unrestricted shares of Stock granted to an Eligible Person under Section 6(f).

(ah) “*Substitute Award*” means an Award granted under Section 6(j).

3. Administration.

(a) Authority of the Committee. The Plan shall be administered by the Committee except to the extent the Board elects to administer the Plan, in which case references herein to the “Committee” shall be deemed to include references to the “Board.” Subject to the express provisions of the Plan, Rule 16b-3 and other applicable laws, the Committee shall have the authority, in its sole and absolute discretion, to:

- (i) designate Eligible Persons as Participants;
- (ii) determine the type or types of Awards to be granted to an Eligible Person;
- (iii) determine the number of shares of Stock or amount of cash to be covered by Awards;
- (iv) determine the terms and conditions of any Award, including whether, to what extent and under what circumstances Awards may be vested, settled, exercised, cancelled or forfeited (including conditions based on continued employment or service requirements or the achievement of one or more performance goals);
- (v) modify, waive or adjust any term or condition of an Award that has been granted, which may include the acceleration of vesting, waiver of forfeiture restrictions, modification of the form of settlement of the Award (for example, from cash to Stock or vice versa), early termination of a performance period, or modification of any other condition or limitation regarding an Award;
- (vi) determine the treatment of an Award upon a termination of employment or other service relationship;
- (vii) impose a holding period with respect to an Award or the shares of Stock received in connection with an Award;
- (viii) interpret and administer the Plan and any Award Agreement;
- (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan, in any Award, or in any Award Agreement; and
- (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. Any action of the Committee shall be final, conclusive and binding on all persons, including the Company, its Affiliates, stockholders, Participants, beneficiaries, and permitted transferees under Section 7(a) or other persons claiming rights from or through a Participant. Notwithstanding anything to the contrary herein, the Board may, in its sole discretion, at any time and from time

to time, exercise any and all rights, duties and responsibilities of the Committee under the Plan, including establishing procedures to be followed by the Committee, but excluding matters that under any applicable law, regulation or rule are required to be determined in the sole discretion of the Committee.

(b) Exercise of Committee Authority. At any time that a member of the Committee is not a Qualified Member, any action of the Committee relating to an Award granted or to be granted to an Eligible Person who is then subject to Section 16 of the Exchange Act in respect of the Company where such action is not taken by the full Board may be taken either (i) by a subcommittee, designated by the Committee, composed solely of two or more Qualified Members, or (ii) by the Committee but with each such member who is not a Qualified Member abstaining or recusing himself or herself from such action; provided, however, that upon such abstention or recusal, the Committee remains composed solely of two or more Qualified Members. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such non-Qualified Member(s), shall be the action of the Committee for purposes of the Plan. For the avoidance of doubt, the full Board may take any action relating to an Award granted or to be granted to an Eligible Person who is then subject to Section 16 of the Exchange Act in respect of the Company.

(c) Delegation of Authority. The Committee may delegate any or all of its powers and duties under the Plan to a subcommittee of directors or to any officer of the Company, including the power to perform administrative functions and grant Awards; provided, however, that such delegation does not (i) violate applicable law, or (ii) result in the loss of an exemption under Rule 16b-3(d)(1) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company. Upon any such delegation, all references in the Plan to the "Committee," other than in Section 8, shall be deemed to include any subcommittee or officer of the Company to whom such powers have been properly delegated by the Committee. Any such delegation shall not limit the right of such subcommittee members or such an officer to receive Awards; provided, however, that such subcommittee members and any such officer may not grant Awards to himself or herself, a member of the Board, or any executive officer of the Company or an Affiliate, or take any action with respect to any Award previously granted to himself or herself, a member of the Board, or any executive officer of the Company or an Affiliate. Any such delegation may be revoked by the Committee at any time. The Committee may also appoint agents who are not executive officers of the Company or members of the Board to assist in administering the Plan, provided, however, that such individuals may not be delegated the authority to grant or modify any Awards that will, or may, be settled in Stock.

(d) Limitation of Liability. The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or employee of the Company or any of its Affiliates, the Company's legal counsel, independent auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee and any officer or employee of the Company or any of its Affiliates acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the fullest extent permitted by law, be indemnified and held harmless by the Company with respect to any such action or determination.

(e) Participants in Non-U.S. Jurisdictions. Notwithstanding any provision of the Plan to the contrary, to comply with applicable laws in countries other than the United

States in which the Company or any of its Affiliates operates or has employees, directors or other service providers from time to time, or to ensure that the Company complies with any applicable requirements of foreign securities exchanges, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which of the Company's Affiliates will be covered by the Plan; (ii) determine which Eligible Persons outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to Eligible Persons outside the United States to comply with applicable foreign laws or listing requirements of any foreign exchange; (iv) establish sub-plans and modify exercise procedures and other terms and procedures, to the extent such actions may be necessary or advisable (any such sub-plans and/or modifications shall be attached to the Plan as appendices), provided, however, that no such sub-plans and/or modifications shall increase the share limitations contained in Section 4(a); and (v) take any action, before or after an Award is granted, that it deems advisable to comply with any applicable governmental regulatory exemptions or approval or listing requirements of any such foreign securities exchange. For purposes of the Plan, all references to foreign laws, rules, regulations or taxes shall be references to the laws, rules, regulations and taxes of any applicable jurisdiction other than the United States or a political subdivision thereof.

4. Stock Subject to Plan.

(a) Number of Shares Available for Delivery. Subject to approval of the Plan by the Company's stockholders and, subject further to adjustment in a manner consistent with Section 8, (i) 2.95 million shares of Stock are reserved and available for delivery with respect to Awards, which amount consists of 650,000 shares of Stock remaining available for new awards under the Prior Plan as of the Effective Date (after counting for outstanding performance-based awards at the maximum payout level) *plus* an additional 2,300,000 shares of Stock newly reserved for issuance under the Plan, and such total number of shares of Stock shall be available for the issuance of shares upon the exercise of ISOs, *plus* (ii) the number of shares of Stock that become available for Awards under this Plan pursuant to Section 4(d) below. For the avoidance of doubt, if this Plan is not approved by the Company's stockholders then no shares of Stock will be reserved for issuance under the Plan and the Plan will be used solely to grant awards that are settled in cash.

(b) Application of Limitation to Grants of Awards. Subject to Section 4(d), no Award may be granted if the number of shares of Stock that must be delivered in connection with such Award exceeds the number of shares of Stock remaining available under the Plan minus the number of shares of Stock issuable in settlement of or relating to then-outstanding Awards. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or Substitute Awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award.

(c) Availability of Shares Not Delivered under Awards. Shares of Stock subject to an Award that expires or is cancelled, forfeited, exchanged, settled in cash or otherwise terminated without actual delivery of shares will again be available for delivery with respect to Awards. For the avoidance of doubt, Awards of Restricted Stock shall not be considered "delivered shares" for this purpose until such Awards become vested. Notwithstanding the foregoing, (i) the number of shares withheld or surrendered to the

Company in payment of any exercise or purchase price of an Option or SAR or taxes relating to an Option or SAR, including shares that were subject to an Option or SAR but were not issued or delivered as a result of the net settlement or net exercise of such Option or SAR and (ii) shares repurchased on the open market with the proceeds of an Option's exercise price will be considered "delivered shares" and will not, in each case, be again available for delivery with respect to Awards. The number of shares of Stock withheld in payment of the tax withholding obligation related an Award other than an Option or SAR will be again available for delivery with respect to Awards under the Plan. For the avoidance of doubt, if an Award (or portion thereof) is settled in cash, such Award (or portion thereof) need not be counted against any share limit under this Section 4.

(d) Shares Available Under the Prior Plan. If the Company's stockholders approve the Plan, then shares of Stock subject to an award granted under the Prior Plan and outstanding as of the Effective Date (a "**Prior Award**") that expire or are cancelled, forfeited, exchanged, settled in cash or otherwise terminated (including shares forfeited with respect to Restricted Stock) shall become available for delivery with respect to future grants of Awards under the Plan to the extent of such expiration, cancelation, forfeiture, exchange, settlement in cash or other termination. For the avoidance of doubt, a number of shares of Stock equal to the difference between (i) the maximum number of shares of Stock that could have been settled pursuant to performance-based Prior Awards and (ii) the actual number of shares of Stock delivered upon settlement of performance-based Prior Awards shall become available for future grants of Awards under the Plan. Notwithstanding anything to the contrary contained herein, the following shares of Stock subject to Prior Awards shall not be added to the shares of Stock authorized for grant under Section 4(a) and shall not be available for future grants of Awards: (i) the number of shares tendered or withheld in payment of any exercise or purchase price of a Prior Award or taxes relating to a Prior Award, (ii) shares that were subject to a stock option or stock appreciation right that was a Prior Award but were not issued or delivered as a result of the net settlement or net exercise of such stock option or stock appreciation right, and (iii) shares repurchased on the open market with the proceeds of a stock option's exercise price where such stock option was a Prior Award. If the Company's stockholders approve the Plan, then no awards will be granted under the Prior Plan on or following the Effective Date. If the Company's stockholders do not approve the Plan, then the Company may grant awards under the Prior Plan following the Effective Date in compliance with the terms and provisions of the Prior Plan and no Shares subject to Prior Awards will become available for grant under the Plan, as described in this Section 4(d).

(e) Shares Available Following Certain Transactions. Substitute Awards granted in accordance with applicable stock exchange requirements and in substitution or exchange for awards previously granted by a company acquired by the Company or any subsidiary or with which the Company or any subsidiary combines shall not reduce the shares authorized for issuance under the Plan or the limitations on grants to non-employee members of the Board under Section 5(b), nor shall shares subject to such Substitute Awards be added to the shares available for issuance under the Plan (whether or not such Substitute Awards are later cancelled, forfeited or otherwise terminated). Additionally, in the event that a company acquired by the Company or any subsidiary or with which the Company or any subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to

determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may, if and to the extent determined by the Board and subject to compliance with applicable stock exchange requirements, be used for Awards under the Plan and shall not reduce the shares authorized for issuance under the Plan (and shares subject to such Awards shall not be added to the shares available for issuance under the Plan as provided above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not, prior to such acquisition or combination, employed by (and who were not non-employee directors or consultants of) the Company or any of its subsidiaries immediately prior to such acquisition or combination.

(f) Stock Offered. The shares of Stock to be delivered under the Plan shall be made available from (i) authorized but unissued shares of Stock, (ii) Stock held in the treasury of the Company, or (iii) previously issued shares of Stock reacquired by the Company, including shares purchased on the open market.

5. **Eligibility; Award Limitations for Non-Employee Members of the Board.**

(a) Awards may be granted under the Plan only to Eligible Persons.

(b) In each calendar year during any part of which the Plan is in effect, a non-employee member of the Board may not be paid total compensation (including the aggregate grant date fair value of Awards (determined pursuant to ASC Topic 718 or other applicable financial accounting rules), retainers and other fees related to service on the Board or committees of the Board, whether paid currently or on a deferred basis and whether paid in cash, Stock or other property) for such non-employee member's service on the Board in excess of (i) \$1,000,000 in the case of the chair of the Board and (ii) \$650,000 in the case of any non-employee member of the Board other than the chair of the Board; provided, that, for the calendar year in which a non-employee member of the Board first commences service on the Board only, the foregoing limitations shall be doubled; provided, further that the limits set forth in this Section 5(b) shall be without regard to grants of Awards, if any, made to a non-employee member of the Board during any period in which such individual was an employee of the Company or of any of its Affiliates or was otherwise providing services to the Company or to any of its Affiliates other than in the capacity as a director of the Company.

6. **Specific Terms of Awards.**

(a) General.

(i) Awards may be granted on the terms and conditions set forth in this Section 6. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone, in addition to, or in tandem with any other Award. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 10), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine in its sole discretion. Without limiting the scope of the preceding sentence, the Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance goals applicable to an Award, and any such performance goals may differ among Awards granted to any one Participant or to different

Participants. To the extent provided in an Award Agreement, the Committee may exercise its discretion to reduce or increase the amounts payable under any Award.

(ii) Without limiting the scope of Section 6(a)(i), with respect to any performance-based conditions, (i) the Committee may use one or more business criteria or other measures of performance as it may deem appropriate in establishing any performance goals applicable to an Award, (ii) any such performance goals may relate to the performance of the Participant, the Company (on a consolidated basis) or to specified subsidiaries, business or geographical units or operating areas of the Company or any of its Affiliates, (iii) the performance period or periods over which performance goals will be measured shall be established by the Committee, and (iv) any such performance goals and performance periods may differ among Awards granted to any one Participant or to different Participants.

(iii) Subject to Section 8(e), any Award (or portion thereof) granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted; provided, however, that, notwithstanding the foregoing, Awards that result in the issuance of an aggregate of up to 5% of the shares of Stock available pursuant to Section 4 may be granted to any one or more Eligible Persons without respect to and/or administered without regard for this minimum vesting provision. For the avoidance of doubt, the grant of Stock Awards will count against the 5% limit described in the immediately preceding sentence. No Award Agreement shall be permitted to reduce or eliminate the requirements of this Section 6(a)(iii). Nothing in this Section 6(a)(iii) shall preclude the Committee from taking action, in its sole discretion, to accelerate the vesting of any Award for any reason.

(b) Options. The Committee is authorized to grant Options, which may be designated as either ISOs or Nonstatutory Options, to Eligible Persons on the following terms and conditions and such additional terms, conditions and restrictions, not inconsistent with the provisions of the Plan, as the Committee shall determine in its sole discretion:

(i) Exercise Price. Each Award Agreement evidencing an Option shall state the exercise price per share of Stock (the "Exercise Price") established by the Committee; provided, however, that except as provided in Section 6(j) or in Section 8, the Exercise Price of an Option shall not be less than the greater of (A) the par value per share of the Stock or (B) 100% of the Fair Market Value per share of the Stock as of the date of grant of the Option (or in the case of an ISO granted to an individual who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent or any of its subsidiaries, 110% of the Fair Market Value per share of the Stock on the date of grant).

(ii) Time and Method of Exercise; Other Terms. The Committee shall determine the methods by which the Exercise Price may be paid or deemed to be paid, the form of such payment, including cash or cash equivalents, Stock (including previously owned shares or through a cashless exercise, i.e., "net settlement", a broker-assisted exercise, or other reduction of the amount of shares otherwise issuable pursuant to the Option), other Awards or awards granted under other plans of the Company or any Affiliate, other property, or any other legal

consideration the Committee deems appropriate (including notes or other contractual obligations of Participants to make payment on a deferred basis), the methods by or forms in which Stock will be delivered or deemed to be delivered to Participants, including the delivery of Restricted Stock subject to Section 6(d), and any other terms and conditions of any Option. In the case of an exercise whereby the Exercise Price is paid with Stock, such Stock shall be valued based on the Stock's Fair Market Value as of the date of exercise. No Option may be exercisable for a period of more than ten years following the date of grant of the Option (or in the case of an ISO granted to an individual who owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent or any of its subsidiaries, for a period of more than five years following the date of grant of the ISO); provided, that if the period to exercise the Option (other than in the case of an ISO) would expire at a time when trading in the shares of Stock is prohibited by the Company's insider trading policy (or any Company-imposed "blackout period") or any applicable law, then the period to exercise the Option shall be automatically extended until the 30th day following the expiration of such prohibition.

