



# **SURGE ENERGY**

## **SUSTAINABILITY REPORT 2022**



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# A MESSAGE FROM OUR CEO



**Linhua Guan**  
Chief Executive Officer

Dear Stakeholders,

At Surge Energy, continuous improvement is deeply embedded in our culture, and we view Environmental Social Governance (“ESG”) performance as central to our commitment to the responsible production of critical energy resources. As such, we are pleased to present our 3rd annual sustainability report, and our first public report, as we advance our commitments to greater ESG performance and enhanced transparency with our stakeholders.

This report outlines our sustainability performance for 2021, the significant progress we’ve made in many areas of our business, as well as the challenges that lie ahead as we work to continue creating value and improving performance in sustainable ways.

## ENGAGEMENT, ALIGNMENT AND GOALS

This year, we conducted our first-ever materiality assessment to more holistically evaluate the ESG issues that matter most to Surge’s business and our many stakeholders. We also formalized our alignment with the Sustainability Accounting Standards Board (“SASB”) reporting standard and developed measurable targets focused on greenhouse gas (“GHG”) intensity, methane intensity, fuel efficiency and water management.

## EMISSIONS REDUCTION AND WATER

Our commitment to emissions reductions over the past several years is significantly driving improvement. Through these efforts, **we have achieved a ~55% reduction in Scope 1 GHG intensity since 2019** and this year, we are formalizing a commitment to maintain this emissions profile through our new Scope 1 GHG intensity goal.

Our focus on enhanced fugitive emissions detection, minimizing flaring, optimizing completions and investment in new technologies has driven significant performance improvements and reduction in overall emissions.

Increased electrification contributed to these efforts. **In total, we have invested \$26 million on electrical infrastructure from 2016 through Q2 2022.** Building on the previous success of our Dragon substation, we commissioned a second substation to come online in late 2022 to serve the eastern portion of our acreage position that was acquired in 2021, which will allow for the replacement of on-site power generation, reducing costs and eliminating local emissions from the majority of our acreage.

**Additional investments totaling \$135 million as of Q2 2022 in water recycling, pipeline infrastructure and disposal wells** have enabled the construction and expansion of our highly successful fresh water use reduction and reuse efforts employed across both our legacy and newly acquired operating areas. Surge has conserved over **3.6 billion gallons of fresh water** since we initiated the practice in 2017. Further, our network of water pipelines has helped to avoid a total of 2,220,610 truck trips, equivalent to 54,574 MT CO<sub>2</sub>e of emissions since inception.

## HSER

In 2021, we had a combined employee and contractor Total Recordable Incident Rate (“TRIR”) of 0.43 and, notably, zero recordable incidents for employees over the same period.

In 2021, we invested in equipment upgrades and preventative maintenance to prevent spills, and we extended the use of lighted signs for incident response into new acreage. These solar powered signs improve safety and response speed by improving our ability to locate critical equipment under low-