(iii) ISOs. The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Section 422 of the Code. ISOs may only be granted to Eligible Persons who are employees of the Company or employees of a parent or any subsidiary corporation of the Company (within the meaning of Sections 424(e) and (f) of the Code). Except as otherwise provided in Section 8, no term of the Plan relating to ISOs (including any SAR in tandem therewith) shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be exercised, so as to disqualify either the Plan or any ISO under Section 422 of the Code, unless notice has been provided to the Participant that such change will result in such disqualification. ISOs shall not be granted more than ten years after the earlier of the adoption of the Plan or the approval of the Plan by the Company's stockholders. Notwithstanding the foregoing, to the extent that the aggregate Fair Market Value of shares of Stock subject to an ISO and the aggregate Fair Market Value of shares of stock of any parent or subsidiary corporation (within the meaning of Sections 424(e) and (f) of the Code) subject to any other incentive stock options of the Company or a parent or subsidiary corporation (within the meaning of Sections 424(e) and (f) of the Code) that are exercisable for the first time by a Participant during any calendar year exceeds \$100,000, or such other amount as may be prescribed under Section 422 of the Code, such excess shall be treated as Nonstatutory Options in accordance with the Code. As used in the previous sentence, Fair Market Value shall be determined as of the date the ISO is granted. If a Participant shall make any disposition of shares of Stock issued pursuant to an ISO under the circumstances described in Section 421(b) of the Code (relating to disqualifying dispositions), the Participant shall notify the Company of such disposition within the time provided to do so in the applicable Award Agreement.

(c) SARs. The Committee is authorized to grant SARs to Eligible Persons on the following terms and conditions and such additional terms, conditions and restrictions, not inconsistent with the provisions of the Plan, as the Committee shall determine in its sole discretion:

(i) Right to Payment. An SAR is a right to receive, upon exercise thereof, the excess of (A) the Fair Market Value of one share of Stock on the date of exercise over (B) the grant price of the SAR as determined by the Committee.

(ii) Grant Price. Each Award Agreement evidencing an SAR shall state the grant price per share of Stock established by the Committee; provided, however, that except as provided in Section 6(j) or in Section 8, the grant price per share of Stock subject to an SAR shall not be less than the greater of (A) the par value per share of the Stock or (B) 100% of the Fair Market Value per share of the Stock as of the date of grant of the SAR.

(iii) Method of Exercise and Settlement; Other Terms. The Committee shall determine the form of consideration payable upon settlement, the method by or forms in which Stock (if any) will be delivered or deemed to be delivered to Participants, and any other terms and conditions of any SAR. SARs may be either free-standing or granted in tandem with other Awards. No SAR may be exercisable for a period of more than ten years following the date of grant of the SAR; provided, that if the period to exercise the SAR would expire at a time when trading in the shares of Stock is prohibited by the Company's insider trading policy (or any Company-imposed "blackout period") or any applicable law, then the period to exercise the SAR shall be automatically extended until the 30th day following the expiration of such prohibition.

(iv) Rights Related to Options. An SAR granted in connection with an Option shall entitle a Participant, upon exercise, to surrender that Option or any portion thereof, to the extent unexercised, and to receive payment of an amount determined by multiplying (A) the difference obtained by subtracting the Exercise Price with respect to a share of Stock specified in the related Option from the Fair Market Value of a share of Stock on the date of exercise of the SAR, by (B) the number of shares as to which that SAR has been exercised. The Option shall then cease to be exercisable to the extent surrendered. SARs granted in connection with an Option shall be subject to the terms and conditions of the Award Agreement governing the Option, which shall provide that the SAR is exercisable only at such time or times and only to the extent that the related Option is exercisable and shall not be transferable except to the extent that the related Option is transferrable.

(d) Restricted Stock. The Committee is authorized to grant Restricted Stock to Eligible Persons on the following terms and conditions and such additional terms, conditions and restrictions, not inconsistent with the provisions of the Plan, as the Committee shall determine in its sole discretion:

(i) Restrictions. Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose. Except as provided in Section 7(a)(iii) and Section 7(a)(iv), during the restricted period applicable to the Restricted Stock, the Restricted Stock may not be sold, transferred, pledged, hedged, hypothecated, margined or otherwise encumbered by the Participant.

(ii) Dividends and Splits. As a condition to the grant of an Award of Restricted Stock, the Committee may allow a Participant to elect, or may require, that any cash dividends paid on a share of Restricted Stock be automatically

reinvested in additional shares of Restricted Stock, applied to the purchase of additional Awards or deferred without interest to the date of vesting of the associated Award of Restricted Stock. Stock distributed in connection with a Stock split or a Stock dividend, and other property (other than cash) distributed as a dividend, in each case, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.

(e) Restricted Stock Units. The Committee is authorized to grant Restricted Stock Units to Eligible Persons on the following terms and conditions and such additional terms, conditions and restrictions, not inconsistent with the provisions of the Plan, as the Committee shall determine in its sole discretion:

(i) Award and Restrictions. Restricted Stock Units shall be subject to such restrictions (which may include a risk of forfeiture) as the Committee may impose.

(ii) Settlement. Settlement of vested Restricted Stock Units shall occur upon vesting or upon expiration of the deferral period specified for such Restricted Stock Units by the Committee (or, if permitted by the Committee, as elected by the Participant). Restricted Stock Units shall be settled by delivery of (A) a number of shares of Stock equal to the number of Restricted Stock Units for which settlement is due, or (B) cash in an amount equal to the Fair Market Value of the specified number of shares of Stock equal to the number of Restricted Stock Units for which settlement is due, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(f) Stock Awards. The Committee is authorized to grant Stock Awards to Eligible Persons as a bonus, as additional compensation, or in lieu of cash compensation any such Eligible Person is otherwise entitled to receive, in such amounts and subject to such other terms, conditions and restrictions, not inconsistent with the provisions of the Plan, as the Committee in its sole discretion determines to be appropriate.

(g) Dividend Equivalents. The Committee is authorized to grant Dividend Equivalents to Eligible Persons, entitling any such Eligible Person to receive cash, Stock, other Awards, or other property equal in value to dividends or other distributions paid with respect to a specified number of shares of Stock on such terms, conditions and restrictions, not inconsistent with the provisions of the Plan, as the Committee shall determine in its sole discretion. Dividend Equivalents may be awarded on a free-standing basis or in connection with another Award (other than an Award of Restricted Stock or a Stock Award). The Committee may provide that Dividend Equivalents that are granted on a free-standing basis shall be paid or distributed when accrued or at a later specified date and, if distributed at a later date, may be deemed to have been reinvested in additional Stock, Awards, or other investment vehicles or accrued in a bookkeeping account without interest, and subject to such restrictions on transferability and risks of forfeiture, as the Committee may specify. Dividend Equivalents granted in connection with another Award shall be subject to the same restrictions and risk of forfeiture as the Award with respect to which the dividends accrue and shall not be paid unless and until such Award has vested and been earned.

(h) Other Stock-Based Awards. The Committee is authorized, subject to limitations under applicable law, to grant to Eligible Persons such other Awards that may

be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Stock, as deemed by the Committee to be consistent with the purposes of the Plan, including convertible or exchangeable debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or any other factors designated by the Committee, and Awards valued by reference to the book value of Stock or the value of securities of, or the performance of, specified Affiliates of the Company. The Committee shall determine the terms, conditions and restrictions of such Other Stock-Based Awards, not inconsistent with the provisions of the Plan, as the Committee shall determine in its sole discretion. Stock delivered pursuant to an Other-Stock Based Award in the nature of a purchase right granted under this Section 6(h) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including cash, Stock, other Awards, or other property, as the Committee shall determine.

(i) Cash Awards. The Committee is authorized to grant Cash Awards, on a free-standing basis or as an element of, a supplement to, or in lieu of any other Award under the Plan to Eligible Persons in such amounts and subject to such other terms, restrictions and conditions, not inconsistent with the provisions of the Plan, as the Committee in its discretion determines to be appropriate, including for purposes of any annual or short-term incentive or other bonus program.

(j) Substitute Awards. Awards may be granted in substitution or exchange for any other Award granted under the Plan or under another plan of the Company or an Affiliate or any other right of an Eligible Person to receive payment from the Company or an Affiliate. Awards may also be granted under the Plan in substitution for awards held by individuals who become Eligible Persons as a result of a merger, consolidation or acquisition of another entity or the assets of another entity by or with the Company or an Affiliate. Such Substitute Awards referred to in the immediately preceding sentence that are Options or SARs may have an exercise price that is less than the Fair Market Value of a share of Stock on the date of the substitution if such substitution complies with the Nonqualified Deferred Compensation Rules and other applicable laws and exchange rules.

(k) No Repricing. Except as provided in Section 6(j) or in Section 8, without the approval of the stockholders of the Company, the terms of outstanding Awards may not be amended to (i) reduce the Exercise Price or grant price of an outstanding Option or SAR, (ii) grant a new Option, SAR or other Award in substitution for, or upon the cancellation of, any previously granted Option or SAR that has the effect of reducing the Exercise Price or grant price thereof, (iii) exchange any Option or SAR for Stock, cash or other consideration when the Exercise Price or grant price per share of Stock under such Option or SAR equals or exceeds the Fair Market Value of a share of Stock or (iv) take any other action that would be considered a “repricing” of an Option or SAR under the applicable listing standards of the national securities exchange on which the Stock is listed (if any).

7. **Certain Provisions Applicable to Awards.**

(a) Limit on Transfer of Awards.

(i) Except as provided in Sections 7(a)(iii) and (iv), each Option and SAR shall be exercisable only by the Participant during the Participant’s lifetime, or by the person to whom the Participant’s rights shall pass by will or the laws of

descent and distribution. Notwithstanding anything to the contrary in this Section 7(a), an ISO shall not be transferable other than by will or the laws of descent and distribution.

(ii) Except as provided in Sections 7(a)(i), (iii) and (iv), no Award, other than a Stock Award, and no right under any such Award, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate.

(iii) To the extent specifically provided by the Committee and permitted pursuant to Form S-8 and the instructions thereto, an Award may be transferred by a Participant on such terms and conditions as the Committee may from time to time establish; provided, however, that no Award (other than a Stock Award, which is a fully vested share of Stock at the time of grant) may be transferred to a third-party financial institution for value.

(iv) An Award may be transferred pursuant to a domestic relations order entered or approved by a court of competent jurisdiction upon delivery to the Company of a written request for such transfer and a certified copy of such order.

(b) Form and Timing of Payment under Awards; Deferrals. Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or any of its Affiliates upon the exercise or settlement of an Award may be made in such forms as the Committee shall determine in its discretion, including cash, Stock, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis (which may be required by the Committee or permitted at the election of the Participant on terms and conditions established by the Committee); provided, however, that any such deferred or installment payments will be set forth in the Award Agreement. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Stock.

(c) Evidencing Stock. The Stock or other securities of the Company delivered pursuant to an Award may be evidenced in any manner deemed appropriate by the Committee in its sole discretion, including in the form of a certificate issued in the name of the Participant or by book entry, electronic or otherwise, and shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the SEC, any stock exchange upon which such Stock or other securities are then listed, and any applicable laws, and the Committee may cause a legend or legends to be inscribed on any such certificates to make appropriate reference to such restrictions. Further, if certificates representing Restricted Stock are registered in the name of the Participant, the Company may retain physical possession of the certificates and may require that the Participant deliver a stock power to the Company, endorsed in blank, related to the Restricted Stock.

(d) Consideration for Grants. Awards may be granted for such consideration, including services, as the Committee shall determine, but shall not be granted for less than the minimum lawful consideration.

(e) Additional Agreements. Each Eligible Person to whom an Award is granted under the Plan may be required to agree in writing, as a condition to the grant of such Award or otherwise, to subject an Award that is exercised or settled following such Eligible Person's termination of employment or service to a general release of claims and/or a noncompetition or other restricted covenant agreement in favor of the Company and its Affiliates, with the terms and conditions of such agreement(s) to be determined in good faith by the Committee.

(f) Dividends and Dividend Equivalents Subject to Forfeiture. Any dividend or Dividend Equivalent credited with respect to an Award (except for dividends paid following the grant of a Stock Award, which is an Award of unrestricted (i.e., fully vested) shares of Stock) shall be subject to restrictions and a risk of forfeiture to the same extent as the Award with respect to which such Stock or other property has been distributed and shall not be delivered unless and until such Award has vested and been earned.

8. **Subdivision or Consolidation; Recapitalization; Change in Control; Reorganization.**

(a) Existence of Plans and Awards. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Company, the Board or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Stock or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(b) Additional Issuances. Except as expressly provided herein, the issuance by the Company of shares of stock of any class, including upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to Awards theretofore granted or the purchase price per share of Stock, if applicable.

(c) Subdivision or Consolidation of Shares. The terms of an Award and the share limitations under the Plan shall be subject to adjustment by the Committee from time to time, in accordance with the following provisions:

(i) If at any time, or from time to time, the Company shall subdivide as a whole (by reclassification, by a Stock split, by the issuance of a distribution on Stock payable in Stock, or otherwise) the number of shares of Stock then outstanding into a greater number of shares of Stock or in the event the Company distributes an extraordinary cash dividend, then, as appropriate (A) the maximum number of shares of Stock available for delivery with respect to Awards and applicable limitations with respect to Awards provided in Section 4 and Section 5 (other than cash limits) shall be increased proportionately, and the kind of shares or other securities available for the Plan shall be appropriately adjusted, (B) the number of shares of Stock (or other kind of shares or securities) that may be acquired under any then outstanding Award shall be increased proportionately, and (C) the price (including the Exercise Price or grant price) for each share of Stock (or other kind of shares or securities) subject to then outstanding Awards

shall be reduced proportionately, without changing the aggregate purchase price or value as to which outstanding Awards remain exercisable or subject to restrictions; provided, however, that in the case of an extraordinary cash dividend that is not an Adjustment Event, the adjustment to the number of shares of Stock and the Exercise Price or grant price, as applicable, with respect to an outstanding Option or SAR may be made in such other manner as the Committee may determine that is permitted pursuant to applicable tax and other laws, rules and regulations.

(ii) If at any time, or from time to time, the Company shall consolidate as a whole (by reclassification, by reverse Stock split, or otherwise) the number of shares of Stock then outstanding into a lesser number of shares of Stock, then, as appropriate (A) the maximum number of shares of Stock available for delivery with respect to Awards and applicable limitations with respect to Awards provided in Section 4(a) and Section 5(b) (other than cash limits) shall be decreased proportionately, and the kind of shares or other securities available for the Plan shall be appropriately adjusted, (B) the number of shares of Stock (or other kind of shares or securities) that may be acquired under any then outstanding Award shall be decreased proportionately, and (C) the price (including the Exercise Price or grant price) for each share of Stock (or other kind of shares or securities) subject to then outstanding Awards shall be increased proportionately, without changing the aggregate purchase price or value as to which outstanding Awards remain exercisable or subject to restrictions.

(d) Recapitalization. In the event of any change in the capital structure or business of the Company or other corporate transaction or event that would be considered an “equity restructuring” within the meaning of ASC Topic 718 and, in each case, that would result in an additional compensation expense to the Company pursuant to the provisions of ASC Topic 718, if adjustments to Awards with respect to such event were discretionary or otherwise not required (each such an event, an “*Adjustment Event*”), then the Committee shall equitably adjust (i) the aggregate number or kind of shares that thereafter may be delivered under the Plan, (ii) the number or kind of shares or other property (including cash) subject to an Award, (iii) the terms and conditions of Awards, including the purchase price or Exercise Price of Awards and performance goals, as applicable, and (iv) the applicable limitations with respect to Awards provided in Section 4(a) and Section 5(b) (other than cash limits) to equitably reflect such Adjustment Event (“*Equitable Adjustments*”). In the event of any change in the capital structure or business of the Company or other corporate transaction or event that would not be considered an Adjustment Event, and is not otherwise addressed in this Section 8, the Committee shall have complete discretion to make Equitable Adjustments (if any) in such manner as it deems appropriate with respect to such other event.

(e) Change in Control.

(i) Treatment of Awards Assumed or Substituted by a Successor Entity.

(A) Except as otherwise provided in an Award Agreement, in the event of a Change in Control in which any successor entity assumes outstanding Awards or substitutes similar awards under the successor entity’s equity compensation plan for outstanding Awards on the same terms and conditions as the original Awards, such Awards that are

assumed or substituted shall not vest solely as a result of the occurrence of the Change in Control.

(B) Except as otherwise provided in an Award Agreement, if, in connection with or within 12 months following a Change in Control, a Participant's service, consulting relationship, or employment with the Company, its Affiliates and any successor entity and its affiliates is terminated without Cause or the Participant resigns for Good Reason, the vesting and exercisability of all Awards, including substitute awards, then held by such Participant will be accelerated in full and such Awards will be settled, as applicable, no later than 60 days following the conclusion of the Participant's service or employment relationship (unless the Nonqualified Deferred Compensation Rules would prohibit such acceleration of settlement, in which case such Awards shall vest but will be settled at date(s) of settlement specified in the applicable Award Agreement) and the expiration date of any Options shall be the day that is three months following the date the Participant ceases to be an employee or service provider to the Company, its Affiliates or any successor entity or its affiliates. Unless the Award Agreement specifically provides for different treatment upon the circumstances described in this Section 8(e)(i)(B), Awards that vest based on performance shall be settled at the greater of (1) the target level of performance as set forth in the performance Award, and (2) the actual performance achieved, measured and calculated as of the date of the Change in Control pursuant to a shortened performance period ending on the occurrence of the Change in Control. With regard to each Award, a Participant shall not be considered to have resigned for Good Reason unless either (x) the Award Agreement governing such Award includes such provision or (y) the Participant is covered by a severance plan of the Company or an Affiliate or is party to an employment, severance or similar agreement with the Company or an Affiliate, in each case, that includes provisions in which the Participant is permitted to resign for Good Reason.

(ii) Treatment of Awards not Assumed or Substituted. Unless otherwise provided in an Award Agreement, if, upon a Change in Control, the successor entity does not assume outstanding Awards or substitute similar awards under the successor entity's equity compensation plan for outstanding Awards on the same terms and conditions as the original Awards, then the vesting of all outstanding Awards will be accelerated in full effective immediately prior to the occurrence of the Change in Control and shall be settled, as applicable, no later than 60 days following the Change in Control (unless the Nonqualified Deferred Compensation Rules would prohibit such acceleration of settlement, in which case such Awards will be settled at the date(s) of settlement specified in the applicable Award Agreement). The Participant shall be permitted to conditionally redeem or exercise any or all Options, as applicable, effective immediately prior to the completion of any such transaction for the sole purpose of participating in such transaction. Unless the Award Agreement specifically provides for different treatment upon the circumstances described in this Section 8(e)(ii), Awards that vest based on performance shall be settled at the greater of (A) the target level of performance as set forth in the performance Award, and (B) the actual performance achieved, measured and calculated as of the date of the Change in

Control pursuant to a shortened performance period ending on the occurrence of the Change in Control.

If an Adjustment Event occurs, this Section 8(e) shall only apply to the extent it is not in conflict with Section 8(d).

9. **General Provisions.**

(a) Tax Withholding. The Company and any of its Affiliates are authorized to withhold from any Award granted, or any payment relating to an Award, including from a distribution of Stock, taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company, its Affiliates and Participants to satisfy the payment of withholding taxes and other tax obligations relating to any Award in such amounts as may be determined by the Committee. The Committee shall determine, in its sole discretion, the form of payment acceptable for such tax withholding obligations, including the delivery of cash or cash equivalents, Stock (including previously owned shares, net settlement, a broker-assisted sale, or other cashless withholding or reduction of the amount of shares otherwise issuable or delivered pursuant to the Award), other property, or any other legal consideration the Committee deems appropriate. Any determination made by the Committee to allow a Participant who is subject to Rule 16b-3 to pay taxes with shares of Stock through net settlement or previously owned shares shall be approved by either a committee made up of solely two or more Qualified Members or the full Board. If such tax withholding amounts are satisfied through net settlement or previously owned shares, the maximum number of shares of Stock that may be so withheld or surrendered shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to such Award, as determined by the Committee.

(b) Limitation on Rights Conferred under Plan. Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or any of its Affiliates, (ii) interfering in any way with the right of the Company or any of its Affiliates to terminate any Eligible Person's or Participant's employment or service relationship at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and/or employees and/or other service providers, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award.

(c) Relationship to Other Benefits. No Award or payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company or any Affiliate except as otherwise specifically provided in such other plan or as required by applicable law.

(d) Governing Law; Submission to Jurisdiction. All questions arising with respect to the provisions of the Plan and Awards shall be determined by application of the laws of the State of Delaware, without giving effect to any conflict of law provisions

thereof, except to the extent Delaware law is preempted by federal law. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock. With respect to any claim or dispute related to or arising under the Plan, the Company and each Participant who accepts an Award hereby consent to the exclusive jurisdiction, forum and venue in the state and federal courts located in Dallas County, Texas. EACH PARTICIPANT WHO ACCEPTS AN AWARD IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS HEREUNDER.

(e) Severability and Reformation. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable law or, if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award and the remainder of the Plan and any such Award shall remain in full force and effect. If any of the terms or provisions of the Plan or any Award Agreement conflict with the requirements of Rule 16b-3 (as those terms or provisions are applied to Eligible Persons who are subject to Section 16 of the Exchange Act) or Section 422 of the Code (with respect to ISOs), then those conflicting terms or provisions shall be deemed inoperative to the extent they so conflict with the requirements of Rule 16b-3 (unless the Board or the Committee, as appropriate, has expressly determined that the Plan or such Award should not comply with Rule 16b-3) or Section 422 of the Code, in each case, only to the extent Rule 16b-3 and such sections of the Code are applicable. With respect to ISOs, if the Plan does not contain any provision required to be included herein under Section 422 of the Code, that provision shall be deemed to be incorporated herein with the same force and effect as if that provision had been set out at length herein; provided, further, that, to the extent any Option that is intended to qualify as an ISO cannot so qualify, that Option (to that extent) shall be deemed a Nonstatutory Option for all purposes of the Plan.

(f) Unfunded Status of Awards; No Trust or Fund Created. The Plan is intended to constitute an “unfunded” plan for certain incentive awards. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any general unsecured creditor of the Company or such Affiliate.

(g) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements as it may deem desirable. Nothing contained in the Plan shall be construed to prevent the Company or any of its Affiliates from taking any corporate action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or

any Award made under the Plan. No employee, beneficiary or other person shall have any claim against the Company or any of its Affiliates as a result of any such action.

(h) Fractional Shares. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine in its sole discretion whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional shares of Stock or whether such fractional shares of Stock or any rights thereto shall be cancelled, terminated, or otherwise eliminated with or without consideration.

(i) Interpretation. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof. Words in the masculine gender shall include the feminine gender, and, where appropriate, the plural shall include the singular and the singular shall include the plural. In the event of any conflict between the terms and conditions of an Award Agreement and the Plan, the provisions of the Plan shall control. The use herein of the word “including” following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation”, “but not limited to”, or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan.

(j) Facility of Payment. Any amounts payable hereunder to any individual under legal disability or who, in the judgment of the Committee, is unable to manage properly his financial affairs, may be paid to the legal representative of such individual, or may be applied for the benefit of such individual in any manner that the Committee may select, and the Company shall be relieved of any further liability for payment of such amounts.

(k) Conditions to Delivery of Stock. Nothing herein or in any Award Agreement shall require the Company to issue any shares with respect to any Award if that issuance would, in the opinion of counsel for the Company (if the Company has requested such an opinion), constitute a violation of the Securities Act, any other applicable statute or regulation, or the rules of any applicable securities exchange or securities association, as then in effect. In addition, each Participant who receives an Award under the Plan shall not sell or otherwise dispose of Stock that is acquired upon grant, exercise or vesting of an Award in any manner that would constitute a violation of any applicable federal or state securities laws, the Plan or the rules, regulations or other requirements of the SEC or any stock exchange upon which the Stock is then listed. At the time of any exercise of an Option or SAR, or at the time of any grant of any other Award, the Company may, as a condition precedent to the exercise of such Option or SAR or settlement of any other Award, require from the Participant (or in the event of his or her death, his or her legal representatives, heirs, legatees, or distributees) such written representations, if any, concerning the holder’s intentions with regard to the retention or disposition of the shares of Stock being acquired pursuant to the Award and such written covenants and agreements, if any, as to the manner of disposal of such shares as, in the

opinion of counsel to the Company (if the Company has requested such an opinion), may be necessary to ensure that any disposition by that holder (or in the event of the holder's death, his or her legal representatives, heirs, legatees, or distributees) will not involve a violation of the Securities Act, any other applicable state or federal statute or regulation, or any rule of any applicable securities exchange or securities association, as then in effect. Stock or other securities shall not be delivered pursuant to any Award until payment in full of any amount required to be paid pursuant to the Plan or the applicable Award Agreement (including any Exercise Price, grant price, or tax withholding) is received by the Company.

(l) Section 409A of the Code. It is the general intention, but not the obligation, of the Committee to design Awards to comply with or to be exempt from the Nonqualified Deferred Compensation Rules, and Awards will be operated and construed accordingly. Neither this Section 9(l) nor any other provision of the Plan is or contains a representation to any Participant regarding the tax consequences of the grant, vesting, exercise, settlement, or sale of any Award (or the Stock underlying such Award) granted hereunder, and should not be interpreted as such. In no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules. Notwithstanding any provision in the Plan or an Award Agreement to the contrary, in the event that a "specified employee" (as defined under the Nonqualified Deferred Compensation Rules) becomes entitled to a payment under an Award that would be subject to additional taxes and interest under the Nonqualified Deferred Compensation Rules if the Participant's receipt of such payment or benefits is not delayed until the earlier of (i) the date of the Participant's death, or (ii) the date that is six months after the Participant's "separation from service," as defined under the Nonqualified Deferred Compensation Rules (such date, the "**Section 409A Payment Date**"), then such payment or benefit shall not be provided to the Participant until the Section 409A Payment Date. Any amounts subject to the preceding sentence that would otherwise be payable prior to the Section 409A Payment Date will be aggregated and paid in a lump sum without interest on the Section 409A Payment Date. The applicable provisions of the Nonqualified Deferred Compensation Rules are hereby incorporated by reference and shall control over any Plan or Award Agreement provision in conflict therewith.

(m) Clawback. The Plan and all Awards granted hereunder are subject to any written clawback policies that the Company, with the approval of the Board or an authorized committee thereof, may adopt either prior to or following the Effective Date, including any policy adopted to conform to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and rules promulgated thereunder by the SEC and that the Company determines should apply to Awards. Any such policy may subject a Participant's Awards and amounts paid or realized with respect to Awards to reduction, cancelation, forfeiture or recoupment if certain specified events or wrongful conduct occur, including an accounting restatement due to the Company's material noncompliance with financial reporting regulations or other events or wrongful conduct specified in any such clawback policy.

(n) Status under ERISA. The Plan shall not constitute an "employee benefit plan" for purposes of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended.

(o) Plan Effective Date and Term. The Plan was adopted by the Board to be effective on the Effective Date. No Awards may be granted under the Plan on and after the tenth anniversary of the Effective Date, which is March 1, 2032. However, any Award granted prior to such termination (or any earlier termination pursuant to Section 10), and the authority of the Board or Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under such Award in accordance with the terms of the Plan, shall extend beyond such termination until the final disposition of such Award.

10. **Amendments to the Plan and Awards.** The Committee may amend, alter, suspend, discontinue or terminate any Award or Award Agreement, the Plan (and the Board may amend, alter, suspend, discontinue or terminate the Committee's authority to grant Awards), in each case, without the consent of stockholders or Participants, except that any amendment or alteration to the Plan, including any increase in any share limitation, shall be subject to the approval of the Company's stockholders not later than the annual meeting next following such Committee action if such stockholder approval is required by any applicable law or regulation or the rules of any stock exchange or automated quotation system on which the Stock may then be listed or quoted, and the Committee may otherwise, in its discretion, determine to submit other changes to the Plan to stockholders for approval; provided, that, without the consent of an affected Participant, no such Committee action may materially and adversely affect the rights of such Participant under any previously granted and outstanding Award. For purposes of clarity, any adjustments made to Awards pursuant to Section 8 will be deemed not to materially and adversely affect the rights of any Participant under any previously granted and outstanding Award and therefore may be made without the consent of affected Participants.

**PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
PURSUANT TO THE
BERRY CORPORATION (BRY) 2022 OMNIBUS INCENTIVE PLAN**

* * * * *

Participant: [_____]

Grant Date: [_____]

Target Number of Performance-
Based Restricted Stock
Units (“Target PRSUs”): [_____]

Performance Vesting
Conditions: See Exhibit A

Performance Period: [_____]

Vesting Date: [_____]

* * * * *

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (this “Agreement”) dated as of the Grant Date specified above (“Grant Date”), is entered into by and between Berry Corporation (bry), a corporation organized in the State of Delaware (the “Company”), and the Participant specified above, pursuant to the Berry Corporation (bry) 2022 Omnibus Incentive Plan, as in effect and as amended from time to time (the “Plan”).

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant this award (this “Award”) of performance-based restricted stock units (“PRSUs”) to the Participant.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. **Incorporation By Reference; Plan Document Receipt**. Except as specifically provided herein, this Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to this Award), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Except as provided otherwise herein, any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of this Agreement shall control.

2. **Grant of PRSUs**. The Company hereby grants to the Participant, on the Grant Date, this Award, which, depending on the extent to which the performance vesting conditions set forth on Exhibit A hereto (the “Performance Vesting Conditions”) are satisfied, may result in the Participant earning as few as zero percent (0%) or as many as two hundred fifty percent (250%) of the Target PRSUs. Subject to the terms of this Agreement and the Plan, each PRSU, to the extent it becomes a vested PRSU, represents the right to receive one (1) share of Stock or a

cash amount equal to the Fair Market Value of one (1) share of Stock, as determined in the sole discretion of the Committee in accordance with Section 4. Unless and until a PRSU becomes vested, the Participant will have no right to settlement of such PRSU. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant's interest in the Company for any reason, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of the shares of Stock underlying the PRSUs, except as otherwise specifically provided for in the Plan or this Agreement.

3. **Vesting; Forfeiture.**

(a) Vesting Generally. Except as otherwise provided in this Section 3, the PRSUs subject to this Award shall become vested in accordance with the Performance Vesting Conditions; *provided* that the Participant remains continuously employed by the Company or an Affiliate from the Grant Date through the Vesting Date set forth above.

(b) Death or Disability. In the event of a termination of the Participant's employment by reason of death or Disability, the Target PRSUs shall immediately become vested as of the date of such termination and shall be settled in accordance with Section 4 within thirty (30) days following the date of such termination.

(c) Termination Without Cause; Resignation for Good Reason. In the event of a termination of the Participant's employment by the Company or other employing Affiliate without Cause, as a result of the Company's failure to renew the term of the Employment Agreement (as defined below) or by the Participant for Good Reason (each, a "Qualifying Termination"), then (i) the Performance Period shall be deemed to have ended as of the date of such Qualifying Termination, (ii) a Pro-Rata Portion of the PRSUs shall become vested in accordance with the performance criteria set forth on Exhibit A based on actual performance through the date of such Qualifying Termination, and (iii) subject to the Participant's execution and non-revocation, if applicable, of a general release of claims in favor of the Company within sixty (60) days following such Qualifying Termination and continued compliance with all applicable restrictive covenants, the PRSUs, if any, that become vested shall be settled in accordance with Section 4 within sixty (60) days following the date of such Qualifying Termination. For purposes of this Section 3(c), "Pro-Rata Portion" shall mean a number of PRSUs equal to (x) a quotient, the numerator of which is the number of days the Participant was employed during the period beginning on the first day of the Performance Period and ending on the date on which the Participant's employment terminated, and the denominator of which is the number of days in the Performance Period, *multiplied* by (y) the number of PRSUs that vest based upon the Performance Vesting Conditions, as determined by the Committee in accordance with this Section 3(c).

(d) Committee Discretion to Accelerate Vesting. In addition to the foregoing, the Committee may, in its sole discretion, accelerate vesting of the PRSUs at any time and for any reason.

(e) Forfeiture. All outstanding unvested PRSUs shall be immediately forfeited and cancelled for no consideration upon a termination of the Participant's employment by the Company or other employing Affiliate for Cause or by the Participant without Good Reason prior to the Vesting Date. For avoidance of doubt, the continuous employment or service of the Participant shall not be deemed interrupted, and the Participant shall not be deemed to have incurred a termination of employment, by reason of the transfer of the Participant's employment or service among the Company and/or its subsidiaries and/or Affiliates.

(f) **Change in Control.** Upon the consummation of a Change in Control, so long as the Participant has remained continuously employed by the Company or an Affiliate from the Grant Date through the consummation of such Change in Control, (i) the Performance Period shall be deemed to have ended as of the third business day prior to the date of the consummation of such Change in Control (the “CIC Performance Measurement Date”) (ii) a number of PRSUs shall become vested equal to the greater of (A) the number of PRSUs determined in accordance with the performance criteria set forth on Exhibit A based on actual performance through the CIC Performance Measurement Date and (B) the Target PRSUs, and (iii) the PRSUs, if any, that become vested shall be settled in accordance with Section 4 within thirty (30) days following the consummation of such Change in Control.

4. **Settlement.** Unless otherwise provided herein, on the Settlement Date (as defined below), the PRSUs shall be settled by delivering to the Participant, as determined in the sole discretion of the Committee, (a) the number of shares of Stock that correspond to the number of PRSUs that have become vested on the applicable vesting date, less any shares of Stock withheld by the Company pursuant to Section 9 hereof (the “Net Shares”), (b) a cash amount equal to (i) the Net Shares multiplied by (ii) the Fair Market Value of a share of Stock on the Settlement Date or (c) a combination of shares of Stock pursuant to the preceding clause (a) and cash pursuant to the preceding clause (b). As used herein, the “Settlement Date” shall be a date selected by the Committee that is within thirty (30) days following the later of (x) the Vesting Date set forth above and (y) the Certification Date (as defined below).

5. **Dividends; Rights as Stockholder.** If the Company pays a cash dividend in respect of its outstanding Stock and, on the record date for such dividend, the Participant holds PRSUs granted pursuant to this Agreement that have not vested and been settled in accordance with Section 4, the Company shall credit to an account maintained by the Company for the Participant’s benefit an amount equal to the cash dividends the Participant would have received if the Participant were the holder of record, as of such record date, of the number of shares of Stock related to the portion of the PRSUs that have not been settled or forfeited as of such record date; *provided* that such cash dividends shall not be deemed to be reinvested in shares of Stock and shall be held uninvested and without interest and paid in cash at the same time that the PRSUs are settled in accordance with the provisions hereof or, if later, the date on which such cash dividend is paid to shareholders of the Company. Stock or property dividends on shares of Stock shall be credited to a dividend book entry account on behalf of the Participant with respect to each PRSU granted to the Participant; *provided* that such stock or property dividends shall be paid in shares of Stock, in the case of a spin-off, shares of stock of the entity that is spun-off from the Company, or other property, as applicable and in each case, at the same time that the shares of Stock underlying the PRSUs are delivered to the Participant in accordance with the provisions hereof. Such account is intended to constitute an “unfunded” account, and neither this Section 5 nor any action taken pursuant to or in accordance with this Section 5 shall be construed to create a trust of any kind. Except as otherwise provided herein, the Participant shall have no rights as a stockholder with respect to any shares of Stock covered by any PRSU.

6. **Non-Transferability.** No portion of the PRSUs may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the PRSUs as provided herein.

7. **Restrictive Covenants.** As a condition precedent to the Participant’s receipt of the PRSUs issued hereunder, the Participant agrees to continue to be bound by the restrictive covenant obligations set forth in that certain employment agreement by and between the Participant, the Company, and Berry Petroleum Company, LLC (as in effect as of the Grant Date, the “Employment Agreement”).

8. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

9. **Withholding of Tax.** The Participant agrees and acknowledges that the Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind which the Company, in its good faith discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to the PRSUs, and if the withholding requirement cannot be satisfied, the Company may otherwise refuse to settle the PRSUs. If any tax withholding amounts are satisfied through net settlement or previously owned shares, the maximum number of shares of Stock that may be so withheld or surrendered shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the PRSUs, as determined by the Committee.

10. **Legend.** The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates, if any, representing shares of Stock, if any, issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates, if any, representing shares of Stock acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section 10.

11. **Securities Representations.** This Agreement is being entered into by the Company in reliance upon the following express representations and warranties of the Participant. The Participant hereby acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an “affiliate” within the meaning of Rule 144 under the Securities Act and in this connection the Company is relying in part on the Participant’s representations set forth in this Section 11.

(b) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the shares of Stock issuable hereunder must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a “re-offer prospectus”) with regard to such shares of Stock and the Company is under no obligation to register such shares of Stock (or to file a “re-offer prospectus”).

(c) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that the exemption from registration under Rule 144 will not be available unless a public trading market then exists for the Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 or any exemption therefrom are complied with, and any sale of the shares of Stock issuable hereunder may be made only in limited amounts in accordance with the terms and conditions of Rule 144 or any exemption therefrom.

12. **Definitions.** Capitalized terms used herein but not defined in this Agreement or in the Plan shall have the same meaning as is ascribed thereto in the Employment Agreement.

13. **No Waiver.** No waiver or non-action by either party hereto with respect to any breach by the other party of any provision of this Agreement shall be deemed or construed to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself.

14. **Entire Agreement; Amendment.** This Agreement, the Plan and the Employment Agreement contain the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersede all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee shall have the right, in its sole discretion (and without the consent of the Participant), to modify or amend this Agreement from time to time in accordance with and as provided in the Plan and as specifically provided herein, including in Exhibit A hereto. Without limiting the foregoing, the Committee may, in its sole discretion (and without the need for a formal amendment), elect to modify or amend this Agreement to provide that the PRSUs will be settled solely in shares of Stock (if the Plan is approved by the Company's stockholders) or solely in cash (regardless of whether the Plan is approved by the Company's stockholders) pursuant to Section 4. The Company shall give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

15. **Notices.** Any notice hereunder by the Participant shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Secretary of the Company. Any notice hereunder by the Company shall be given to the Participant in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

16. **No Right to Employment or Service.** Nothing in this Agreement shall interfere with or limit in any way the right of the Company, its subsidiaries or its Affiliates to terminate the Participant's employment or service at any time, for any reason and with or without Cause, in accordance with and subject to the terms and conditions of the Employment Agreement.

17. **Transfer of Personal Data.** The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Affiliate) of any personal data information related to the PRSUs awarded under this Agreement for legitimate business purposes (including, without limitation, the administration of the Plan). This authorization and consent is freely given by the Participant.

18. **Compliance with Laws.** The grant of PRSUs hereunder shall be subject to, and shall comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated thereunder) and any other law, rule regulation or exchange requirement applicable thereto. The Company shall not be obligated to issue the PRSUs pursuant to this Agreement if any such issuance would violate any such requirements. As a condition to the settlement of the PRSUs, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation.

19. **Binding Agreement; Assignment.** This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom this Award may be transferred by will or the laws of descent or distribution.

20. **Headings.** The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

21. **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 shall constitute one and the

same instrument. Electronic acceptance and signatures shall have the same force and effect as original signatures.

22. **Further Assurances.** Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder; *provided* that no such additional documents shall contain terms or conditions inconsistent with the terms and conditions of this Agreement.

23. **Severability.** The invalidity or unenforceability of any provision of this Agreement (or any portion thereof) in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement (or any portion thereof) in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

24. **No Acquired Rights.** The Participant acknowledges and agrees that: the Company may terminate or amend the Plan at any time; the award of PRSUs made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; no past grants or awards (including, without limitation, the PRSUs awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and any benefits granted under this Agreement are not part of the Participant's ordinary salary, and shall not be considered as part of such salary in the event of severance, redundancy or resignation.

25. **Section 409A.** Notwithstanding anything herein or in the Plan to the contrary, the PRSUs granted pursuant to this Agreement are intended to be exempt from the applicable requirements of the Nonqualified Deferred Compensation Rules and shall be limited, construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the PRSUs may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PRSUs upon his or her "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six (6) months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PRSUs provided under this Agreement are exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

Exhibit A

PERFORMANCE VESTING CONDITIONS

This Exhibit A contains the performance vesting conditions and methodology applicable to the PRSUs. Subject to the terms and conditions set forth in the Plan and the Agreement, the portion of the PRSUs subject to this Award, if any, that become vested during the Performance Period will be determined upon the Committee's certification of achievement of the performance criteria in accordance with this Exhibit A, which shall occur within sixty (60) days following the end of the Performance Period (the "Certification Date"). Capitalized terms used but not defined herein shall have the same meaning as is ascribed thereto in the Agreement or the Plan.

A. Performance Criteria

The performance criteria for the PRSUs is a combination of (x) relative total shareholder return ("Relative TSR"), which measures the Company's TSR (as defined below) as compared to the TSR of the Company's performance peer group, as listed in Exhibit B (the "Peer Group"), and each member thereof a "Peer Group Member") and (y) the Company's TSR ("Absolute TSR"), in each case, over the Performance Period set forth in the Agreement.

Total shareholder return ("TSR") shall be calculated as follows:

$$\text{TSR}(\%) = \frac{(\text{EP} + \text{CD} - \text{BP})}{\text{BP}} \times 100$$

Ending Price (EP) – equals the relevant company's average closing stock price for the ten (10) trading days immediately prior to and including the last day of the Performance Period.

Beginning Price (BP) – equals the relevant company's average closing stock price for the ten (10) trading days immediately prior to and including the first day of the Performance Period.

Cash Dividends (CD) – equals the total of all cash dividends paid on a share of the relevant company's stock during the Performance Period.

B. Certification of Performance Vesting

On the Certification Date, the Committee shall certify the Company's Relative TSR and Absolute TSR for the Performance Period and, based on such Relative TSR and Absolute TSR, the percentage of the Target PRSUs that vest shall be determined in accordance with the table below, with Relative TSR and Absolute TSR linearly interpolated between the listed values.

		Absolute TSR		
		<0%	≥0%	≥20%
Relative TSR	≥90th percentile			
	≥75th percentile			
	≥50th percentile			
	≥25th percentile			
	<25th percentile			

All unvested PRSUs subject to this Award that are outstanding as of the date immediately following the last day of the Performance Period shall be forfeited and cancelled for no consideration if they do not become vested as set forth above.

C. Additional Factors or Information Regarding Performance Vesting Methodology

Consistent with the terms of the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the terms of the Plan or the Agreement, including this Exhibit A and Exhibit B shall be within the sole discretion of the Committee, and shall be final, conclusive, and binding upon all persons.

Exhibit B

PEER GROUP

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If, (i) at the end of the Performance Period, any Peer Group Member is no longer publicly traded or (ii) during the Performance Period, any Peer Group Member declares bankruptcy, the TSR of such Peer Group Member shall be deemed to be the lowest ranked TSR in the Peer Group (and, if multiple Peer Group Members are no longer publicly traded at the end of the Performance Period or declare bankruptcy during the Performance Period, such Peer Group Members shall be ranked in order of when such delisting or bankruptcy occurs, with earlier bankruptcies and delistings ranking lower than later bankruptcies, and delistings). If, during the Performance Period, any Peer Group Member is involved in a merger or acquisition, then (a) if such Peer Group Member is the surviving company, such Peer Group Member will continue to be a Peer Group Member and (b) if such Peer Group Member is not the surviving company, then the Performance Period for such Peer Group Member will end as of the closing date of such merger or acquisition, with the TSR of such Peer Group Member measured as of such closing date.

Exhibit B

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
PURSUANT TO THE
BERRY CORPORATION (BRY) 2022 OMNIBUS INCENTIVE PLAN

* * * * *

Participant: [_____]

Grant Date:

Target Number of Performance-
Based Restricted Stock
Units (“Target PRSUs”): [_____]

Performance Vesting
Conditions: See Exhibit A

Performance Period: [_____]

Vesting Date: [_____]

* * * * *

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (this “Agreement”) dated as of the Grant Date specified above (“Grant Date”), is entered into by and between Berry Corporation (bry), a corporation organized in the State of Delaware (the “Company”), and the Participant specified above, pursuant to the Berry Corporation (bry) 2022 Omnibus Incentive Plan, as in effect and as amended from time to time (the “Plan”).

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant this award (this “Award”) of performance-based restricted stock units (“PRSUs”) to the Participant.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. **Incorporation By Reference; Plan Document Receipt.** Except as specifically provided herein, this Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to this Award), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Except as provided otherwise herein, any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of this Agreement shall control.

2. **Grant of PRSUs.** The Company hereby grants to the Participant, on the Grant Date, this Award, which, depending on the extent to which the performance vesting conditions set forth on Exhibit A hereto (the “Performance Vesting Conditions”) are satisfied, may result in the Participant earning as few as zero percent (0%) or as many as two hundred percent (200%) of the Target PRSUs. Subject to the terms of this Agreement and the Plan, each PRSU, to the extent it becomes a vested PRSU, represents the right to receive one (1) share of Stock or a cash amount equal to the Fair Market Value of one (1) share of Stock, as determined in the sole discretion of the Committee in accordance with Section 4. Unless and until a PRSU becomes vested, the Participant will have no right to settlement of such PRSU. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant’s interest in the Company for any reason, and no

adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of the shares of Stock underlying the PRSUs, except as otherwise specifically provided for in the Plan or this Agreement.

3. **Vesting; Forfeiture.**

(a) **Vesting Generally.** Except as otherwise provided in this Section 3, the PRSUs subject to this Award shall become vested in accordance with the Performance Vesting Conditions; *provided* that the Participant remains continuously employed by the Company or an Affiliate from the Grant Date through the Vesting Date set forth above.

(b) **Death or Disability.** In the event of a termination of the Participant's employment by reason of death or Disability, the Target PRSUs shall immediately become vested as of the date of such termination and shall be settled in accordance with Section 4 within thirty (30) days following the date of such termination.

(c) **Termination Without Cause; Resignation for Good Reason.** In the event of a termination of the Participant's employment by the Company or other employing Affiliate without Cause, as a result of the Company's failure to renew the term of the Employment Agreement (as defined below) or by the Participant for Good Reason (each, a "Qualifying Termination"), then (i) the Performance Period shall be deemed to have ended as of the date of such Qualifying Termination, (ii) a Pro-Rata Portion of the PRSUs shall become vested in accordance with the performance criteria set forth on Exhibit A based on actual performance through the date of such Qualifying Termination, and (iii) subject to the Participant's execution and non-revocation, if applicable, of a general release of claims in favor of the Company within sixty (60) days following such Qualifying Termination and continued compliance with all applicable restrictive covenants, the PRSUs, if any, that become vested shall be settled in accordance with Section 4 within sixty (60) days following the date of such Qualifying Termination. For purposes of this Section 3(c), "Pro-Rata Portion" shall mean a number of PRSUs equal to (x) a quotient, the numerator of which is the number of days the Participant was employed during the period beginning on the first day of the Performance Period and ending on the date on which the Participant's employment terminated, and the denominator of which is the number of days in the Performance Period, *multiplied* by (y) the number of PRSUs that vest based upon the Performance Vesting Conditions, as determined by the Committee in accordance with this Section 3(c).

(d) **Committee Discretion to Accelerate Vesting.** In addition to the foregoing, the Committee may, in its sole discretion, accelerate vesting of the PRSUs at any time and for any reason.

(e) **Forfeiture.** All outstanding unvested PRSUs shall be immediately forfeited and cancelled for no consideration upon a termination of the Participant's employment by the Company or other employing Affiliate for Cause or by the Participant without Good Reason prior to the Vesting Date. For avoidance of doubt, the continuous employment or service of the Participant shall not be deemed interrupted, and the Participant shall not be deemed to have incurred a termination of employment, by reason of the transfer of the Participant's employment or service among the Company and/or its subsidiaries and/or Affiliates.

(f) **Change in Control.** Upon the consummation of a Change in Control, so long as the Participant has remained continuously employed by the Company or an Affiliate from the Grant Date through the consummation of such Change in Control, (i) the Target PRSUs shall become vested equal to 100% of the PRSUs subject to this award, and (iii) the PRSUs, if any, that become vested shall be settled in accordance with Section 4 within thirty (30) days following the consummation of such Change in Control.

4. **Settlement.** Unless otherwise provided herein, on the Settlement Date (as defined below), the PRSUs shall be settled by delivering to the Participant, as determined in the sole discretion of the Committee, (a) the number of shares of Stock that correspond to the number of PRSUs that have become vested on the applicable vesting date, less any shares of Stock withheld by the Company pursuant to Section 9 hereof (the "Net Shares"), (b) a cash amount equal to (i) the Net Shares *multiplied* by (ii) the Fair Market Value of a share of Stock on the Settlement Date or (c) a combination of shares of Stock

pursuant to the preceding clause (a) and cash pursuant to the preceding clause (b). As used herein, the “Settlement Date” shall be a date selected by the Committee that is within thirty (30) days following the later of (x) the Vesting Date set forth above and (y) the Certification Date (as defined below).

5. **Dividends; Rights as Stockholder**. If the Company pays a cash dividend in respect of its outstanding Stock and, on the record date for such dividend, the Participant holds PRSUs granted pursuant to this Agreement that have not vested and been settled in accordance with Section 4, the Company shall credit to an account maintained by the Company for the Participant’s benefit an amount equal to the cash dividends the Participant would have received if the Participant were the holder of record, as of such record date, of the number of shares of Stock related to the portion of the PRSUs that have not been settled or forfeited as of such record date; *provided* that such cash dividends shall not be deemed to be reinvested in shares of Stock and shall be held uninvested and without interest and paid in cash at the same time that the PRSUs are settled in accordance with the provisions hereof or, if later, the date on which such cash dividend is paid to shareholders of the Company. Stock or property dividends on shares of Stock shall be credited to a dividend book entry account on behalf of the Participant with respect to each PRSU granted to the Participant; *provided* that such stock or property dividends shall be paid in shares of Stock, in the case of a spin-off, shares of stock of the entity that is spun-off from the Company, or other property, as applicable and in each case, at the same time that the shares of Stock underlying the PRSUs are delivered to the Participant in accordance with the provisions hereof. Such account is intended to constitute an “unfunded” account, and neither this Section 5 nor any action taken pursuant to or in accordance with this Section 5 shall be construed to create a trust of any kind. Except as otherwise provided herein, the Participant shall have no rights as a stockholder with respect to any shares of Stock covered by any PRSU.

6. **Non-Transferability**. No portion of the PRSUs may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the PRSUs as provided herein.

7. **Restrictive Covenants**. As a condition precedent to the Participant’s receipt of the PRSUs issued hereunder, the Participant agrees to continue to be bound by the restrictive covenant obligations set forth in that certain employment agreement, by and between the Participant, the Company, and Berry Petroleum Company, LLC (as in effect as of the Grant Date, the “Employment Agreement”).

8. **Governing Law**. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

9. **Withholding of Tax**. The Participant agrees and acknowledges that the Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind which the Company, in its good faith discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to the PRSUs, and if the withholding requirement cannot be satisfied, the Company may otherwise refuse to settle the PRSUs. If any tax withholding amounts are satisfied through net settlement or previously owned shares, the maximum number of shares of Stock that may be so withheld or surrendered shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the PRSUs, as determined by the Committee.

10. **Legend**. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates, if any, representing shares of Stock, if any, issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates, if any, representing shares of Stock acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section 10.

11. **Securities Representations.** This Agreement is being entered into by the Company in reliance upon the following express representations and warranties of the Participant. The Participant hereby acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an “affiliate” within the meaning of Rule 144 under the Securities Act and in this connection the Company is relying in part on the Participant’s representations set forth in this Section 11.

(b) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the shares of Stock issuable hereunder must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a “re-offer prospectus”) with regard to such shares of Stock and the Company is under no obligation to register such shares of Stock (or to file a “re-offer prospectus”).

(c) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that the exemption from registration under Rule 144 will not be available unless a public trading market then exists for the Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 or any exemption therefrom are complied with, and any sale of the shares of Stock issuable hereunder may be made only in limited amounts in accordance with the terms and conditions of Rule 144 or any exemption therefrom.

12. **Definitions.** Capitalized terms used herein but not defined in this Agreement or in the Plan shall have the same meaning as is ascribed thereto in the Employment Agreement.

13. **No Waiver.** No waiver or non-action by either party hereto with respect to any breach by the other party of any provision of this Agreement shall be deemed or construed to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself.

14. **Entire Agreement; Amendment.** This Agreement, the Plan and the Employment Agreement contain the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersede all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee shall have the right, in its sole discretion (and without the consent of the Participant), to modify or amend this Agreement from time to time in accordance with and as provided in the Plan and as specifically provided herein, including in Exhibit A hereto. Without limiting the foregoing, the Committee may, in its sole discretion (and without the need for a formal amendment), elect to modify or amend this Agreement to provide that the PRSUs will be settled solely in shares of Stock (if the Plan is approved by the Company’s stockholders) or solely in cash (regardless of whether the Plan is approved by the Company’s stockholders) pursuant to Section 4. The Company shall give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

15. **Notices.** Any notice hereunder by the Participant shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Secretary of the Company. Any notice hereunder by the Company shall be given to the Participant in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

16. **No Right to Employment or Service.** Nothing in this Agreement shall interfere with or limit in any way the right of the Company, its subsidiaries or its Affiliates to terminate the Participant’s employment or service at any time, for any reason and with or without Cause, in accordance with and subject to the terms and conditions of the Employment Agreement.

17. **Transfer of Personal Data.** The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Affiliate) of any personal data information related to the PRSUs awarded under this Agreement for legitimate business purposes (including, without limitation, the administration of the Plan). This authorization and consent is freely given by the Participant.

18. **Compliance with Laws.** The grant of PRSUs and the issuance of shares of Stock hereunder shall be subject to, and shall comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated thereunder) and any other law, rule regulation or exchange requirement applicable thereto. The Company shall not be obligated to issue the PRSUs or any shares of Stock pursuant to this Agreement if any such issuance would violate any such requirements. As a condition to the settlement of the PRSUs, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation.

19. **Binding Agreement; Assignment.** This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom this Award may be transferred by will or the laws of descent or distribution.

20. **Headings.** The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

21. **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 shall constitute one and the same instrument. Electronic acceptance and signatures shall have the same force and effect as original signatures.

22. **Further Assurances.** Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder; *provided* that no such additional documents shall contain terms or conditions inconsistent with the terms and conditions of this Agreement.

23. **Severability.** The invalidity or unenforceability of any provision of this Agreement (or any portion thereof) in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement (or any portion thereof) in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

24. **No Acquired Rights.** The Participant acknowledges and agrees that: the Company may terminate or amend the Plan at any time; the award of PRSUs made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; no past grants or awards (including, without limitation, the PRSUs awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and any benefits granted under this Agreement are not part of the Participant's ordinary salary, and shall not be considered as part of such salary in the event of severance, redundancy or resignation.

25. **Section 409A.** Notwithstanding anything herein or in the Plan to the contrary, the PRSUs granted pursuant to this Agreement are intended to be exempt from the applicable requirements of the Nonqualified Deferred Compensation Rules and shall be limited, construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the PRSUs may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PRSUs upon his or her "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six (6) months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PRSUs provided under this Agreement are exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of

any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

Exhibit A

PERFORMANCE VESTING CONDITIONS

This Exhibit A contains the performance vesting conditions and methodology applicable to the PRSUs. Subject to the terms and conditions set forth in the Plan and the Agreement, the portion of the PRSUs subject to this Award, if any, that become vested during the Performance Period will be determined upon the Committee's certification of achievement of the performance criteria in accordance with this Exhibit A, which shall occur within sixty (60) days following the end of the Performance Period (the "Certification Date"). Capitalized terms used but not defined herein shall have the same meaning as is ascribed thereto in the Agreement or the Plan.

A. Performance Criteria

The performance criteria for the PRSUs is based on the Company's average cash returned on invested capital ("CROIC") over the Performance Period set forth in the Agreement.

CROIC shall be calculated as follows:

$$\text{CROIC}(\%) = \frac{\text{CF} + \text{AB}}{\text{Avg. IC}} \times 100$$

Cash Flow from Operations (CF): equals the Company's cumulative cash flow from operations for the Performance Period.

Add Backs (AB): equals the sum of the Company's (i) changes in net working capital, (ii) cash interest expense; (iii) extraordinary or one-time cash items, and (iv) impairments; in each case, during the Performance Period.

Average Invested Capital (Avg. IC): For each fiscal year in the Performance Period, the sum of the current and prior fiscal year Invested Capital divided by two

Invested Capital: the Company's shareholder equity for the Performance Period + the Company's net debt for the Performance Period.

B. Certification of Performance Vesting

On the Certification Date, the Committee shall certify the Company's average CROIC for the Performance Period and, based on such CROIC, the percentage of the Target PRSUs that vest shall be determined in accordance with the table below, with CROIC linearly interpolated between the listed values.

Average CROIC	Percentage of Target PRSUs that Vest

All unvested PRSUs subject to this Award that are outstanding as of the date immediately following the last day of the Performance Period shall be forfeited and cancelled for no consideration if they do not become vested as set forth above.

C. Additional Factors or Information Regarding Performance Vesting Methodology

Consistent with the terms of the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the terms of the Plan or the Agreement, including this Exhibit A shall be within the sole discretion of the Committee, and shall be final, conclusive, and binding upon all persons.

**PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
PURSUANT TO THE
BERRY CORPORATION (BRY) 2022 OMNIBUS INCENTIVE PLAN**

* * * * *

Participant: [_____]

Grant Date: [_____]

Target Number of Performance-
Based Restricted Stock
Units (“Target PRSUs”): [_____]

Performance Vesting
Conditions: See Exhibit A

Performance Period: [_____]

Vesting Date: [_____]

* * * * *

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (this “Agreement”) dated as of the Grant Date specified above (“Grant Date”), is entered into by and between Berry Corporation (bry), a corporation organized in the State of Delaware (the “Company”), and the Participant specified above, pursuant to the Berry Corporation (bry) 2022 Omnibus Incentive Plan, as in effect and as amended from time to time (the “Plan”).

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant this award (this “Award”) of performance-based restricted stock units (“PRSUs”) to the Participant.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. **Incorporation By Reference; Plan Document Receipt.** Except as specifically provided herein, this Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to this Award), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Except as provided otherwise herein, any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of this Agreement shall control.

2. **Grant of PRSUs.** The Company hereby grants to the Participant, on the Grant Date, this Award, which, depending on the extent to which the performance vesting conditions set forth on Exhibit A hereto (the “Performance Vesting Conditions”) are satisfied, may result in the Participant earning as few as zero percent (0%) or as many as two hundred percent (200%) of the Target PRSUs. Subject to the terms of this Agreement and the Plan, each PRSU, to the extent it becomes a vested PRSU, represents the right to receive one (1) share of Stock or a cash amount equal to the Fair Market Value of one (1) share of Stock, as determined in the sole discretion of the Committee in accordance with Section 4. Unless and until a PRSU becomes vested, the Participant will have no right to settlement of such PRSU. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant’s interest in the Company for any reason, and no adjustments shall be made for dividends in cash or other property, distributions or other rights in respect

of the shares of Stock underlying the PRSUs, except as otherwise specifically provided for in the Plan or this Agreement.

3. **Vesting; Forfeiture.**

(a) **Vesting Generally.** Except as otherwise provided in this Section 3, the PRSUs subject to this Award shall become vested in accordance with the Performance Vesting Conditions; *provided* that the Participant remains continuously employed by the Company or an Affiliate from the Grant Date through the Vesting Date set forth above.

(b) **Death or Disability.** In the event of a termination of the Participant's employment by reason of death or Disability, the Target PRSUs shall immediately become vested as of the date of such termination and shall be settled in accordance with Section 4 within thirty (30) days following the date of such termination.

(c) **Termination Without Cause; Resignation for Good Reason.** In the event of a termination of the Participant's employment by the Company or other employing Affiliate without Cause, as a result of the Company's failure to renew the term of the Employment Agreement (as defined below) or by the Participant for Good Reason (each, a "Qualifying Termination"), then (i) the Performance Period shall be deemed to have ended as of the date of such Qualifying Termination, (ii) a Pro-Rata Portion of the PRSUs shall become vested in accordance with the performance criteria set forth on Exhibit A based on actual performance through the date of such Qualifying Termination, and (iii) subject to the Participant's execution and non-revocation, if applicable, of a general release of claims in favor of the Company within sixty (60) days following such Qualifying Termination and continued compliance with all applicable restrictive covenants, the PRSUs, if any, that become vested shall be settled in accordance with Section 4 within sixty (60) days following the date of such Qualifying Termination. For purposes of this Section 3(c), "Pro-Rata Portion" shall mean a number of PRSUs equal to (x) a quotient, the numerator of which is the number of days the Participant was employed during the period beginning on the first day of the Performance Period and ending on the date on which the Participant's employment terminated, and the denominator of which is the number of days in the Performance Period, *multiplied* by (y) the number of PRSUs that vest based upon the Performance Vesting Conditions, as determined by the Committee in accordance with this Section 3(c).

(d) **Committee Discretion to Accelerate Vesting.** In addition to the foregoing, the Committee may, in its sole discretion, accelerate vesting of the PRSUs at any time and for any reason.

(e) **Forfeiture.** All outstanding unvested PRSUs shall be immediately forfeited and cancelled for no consideration upon a termination of the Participant's employment by the Company or other employing Affiliate for Cause or by the Participant without Good Reason prior to the Vesting Date. For avoidance of doubt, the continuous employment or service of the Participant shall not be deemed interrupted, and the Participant shall not be deemed to have incurred a termination of employment, by reason of the transfer of the Participant's employment or service among the Company and/or its subsidiaries and/or Affiliates.

(f) **Change in Control.** Upon the consummation of a Change in Control, so long as the Participant has remained continuously employed by the Company or an Affiliate from the Grant Date through the consummation of such Change in Control, (i) the Target PRSUs shall become vested equal to 100% of the PRSUs subject to this award, and (iii) the PRSUs, if any, that become vested shall be settled in accordance with Section 4 within thirty (30) days following the consummation of such Change in Control.

4. **Settlement.** Unless otherwise provided herein, on the Settlement Date (as defined below), the PRSUs shall be settled by delivering to the Participant, as determined in the sole discretion of the Committee, (a) the number of shares of Stock that correspond to the number of PRSUs that have become vested on the applicable vesting date, less any shares of Stock withheld by the Company pursuant to Section 9 hereof (the "Net Shares"), (b) a cash amount equal to (i) the Net Shares *multiplied* by (ii) the Fair Market Value of a share of Stock on the Settlement Date or (c) a combination of shares of Stock pursuant to the preceding clause (a) and cash pursuant to the preceding clause (b). As used herein, the

“Settlement Date” shall be a date selected by the Committee that is within thirty (30) days following the later of (x) the Vesting Date set forth above and (y) the Certification Date (as defined below).

5. **Dividends; Rights as Stockholder**. If the Company pays a cash dividend in respect of its outstanding Stock and, on the record date for such dividend, the Participant holds PRSUs granted pursuant to this Agreement that have not vested and been settled in accordance with Section 4, the Company shall credit to an account maintained by the Company for the Participant’s benefit an amount equal to the cash dividends the Participant would have received if the Participant were the holder of record, as of such record date, of the number of shares of Stock related to the portion of the PRSUs that have not been settled or forfeited as of such record date; *provided* that such cash dividends shall not be deemed to be reinvested in shares of Stock and shall be held uninvested and without interest and paid in cash at the same time that the PRSUs are settled in accordance with the provisions hereof or, if later, the date on which such cash dividend is paid to shareholders of the Company. Stock or property dividends on shares of Stock shall be credited to a dividend book entry account on behalf of the Participant with respect to each PRSU granted to the Participant; *provided* that such stock or property dividends shall be paid in shares of Stock, in the case of a spin-off, shares of stock of the entity that is spun-off from the Company, or other property, as applicable and in each case, at the same time that the shares of Stock underlying the PRSUs are delivered to the Participant in accordance with the provisions hereof. Such account is intended to constitute an “unfunded” account, and neither this Section 5 nor any action taken pursuant to or in accordance with this Section 5 shall be construed to create a trust of any kind. Except as otherwise provided herein, the Participant shall have no rights as a stockholder with respect to any shares of Stock covered by any PRSU.

6. **Non-Transferability**. No portion of the PRSUs may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the PRSUs as provided herein.

7. **Restrictive Covenants**. As a condition precedent to the Participant’s receipt of the PRSUs issued hereunder, the Participant agrees to continue to be bound by the restrictive covenant obligations set forth in that certain employment agreement, by and between the Participant, the Company, and Berry Petroleum Company, LLC (as in effect as of the Grant Date, the “Employment Agreement”).

8. **Governing Law**. All questions concerning the construction, validity and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

9. **Withholding of Tax**. The Participant agrees and acknowledges that the Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind which the Company, in its good faith discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to the PRSUs, and if the withholding requirement cannot be satisfied, the Company may otherwise refuse to settle the PRSUs. If any tax withholding amounts are satisfied through net settlement or previously owned shares, the maximum number of shares of Stock that may be so withheld or surrendered shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the PRSUs, as determined by the Committee.

10. **Legend**. The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates, if any, representing shares of Stock, if any, issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates, if any, representing shares of Stock acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this Section 10.

11. **Securities Representations**. This Agreement is being entered into by the Company in reliance upon the following express representations and warranties of the Participant. The Participant hereby acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an “affiliate” within the meaning of Rule 144 under the Securities Act and in this connection the Company is relying in part on the Participant’s representations set forth in this Section 11.

(b) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the shares of Stock issuable hereunder must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a “re-offer prospectus”) with regard to such shares of Stock and the Company is under no obligation to register such shares of Stock (or to file a “re-offer prospectus”).

(c) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that the exemption from registration under Rule 144 will not be available unless a public trading market then exists for the Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 or any exemption therefrom are complied with, and any sale of the shares of Stock issuable hereunder may be made only in limited amounts in accordance with the terms and conditions of Rule 144 or any exemption therefrom.

12. **Definitions.** Capitalized terms used herein but not defined in this Agreement or in the Plan shall have the same meaning as is ascribed thereto in the Employment Agreement.

13. **No Waiver.** No waiver or non-action by either party hereto with respect to any breach by the other party of any provision of this Agreement shall be deemed or construed to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself.

14. **Entire Agreement; Amendment.** This Agreement, the Plan and the Employment Agreement contain the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersede all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee shall have the right, in its sole discretion (and without the consent of the Participant), to modify or amend this Agreement from time to time in accordance with and as provided in the Plan and as specifically provided herein, including in Exhibit A hereto. Without limiting the foregoing, the Committee may, in its sole discretion (and without the need for a formal amendment), elect to modify or amend this Agreement to provide that the PRSUs will be settled solely in shares of Stock (if the Plan is approved by the Company’s stockholders) or solely in cash (regardless of whether the Plan is approved by the Company’s stockholders) pursuant to Section 4. The Company shall give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

15. **Notices.** Any notice hereunder by the Participant shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Secretary of the Company. Any notice hereunder by the Company shall be given to the Participant in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

16. **No Right to Employment or Service.** Nothing in this Agreement shall interfere with or limit in any way the right of the Company, its subsidiaries or its Affiliates to terminate the Participant’s employment or service at any time, for any reason and with or without Cause, in accordance with and subject to the terms and conditions of the Employment Agreement.

17. **Transfer of Personal Data.** The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Affiliate) of any personal data information related to the PRSUs awarded under this Agreement for legitimate business purposes (including, without limitation, the administration of the Plan). This authorization and consent is freely given by the Participant.

18. **Compliance with Laws.** The grant of PRSUs and the issuance of shares of Stock hereunder shall be subject to, and shall comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated

thereunder) and any other law, rule regulation or exchange requirement applicable thereto. The Company shall not be obligated to issue the PRSUs or any shares of Stock pursuant to this Agreement if any such issuance would violate any such requirements. As a condition to the settlement of the PRSUs, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation.

19. **Binding Agreement; Assignment.** This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom this Award may be transferred by will or the laws of descent or distribution.

20. **Headings.** The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

21. **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 shall constitute one and the same instrument. Electronic acceptance and signatures shall have the same force and effect as original signatures.

22. **Further Assurances.** Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder; *provided* that no such additional documents shall contain terms or conditions inconsistent with the terms and conditions of this Agreement.

23. **Severability.** The invalidity or unenforceability of any provision of this Agreement (or any portion thereof) in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement (or any portion thereof) in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

24. **No Acquired Rights.** The Participant acknowledges and agrees that: the Company may terminate or amend the Plan at any time; the award of PRSUs made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; no past grants or awards (including, without limitation, the PRSUs awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and any benefits granted under this Agreement are not part of the Participant's ordinary salary, and shall not be considered as part of such salary in the event of severance, redundancy or resignation.

25. **Section 409A.** Notwithstanding anything herein or in the Plan to the contrary, the PRSUs granted pursuant to this Agreement are intended to be exempt from the applicable requirements of the Nonqualified Deferred Compensation Rules and shall be limited, construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the PRSUs may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PRSUs upon his or her "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six (6) months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PRSUs provided under this Agreement are exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

Exhibit A

PERFORMANCE VESTING CONDITIONS

This Exhibit A contains the performance vesting conditions and methodology applicable to the PRSUs. Subject to the terms and conditions set forth in the Plan and the Agreement, the portion of the PRSUs subject to this Award, if any, that become vested during the Performance Period will be determined upon the Committee's certification of achievement of the performance criteria in accordance with this Exhibit A, which shall occur within sixty (60) days following the end of the Performance Period (the "Certification Date"). Capitalized terms used but not defined herein shall have the same meaning as is ascribed thereto in the Agreement or the Plan.

A. Performance Criteria

The performance criteria for the PRSUs is based on C&J Well Services, LLC ("CJWS") Return on Capital Invested ("ROCI") over the Performance Period set forth in the Agreement.

CJWS ROCI shall be calculated as follows:

$$\text{ROCI}(\%) = \frac{\text{EBITDA}}{\text{Bry Investment} + \text{Capital Employed}} \times 100$$

EBITDA equals earnings before interest, taxes, depreciation, and amortization, subject to customary add backs (for example, non-cash stock compensation expense and non-recurring cash items) and other adjustments for extraordinary items as determined appropriate in the sole discretion of the Company's Chief Executive Officer or Board of Directors (or Compensation Committee thereof).

Bry Investment equals the purchase price of \$53 million the Company paid CJWS.

Capital Employed equals capital expenditures during the Performance Period, subject adjustments for extraordinary items as determined appropriate in the sole discretion of the Company's Chief Executive Officer or Board of Directors (or Compensation Committee thereof).

Capital Expenditures is defined as capital employed on an accrual basis, which includes, as applicable, capitalized overhead and interest and excludes acquisitions and asset retirement spending.

B. Certification of Performance Vesting

On the Certification Date, the Committee shall certify the cumulative CJWS ROCI for the Performance Period and, based on such CJWS ROCI, the percentage of the Target PRSUs that vest shall be determined in accordance with the table below, with straight line interpolation between the listed values.

Cumulative ROIC for Fiscal Years	Percentage of Target PRSUs that Vest

All unvested PRSUs subject to this Award that are outstanding as of the date immediately following the last day of the Performance Period shall be forfeited and cancelled for no consideration if they do not become vested as set forth above.

C. Additional Factors or Information Regarding Performance Vesting Methodology

Consistent with the terms of the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the terms of the Plan or the Agreement, including this Exhibit A shall be within the sole discretion of the Committee, and shall be final, conclusive, and binding upon all persons.

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
PURSUANT TO THE
BERRY CORPORATION (BRY) 2022 OMNIBUS INCENTIVE PLAN

* * * * *

Participant: []

Grant Date: []

Target Number of Performance-
Based Restricted Stock
Units ("Target PRSUs"): []

Performance Vesting
Conditions: See Exhibit A

Performance Period: []

Vesting Date: []

* * * * *

THIS PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (this "Agreement") dated as of the Grant Date specified above ("Grant Date"), is entered into by and between Berry Corporation (bry), a corporation organized in the State of Delaware (the "Company"), and the Participant specified above, pursuant to the Berry Corporation (bry) 2022 Omnibus Incentive Plan, as in effect and as amended from time to time (the "Plan").

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its stockholders to grant this award (this "Award") of performance-based restricted stock units ("PRSUs") to the Participant.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. **Incorporation By Reference; Plan Document Receipt.** Except as specifically provided herein, this Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to this Award), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Except as provided otherwise herein, any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto in the Plan. The Participant hereby acknowledges receipt of a true copy of the Plan and that the Participant has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of this Agreement shall control.

2. **Grant of PRSUs.** The Company hereby grants to the Participant, on the Grant Date, this Award, which, depending on the extent to which the performance vesting conditions set forth on Exhibit A hereto (the "Performance Vesting Conditions") are satisfied, may result in the Participant earning as few as zero percent (0%) or as many as two hundred percent (200%) of the Target PRSUs. Subject to the terms of this Agreement and the Plan, each PRSU, to the extent it becomes a vested PRSU, represents the right to receive one (1) share of Stock or a cash amount equal to the Fair Market Value of one (1) share of Stock, as determined in the sole discretion of the Committee in accordance with Section 4. Unless and until a PRSU becomes vested, the Participant will have no right to settlement of such PRSU. Except as otherwise provided by the Plan, the Participant agrees and understands that nothing contained in this Agreement provides, or is intended to provide, the Participant with any protection against potential future dilution of the Participant's interest in the Company for any reason, and no

adjustments shall be made for dividends in cash or other property, distributions or other rights in respect of the shares of Stock underlying the PRSUs, except as otherwise specifically provided for in the Plan or this Agreement.

3. **Vesting; Forfeiture.**

(a) **Vesting Generally.** Except as otherwise provided in this Section 3, the PRSUs subject to this Award shall become vested in accordance with the Performance Vesting Conditions; *provided* that the Participant remains continuously employed by the Company or an Affiliate from the Grant Date through the Vesting Date set forth above.

(b) **Death or Disability.** In the event of a termination of the Participant's employment by reason of death or Disability, the Target PRSUs shall immediately become vested as of the date of such termination and shall be settled in accordance with Section 4 within thirty (30) days following the date of such termination.

(c) **Termination of Employment.** Except as otherwise provided herein, in the event of a termination of the Participant's employment by the Company or other employing Affiliate or by the Participant for any reason, all outstanding unvested PRSUs subject to this Award as of the date of such Termination shall be immediately forfeited and cancelled without consideration to the Participant.

(d) **Committee Discretion to Accelerate Vesting.** In addition to the foregoing, the Committee may, in its sole discretion, accelerate vesting of the PRSUs at any time and for any reason.

(e) **Change in Control.** Upon the consummation of a Change in Control, so long as the Participant has remained continuously employed by the Company or an Affiliate from the Grant Date through the consummation of such Change in Control, (i) the Target PRSUs shall become vested equal to 100% of the PRSUs subject to this award, and (iii) the PRSUs, if any, that become vested shall be settled in accordance with Section 4 within thirty (30) days following the consummation of such Change in Control.

4. **Settlement.** Unless otherwise provided herein, on the Settlement Date (as defined below), the PRSUs shall be settled by delivering to the Participant, as determined in the sole discretion of the Committee, (a) the number of shares of Stock that correspond to the number of PRSUs that have become vested on the applicable vesting date, less any shares of Stock withheld by the Company pursuant to Section 9 hereof (the "Net Shares"), (b) a cash amount equal to (i) the Net Shares *multiplied* by (ii) the Fair Market Value of a share of Stock on the Settlement Date or (c) a combination of shares of Stock pursuant to the preceding clause (a) and cash pursuant to the preceding clause (b). As used herein, the "Settlement Date" shall be a date selected by the Committee that is within thirty (30) days following the later of (x) the Vesting Date set forth above and (y) the Certification Date (as defined below).

5. **Dividends; Rights as Stockholder.** If the Company pays a cash dividend in respect of its outstanding Stock and, on the record date for such dividend, the Participant holds PRSUs granted pursuant to this Agreement that have not vested and been settled in accordance with Section 4, the Company shall credit to an account maintained by the Company for the Participant's benefit an amount equal to the cash dividends the Participant would have received if the Participant were the holder of record, as of such record date, of the number of shares of Stock related to the portion of the PRSUs that have not been settled or forfeited as of such record date; *provided* that such cash dividends shall not be deemed to be reinvested in shares of Stock and shall be held uninvested and without interest and paid in cash at the same time that the PRSUs are settled in accordance with the provisions hereof or, if later, the date on which such cash dividend is paid to shareholders of the Company. Stock or property dividends on shares of Stock shall be credited to a dividend book entry account on behalf of the Participant with respect to each PRSU granted to the Participant; *provided* that such stock or property dividends shall be paid in shares of Stock, in the case of a spin-off, shares of stock of the entity that is spun-off from the Company, or other property, as applicable and in each case, at the same time that the shares of Stock underlying the PRSUs are delivered to the Participant in accordance with the provisions hereof. Such account is intended to constitute an "unfunded" account, and neither this Section 5 nor any action taken pursuant to or in accordance with this Section 5 shall be construed to create a trust of any kind. Except as otherwise

provided herein, the Participant shall have no rights as a stockholder with respect to any shares of Stock covered by any PRSU.

6. **Non-Transferability.** No portion of the PRSUs may be sold, assigned, transferred, encumbered, hypothecated or pledged by the Participant, other than to the Company as a result of forfeiture of the PRSUs as provided herein.

7. **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to the choice of law principles thereof.

8. **Withholding of Tax.** The Participant agrees and acknowledges that the Company shall have the power and the right to deduct or withhold, or require the Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind which the Company, in its good faith discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to the PRSUs, and if the withholding requirement cannot be satisfied, the Company may otherwise refuse to settle the PRSUs. If any tax withholding amounts are satisfied through net settlement or previously owned shares, the maximum number of shares of Stock that may be so withheld or surrendered shall be the number of shares of Stock that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, foreign and/or local tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the PRSUs, as determined by the Committee.

9. **Legend.** The Company may at any time place legends referencing any applicable federal, state or foreign securities law restrictions on all certificates, if any, representing shares of Stock, if any, issued pursuant to this Agreement. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates, if any, representing shares of Stock acquired pursuant to this Agreement in the possession of the Participant in order to carry out the provisions of this [Section 9](#).

10. **Securities Representations.** This Agreement is being entered into by the Company in reliance upon the following express representations and warranties of the Participant. The Participant hereby acknowledges, represents and warrants that:

(a) The Participant has been advised that the Participant may be an “affiliate” within the meaning of Rule 144 under the Securities Act and in this connection the Company is relying in part on the Participant’s representations set forth in this [Section 10](#).

(b) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the shares of Stock issuable hereunder must be held indefinitely unless an exemption from any applicable resale restrictions is available or the Company files an additional registration statement (or a “re-offer prospectus”) with regard to such shares of Stock and the Company is under no obligation to register such shares of Stock (or to file a “re-offer prospectus”).

(c) If the Participant is deemed an affiliate within the meaning of Rule 144 of the Securities Act, the Participant understands that the exemption from registration under Rule 144 will not be available unless a public trading market then exists for the Stock, adequate information concerning the Company is then available to the public, and other terms and conditions of Rule 144 or any exemption therefrom are complied with, and any sale of the shares of Stock issuable hereunder may be made only in limited amounts in accordance with the terms and conditions of Rule 144 or any exemption therefrom.

11. **No Waiver.** No waiver or non-action by either party hereto with respect to any breach by the other party of any provision of this Agreement shall be deemed or construed to be a waiver of any succeeding breach of such provision, or as a waiver of the provision itself.

12. **Entire Agreement; Amendment.** This Agreement and the Plan contain the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersede

all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Committee shall have the right, in its sole discretion (and without the consent of the Participant), to modify or amend this Agreement from time to time in accordance with and as provided in the Plan and as specifically provided herein, including in Exhibit A hereto. Without limiting the foregoing, the Committee may, in its sole discretion (and without the need for a formal amendment), elect to modify or amend this Agreement to provide that the PRSUs will be settled solely in shares of Stock (if the Plan is approved by the Company's stockholders) or solely in cash (regardless of whether the Plan is approved by the Company's stockholders) pursuant to Section 4. The Company shall give written notice to the Participant of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof.

13. **Notices.** Any notice hereunder by the Participant shall be given to the Company in writing and such notice shall be deemed duly given only upon receipt thereof by the Secretary of the Company. Any notice hereunder by the Company shall be given to the Participant in writing and such notice shall be deemed duly given only upon receipt thereof at such address as the Participant may have on file with the Company.

14. **No Right to Employment or Service.** Nothing in this Agreement shall interfere with or limit in any way the right of the Company, its subsidiaries or its Affiliates to terminate the Participant's employment or service at any time, for any reason and with or without Cause, in accordance with and subject to the terms and conditions of the Employment Agreement.

15. **Transfer of Personal Data.** The Participant authorizes, agrees and unambiguously consents to the transmission by the Company (or any Affiliate) of any personal data information related to the PRSUs awarded under this Agreement for legitimate business purposes (including, without limitation, the administration of the Plan). This authorization and consent is freely given by the Participant.

16. **Compliance with Laws.** The grant of PRSUs and the issuance of shares of Stock hereunder shall be subject to, and shall comply with, any applicable requirements of any foreign and U.S. federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act, the Exchange Act and in each case any respective rules and regulations promulgated thereunder) and any other law, rule regulation or exchange requirement applicable thereto. The Company shall not be obligated to issue the PRSUs or any shares of Stock pursuant to this Agreement if any such issuance would violate any such requirements. As a condition to the settlement of the PRSUs, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation.

17. **Binding Agreement; Assignment.** This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. Subject to the restrictions on transfer set forth herein and in the Plan, this Agreement will be binding upon the Participant and the Participant's beneficiaries, executors, administrators and the person(s) to whom this Award may be transferred by will or the laws of descent or distribution.

18. **Headings.** The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

19. **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 shall constitute one and the same instrument. Electronic acceptance and signatures shall have the same force and effect as original signatures.

20. **Further Assurances.** Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as either party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder; *provided* that no such additional documents shall contain terms or conditions inconsistent with the terms and conditions of this Agreement.

21. **Severability.** The invalidity or unenforceability of any provision of this Agreement (or any portion thereof) in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement (or any portion thereof) in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

22. **No Acquired Rights.** The Participant acknowledges and agrees that: the Company may terminate or amend the Plan at any time; the award of PRSUs made under this Agreement is completely independent of any other award or grant and is made at the sole discretion of the Company; no past grants or awards (including, without limitation, the PRSUs awarded hereunder) give the Participant any right to any grants or awards in the future whatsoever; and any benefits granted under this Agreement are not part of the Participant's ordinary salary, and shall not be considered as part of such salary in the event of severance, redundancy or resignation.

23. **Section 409A.** Notwithstanding anything herein or in the Plan to the contrary, the PRSUs granted pursuant to this Agreement are intended to be exempt from the applicable requirements of the Nonqualified Deferred Compensation Rules and shall be limited, construed and interpreted in accordance with such intent. Nevertheless, to the extent that the Committee determines that the PRSUs may not be exempt from the Nonqualified Deferred Compensation Rules, then, if the Participant is deemed to be a "specified employee" within the meaning of the Nonqualified Deferred Compensation Rules, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the PRSUs upon his or her "separation from service" within the meaning of the Nonqualified Deferred Compensation Rules, then to the extent necessary to prevent any accelerated or additional tax under the Nonqualified Deferred Compensation Rules, such settlement will be delayed until the earlier of: (a) the date that is six (6) months following the Participant's separation from service and (b) the Participant's death. Notwithstanding the foregoing, the Company and its Affiliates make no representations that the PRSUs provided under this Agreement are exempt from or compliant with the Nonqualified Deferred Compensation Rules and in no event shall the Company or any Affiliate be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with the Nonqualified Deferred Compensation Rules.

Exhibit A

PERFORMANCE VESTING CONDITIONS

This Exhibit A contains the performance vesting conditions and methodology applicable to the PRSUs. Subject to the terms and conditions set forth in the Plan and the Agreement, the portion of the PRSUs subject to this Award, if any, that become vested during the Performance Period will be determined upon the Committee's certification of achievement of the performance criteria in accordance with this Exhibit A, which shall occur within sixty (60) days following the end of the Performance Period (the "Certification Date"). Capitalized terms used but not defined herein shall have the same meaning as is ascribed thereto in the Agreement or the Plan.

A. Performance Criteria

The performance criteria for the PRSUs is based on C&J Well Services, LLC ("CJWS") Return on Capital Invested ("ROCI") over the Performance Period set forth in the Agreement.

CJWS ROCI shall be calculated as follows:

$$\text{ROCI}(\%) = \frac{\text{EBITDA}}{\text{Bry Investment} + \text{Capital Employed}} \times 100$$

EBITDA equals earnings before interest, taxes, depreciation, and amortization, subject to customary add backs (for example, non-cash stock compensation expense and non-recurring cash items) and other adjustments for extraordinary items as determined appropriate in the sole discretion of the Company's Chief Executive Officer or Board of Directors (or Compensation Committee thereof).

Bry Investment equals the purchase price of \$53 million the Company paid CJWS.

Capital Employed equals capital expenditures during the Performance Period, subject adjustments for extraordinary items as determined appropriate in the sole discretion of the Company's Chief Executive Officer or Board of Directors (or Compensation Committee thereof)

Capital Expenditures is defined as capital employed on an accrual basis, which includes, as applicable, capitalized overhead and interest and excludes acquisitions and asset retirement spending.

B. Certification of Performance Vesting

On the Certification Date, the Committee shall certify the cumulative CJWS ROCI for the Performance Period and, based on such CJWS ROCI, the percentage of the Target PRSUs that vest shall be determined in accordance with the table below, with straight line interpolation between the listed values.

Cumulative ROIC for Fiscal Years 2021, 2022, 2023 and 2024	Percentage of Target PRSUs that Vest

All unvested PRSUs subject to this Award that are outstanding as of the date immediately following the last day of the Performance Period shall be forfeited and cancelled for no consideration if they do not become vested as set forth above.

C. Additional Factors or Information Regarding Performance Vesting Methodology

Consistent with the terms of the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the terms of the Plan or the Agreement, including this Exhibit A shall be within the sole discretion of the Committee, and shall be final, conclusive, and binding upon all persons.

SECOND AMENDMENT TO CREDIT AGREEMENT AND LIMITED CONSENT AND WAIVER

THIS SECOND AMENDMENT TO CREDIT AGREEMENT AND LIMITED CONSENT AND WAIVER (this “*Second Amendment*”), dated as of May 2, 2022 (the “*Second Amendment Effective Date*”), is by and among Berry Petroleum Company, LLC, a Delaware limited liability company (the “*Borrower*”), Berry Corporation (bry), a Delaware corporation (the “*Parent*”, and together with the Borrower, the “*Loan Parties*”), each of the Lenders that is a signatory hereto and JPMorgan Chase Bank, N.A., as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the “*Administrative Agent*”).

RECITALS

A. The Borrower, the Parent, the Administrative Agent, the Issuing Bank and the Lenders are parties to that certain Credit Agreement dated as of August 26, 2021 (as amended by that certain First Amendment to Credit Agreement dated as of December 8, 2021 and as further amended, restated, supplemented or otherwise modified prior to the date hereof, the “*Credit Agreement*”), pursuant to which the Lenders have, subject to the terms and conditions set forth therein, made certain credit available to and on behalf of the Borrower.

B. The Borrower (i) made Restricted Payments to its Equity Interest holders in an aggregate amount of \$5,235,839.78 (the “Specified Q1 2022 Restricted Payment”) and the Specified Q1 2022 Restricted Payment would not be permitted under Section 9.04(e) of the Credit Agreement as a result of it exceeding 100% of Free Cash Flow for the fiscal quarter ended December 31, 2021, (ii) intended to make, and has now made, Investments in C&J Well Services, LLC and/or CJ Berry Well Services Management, LLC, in an aggregate amount in excess of \$15,000,000 before December 31, 2021 and in additional amounts after December 31, 2021 (the “Specified C&J Investments”) and such Investments would not be permitted under Section 9.05(r)(ii) of the Credit Agreement, and (iii) has not entered into and maintained Hedge Agreements for any full calendar month from and after January 1, 2025 as required under Section 8.17 of the Credit Agreement (the “Specified Q1 2025 Hedging Requirement”).

C. The parties hereto desire to enter into this Second Amendment to, among other things, (i) amend the Credit Agreement as set forth herein effective as of the Second Amendment Effective Date and (ii) evidence the Lenders’ (x) consent to the Specified Q1 2022 Restricted Payment, effective as of March 31, 2022 and the Specified C&J Investments, effective as of October 1, 2021 and (y) extension of the dates upon which the Borrower must satisfy the Specified Q1 2025 Hedging Requirement, effective as of March 31, 2022.

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

Section 1. Defined Terms. Each capitalized term which is defined in the Credit Agreement, but which is not defined in this Second Amendment, shall have the meaning ascribed such term in the Credit Agreement, as amended hereby. Unless otherwise indicated, all section references in this Second Amendment refer to the Credit Agreement.

Section 2. Amendments. In reliance on the representations, warranties, covenants and agreements contained in this Second Amendment, and subject to the satisfaction of the conditions precedent set forth in Section 3 hereof, the Credit Agreement shall be amended effective as of the Second Amendment Effective Date in the manner provided in this Section 2.

1.1 New Definitions. Section 1.02 of the Credit Agreement is hereby amended to add thereto in alphabetical order the following definitions which shall read in their respective entirety as follows:

“**Second Amendment**” means that certain Second Amendment to Credit Agreement and Limited Consent and Waiver, dated as of the Second Amendment Effective Date, among the Borrower, the Parent, the Administrative Agent and the Lenders party thereto.

“**Second Amendment Effective Date**” means May 2, 2022.

1.2 Restated Definitions. The following definitions contained in Section 1.02 of the Credit Agreement are hereby amended and restated in their entirety to read in full as follows:

“**Designated Basic NewCo**” means, individually and collectively, (i) C&J Well Services, LLC, a Delaware limited liability company, and (ii) CJ Berry Well Services Management, LLC, a Delaware limited liability company.

“**Free Cash Flow**” means, for any fiscal quarter for which financial statements have been delivered (for purposes of Section 9.04(c)), (a) EBITDAX (without regard for any pro forma adjustments for Material Acquisitions or Material Dispositions) for such fiscal quarter minus (b) the increase (or plus the decrease) in Working Capital from the previous fiscal quarter (except any increase or decrease in Working Capital due to the reclassification of liabilities from short-term liabilities to long-term liabilities or vice versa) minus (c) the sum, in each case without duplication, of the following amounts paid during such fiscal quarter: (i) voluntary and scheduled cash prepayments and repayments of Debt during such fiscal quarter, in each case, which cannot be reborrowed pursuant to the terms of such Debt (and for the avoidance doubt, in the case of a voluntary or a mandatory prepayment of Borrowings, solely to the extent such prepayment is accompanied by a simultaneous and equivalent reduction in the Commitments), (ii) the aggregate amount actually paid in cash by the Loan Parties during such fiscal quarter on account of capital expenditures, (iii) interest expense paid in cash during such fiscal quarter, (iv) taxes paid in cash during such fiscal quarter, (v) exploration expenses paid in cash during such fiscal quarter, (vi) Restricted Payments made in cash (other than to the Borrower or any Guarantor) during such fiscal quarter, (vii) Investments made in cash (other than any such Investments (A) to any Loan Party or any Restricted Subsidiary thereof to the extent permitted under this Agreement or (B) to Designated Basic NewCo to the extent permitted under Section 9.05(r) of this Agreement) during such fiscal quarter and (viii) to the extent not included in the foregoing and added back in the calculation of EBITDAX (other than Material Acquisitions or Material Dispositions) for such fiscal quarter, any other cash charge that reduces the earnings of the Loan Parties except, in the case of each of the foregoing clauses in this definition, to the extent financed with proceeds of issuances of any Equity Interests or capital contributions other than proceeds from Disqualified Capital.

“**Loan Documents**” means this Agreement, the Notes, the Letter of Credit Agreements, the Letters of Credit, the Letter of Credit Fee Letters, the Security Instruments, the First Amendment, the Second Amendment and any certificate or fee letter delivered under, or in connection with, this Agreement by or on behalf of the Borrower or any other Loan Party.

“**Unrestricted Subsidiary**” means any Subsidiary of the Borrower designated in writing to the Administrative Agent to be an Unrestricted Subsidiary pursuant to Section 9.23. As of

the Second Amendment Effective Date, the Unrestricted Subsidiaries are the Designated Basic NewCo.

1.3 Deleted Definition. The definition of “Borrowing Base Redetermination Period” is hereby deleted.

1.4 Minimum Hedging. Section 8.17 of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows.

Section 8.17 Minimum Hedging. Commencing from and after March 31, 2022, the Borrower shall maintain Hedge Agreements (other than three-way collars) with one or more Approved Counterparties hedging minimum notional volumes of (i) at least 75% of the reasonably projected production of crude oil from Oil and Gas Properties classified as “proved developed producing” in the Reserve Report most recently delivered to the Administrative Agent, for each full calendar month during the period from and including the first full calendar month following each Minimum Hedging Requirement Date (as hereinafter defined) through and including the 24th full calendar month following each such Minimum Hedging Requirement Date and (ii) at least 50% of the reasonably projected production of crude oil from Oil and Gas Properties classified as “proved developed producing” in the Reserve Report most recently delivered to the Administrative Agent, for each full calendar month during the period from and including the 25th full calendar month following each such Minimum Hedging Requirement Date through and including the 36th full calendar month following each such Minimum Hedging Requirement Date; provided that, notwithstanding the foregoing, until the Minimum Hedging Requirement Date occurring on October 1, 2022, Borrower shall not be required to maintain any Hedge Agreements pursuant to this Section 8.17 for any full calendar month from and after January 1, 2025; provided further, that in the case of each of the foregoing clauses (i) and (ii), the notional volumes hedged under such Hedge Agreements shall be deemed reduced by the notional volumes of any short puts or other similar derivatives having the effect of exposing the Borrower or any other Loan Party to commodity price risk below the “floor” created by such Hedge Agreements of the Loan Parties for each applicable calendar month. On or prior to the date each Reserve Report (other than the Initial Reserve Report) is required to be delivered by the Borrower pursuant to Section 8.11(a) (each, a “Minimum Hedging Requirement Date”), the Borrower shall deliver evidence in form and substance satisfactory to the Administrative Agent that it has entered into Hedge Agreements to be in compliance with this Section 8.17 as of such Minimum Hedging Requirement Date.

1.5 Current Ratio. Section 9.01(b) of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

(b) Current Ratio. The Parent will not permit, as of the last day of any fiscal quarter, commencing with the fiscal quarter ending September 30, 2021, its ratio of (i) consolidated current assets (including the unused amount of the total Commitments then available to be borrowed, but excluding (x) non-cash assets under FASB ASC 815 and (y) any assets of any Unrestricted Subsidiary) to (ii) consolidated current liabilities (excluding (x) non-cash obligations under FASB ASC 410 and 815, (y) current maturities under this Agreement and (z) any liabilities of any Unrestricted Subsidiary) to be less than 1.00 to 1.00.

1.6 Restricted Payments. Sections 9.04(e) and (f) of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

(e) the Borrower (and Intermediate Holdco, if applicable) may make cash distributions to the Parent, and the Parent may make Restricted Payments to the holders of its Equity Interests:

(X) within 60 days after the declaration or announcement of such Restricted Payment (or, if no such declaration or announcement is made, on the date of making such Restricted Payment) in an aggregate amount not to exceed 100% of Free Cash Flow for the fiscal quarter most recently ended prior to the date of such declaration or announcement (or, if no such declaration or announcement is made, on the date of making such Restricted Payments), so long as both immediately before, and immediately after giving effect to, any such Restricted Payment, (i) no Default or Event of Default exists or would exist, (ii) the unused portion of the Commitments is greater than 20% of the total Commitments, (iii) the Leverage Ratio is less than or equal to 2.00 to 1.00 (on a pro forma basis as the Leverage Ratio is recomputed on the date of such declaration or announcement (or, if no such declaration or announcement is made, on the date of making such Restricted Payments) using (A) Total Debt outstanding on such date and (B) EBITDAX for the four fiscal quarters ending on the last day of the fiscal quarter immediately preceding such date for which financial statements are available) and (iv) the Administrative Agent shall have received a certificate of a Financial Officer, setting forth reasonably detailed calculations of Free Cash Flow for the immediately preceding fiscal quarter for which financial statements have been delivered pursuant to Section 8.01(a) or Section 8.01(b), as applicable, which shall be in substantially the form of Exhibit I hereto; and

(Y) within 60 days after the declaration or announcement of such Restricted Payments (or, if no such declaration or announcement is made, on the date of making such Restricted Payments), so long as both immediately before, and immediately after giving effect to, any such distribution, (i) no Default or Event of Default exists or would exist, (ii) the unused portion of the Commitments is greater than 75% of the total Commitments, and (iii) the Leverage Ratio is less than or equal to 1.50 to 1.00 (as calculated on the date of such declaration or announcement (or, if no such declaration or announcement is made, on the date of making such Restricted Payments) using (A) Total Debt outstanding on such date and (B) EBITDAX as of the most recent fiscal quarter end for which financial statements have been delivered to the Administrative Agent pursuant to Section 8.01(a) or Section 8.01(b), as applicable, for the quarter ending (1) March 31, 2022, multiplied by four, (2) June 30, 2022, multiplied by two, (3) September 30, 2022, multiplied by one and one-third, and (4) thereafter, EBITDAX for the four fiscal quarters ending on the last day of the fiscal quarter immediately preceding such date);

(f) the Parent, the Borrower and its Restricted Subsidiaries may redeem, acquire, retire or repurchase, for cash, shares of Equity Interests (other than Disqualified Capital Stock) of the Parent, the Borrower held by any present or former officer, manager, director or employee of the Parent, the Borrower or any of its Restricted Subsidiaries upon the death, disability, retirement or termination of employment of any such Person or otherwise make Restricted Payments to such employees, directors, officers or managers in accordance with any equity option or equity appreciation rights plan, any management, director and/or employee equity ownership, benefit or incentive plan or agreement, equity subscription plan, employment termination agreement or any other employment agreements or equity holders' agreement, so long as all such Restricted Payments do not exceed \$1,000,000 in the aggregate in any fiscal year;

1.7 Investments, Loans and Advances. Section 9.05(r) of the Credit Agreement is hereby amended and restated in its entirety to read in full as follows:

(r) (i) a one-time direct or indirect Investment in Designated Basic NewCo made on or before December 31, 2021 in an aggregate amount not to exceed the purchase price for the acquisition of Designated Basic NewCo, (ii) other direct or indirect Investments in Designated Basic NewCo made on or before December 31, 2021 not to exceed \$15,000,000.00 in an aggregate amount at any time outstanding; provided that, in each case of clauses (i) and (ii) above, any such Investment in Designated Basic NewCo shall only be permitted so long as both before, and immediately after giving effect to, the making of such Investment (A) the Loan Parties shall have Liquidity at least equal to the greater of (1) \$200,000,000.00 and (2) the then-effective Borrowing Base and (B) the Leverage Ratio is less than or equal to 2.25 to 1.00 (on a pro forma basis as the Leverage Ratio is recomputed on such date using (1) Total Debt outstanding on such date and (2) EBITDAX for the four fiscal quarters ending on the last day of the fiscal quarter immediately preceding such date for which financial statements are available), (iii) other Investments in Designated Basic NewCo to be used for working capital purposes made on or after January 1, 2022 and on or before June 30, 2022 not to exceed \$10,000,000.00 in an aggregate amount at any time outstanding and (iv) other Investments in Designated Basic NewCo to be used for working capital purposes made after June 30, 2022 not to exceed \$5,000,000 in an aggregate amount at any time outstanding, provided that, in each case of clauses (iii) and (iv), both before, and immediately after giving effect to any such Investment, (1) no Default or Event of Default exists or would exist and (2) no Borrowing Base Deficiency exists or would result therefrom;

Section 3. Conditions Precedent. The effectiveness of this Second Amendment is subject to the following:

1.1 Counterparts. The Administrative Agent shall have received counterparts of this Second Amendment from the Loan Parties and the Lenders constituting the Majority Lenders.

1.2 Consent Fees. The Administrative Agent shall have received, for the account of each Lender that executes and delivers to the Administrative Agent a counterpart of this Second Amendment before 1:00 p.m. (New York City time), on or prior to May 2, 2022, a consent fee in an amount equal to 0.10% of the aggregate amount of each such Lender's Commitment in effect immediately prior to the Second Amendment Effective Date.

1.3 Other Documents. The Administrative Agent shall have received such other documents as the Administrative Agent or counsel to the Administrative Agent may reasonably request.

Section 4. Limited Consents and Waivers. In reliance on the representations, warranties, covenants and agreements contained in this Second Amendment, the receipt and sufficiency of which are hereby acknowledged and confessed, and subject to the satisfaction of the conditions precedent in Section 3 hereof, the Lenders hereby (a) consent to the Specified Q1 2022 Restricted Payment, effective as of March 31, 2022 and the Specified C&J Investments effective as of October 1, 2021, (b) waive the Specified Q1 2025 Hedging Requirement effective as of March 21, 2022 and (c) waive any breach, Default or Event of Default which may have arisen as a result of the Specified Q1 2022 Restricted Payment, the Specified C&J Investments or the Specified Q1 2025 Hedging Requirement; *provided* that nothing contained herein, nor any past indulgence by Administrative Agent or any Lender nor any other action or inaction on behalf of Administrative Agent or any Lender, shall constitute or be deemed to constitute a consent to, or waiver of, any other action or inaction of the Borrower or any of the other Loan Parties which constitutes (or would constitute) a violation of any provision of the Credit Agreement or any other Loan Document, or which results (or would result) in a breach, Default or Event of Default under the Credit Agreement or any other Loan Document, nor shall this Second Amendment constitute a course of conduct or dealing among the parties. The

Administrative Agent and the Lenders shall have no obligation to grant any future waivers, consents or amendments with respect to the Credit Agreement or any other Loan Document, and the parties hereto agree that the limited consent and waivers provided herein shall constitute one-time consents and waivers as specifically set forth herein and shall not waive, affect or diminish any right of the Administrative Agent and the Lenders to hereafter demand strict compliance with the Credit Agreement and the other Loan Documents.

Section 5. Miscellaneous.

1.1 Confirmation and Effect. The provisions of the Credit Agreement (as amended by this Second Amendment) shall remain in full force and effect in accordance with their terms following the effectiveness of this Second Amendment, and this Second Amendment shall not constitute a waiver of any provision of the Credit Agreement or any other Loan Document, except as expressly provided for herein. Each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import shall mean and be a reference to the Credit Agreement as amended hereby, and each reference to the Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Credit Agreement shall mean and be a reference to the Credit Agreement as amended hereby.

1.2 Ratification and Affirmation of Loan Parties. Each of the Loan Parties hereby expressly (i) acknowledges the terms of this Second Amendment, (ii) ratifies and affirms its obligations under the Loan Documents to which it is a party, (iii) acknowledges and renews its continued liability under the Loan Documents to which it is a party, (iv) agrees, with respect to each Loan Party that is a Guarantor, that its guarantee under the Guaranty Agreement remains in full force and effect with respect to the Guaranteed Obligations as amended hereby, (v) represents and warrants to the Lenders and the Administrative Agent that each representation and warranty of such Loan Party contained in the Credit Agreement and the other Loan Documents to which it is a party is true and correct in all material respects as of the date hereof, after giving effect to this Second Amendment, except (A) to the extent any such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date hereof, such representations and warranties shall continue to be true and correct in all material respects as of such specified earlier date, and (B) to the extent that any such representation and warranty is expressly qualified by materiality or by reference to Material Adverse Effect, such representation and warranty (as so qualified) shall continue to be true and correct in all respects, (vi) represents and warrants to the Lenders and the Administrative Agent that the execution, delivery and performance by such Loan Party of this Second Amendment are within such Loan Party’s corporate, limited partnership or limited liability company powers (as applicable), have been duly authorized by all necessary action and that this Second Amendment constitutes the valid and binding obligation of such Loan Party enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor’s rights generally, and (vii) represents and warrants to the Lenders and the Administrative Agent that, immediately after giving effect to this Second Amendment, no Event of Default exists.

1.3 Counterparts. Delivery of an executed counterpart of a signature page of this Second Amendment that is an Electronic Signature transmitted by telecopy, emailed pdf. or any other electronic means that reproduces an image of an actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

1.4 No Oral Agreement. **THIS SECOND AMENDMENT REPRESENTS THE FINAL AGREEMENT AMONG THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR**

SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

1.5 Governing Law. **THIS SECOND AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.**

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

1.7 Severability. Any provision of this Second Amendment held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof or thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

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

1.9 Loan Document. This Second Amendment constitutes a Loan Document under and as defined in the Credit Agreement.

[Signature Pages Follow.]

The parties hereto have caused this Second Amendment to be duly executed as of the day and year first above written.

BORROWER: BERRY PETROLEUM COMPANY, LLC

By: /s/ Cary Baetz
Name: Cary Baetz
Title: Authorized Representative

PARENT: BERRY CORPORATION (BRY)

By: /s/ Cary Baetz
Name: Cary Baetz
Title: Executive Vice President and Chief Financial Officer

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

ADMINISTRATIVE AGENT:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Lender

By: /s/ Michael A. Harvey
Name: Michael A. Harvey
Title: Authorized Officer

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

LENDERS:

KEYBANK NATIONAL

ASSOCIATION, as a Lender

By: /s/ David M. Bornstein
Name: David M. Bornstein
Title: Senior Vice President

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

BOKF, NA as a Lender

By: /s/ Sonja W Bruce
Name: Sonja W Bruce
Title: Senior Vice President

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

TRI COUNTIES BANK, as a Lender

By: /s/ Aytom Salomon
Name: Aytom Salomon
Title: Senior Vice President

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

CAPITAL ONE, NATIONAL

ASSOCIATION, as a Lender

By: /s/ Christopher Kuna
Name: Christopher Kuna
Title: Senior Director

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

CATHAY BANK, as a Lender

By: /s/ Dale T Wilson
Name: Dale T Wilson
Title: Senior Vice President

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

GOLDMAN SACHS LENDING

PARTNERS, as a Lender

By: /s/ Lauren Shockey_____
Name: Lauren Shockey
Title: Authorized Signatory

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

MACQUARIE INVESTMENTS US INC,
as a Lender

By: /s/ Nicole Jasper
Name: Nicole Jasper
Title: Senior Managing Director – CGM

By: /s/ James M. Jordan
Name: James M. Jordan
Title: Executive Director – CGM Legal

[Signature Page to Second Amendment to Credit Agreement and Limited Consent and Waiver – Berry Petroleum Company, LLC]

RULE 13a – 14(a) / 15d – 14(a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002

I, A. T. “Trem” Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berry Corporation (bry) (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- (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 4, 2022

/s/ A. T. Smith

A. T. "Trem" Smith
President and Chief Executive Officer

**RULE 13a – 14(a) / 15d – 14(a)
CERTIFICATION
PURSUANT TO §302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Cary Baetz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berry Corporation (bry) (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
- (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 4, 2022

/s/ Cary Baetz

Cary Baetz
Executive Vice President and
Chief Financial Officer

**CERTIFICATION OF CEO AND CFO PURSUANT TO
18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO
§ 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report on Form 10-Q of Berry Corporation (bry) (the “Company”) for the fiscal period ended March 31, 2022, as filed with the Securities and Exchange Commission on May 4, 2022 (the “Report”), A. T. “Trem” Smith, as Chief Executive Officer of the Company, and Cary Baetz, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section § 906 of the Sarbanes-Oxley Act of 2002, to the best of our knowledge that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2022

/s/ A. T. Smith

A. T. “Trem” Smith
President and Chief Executive Officer

Date: May 4, 2022

/s/ Cary Baetz

Cary Baetz
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Berry Corporation (bry) and will be retained by Berry Corporation (bry) and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.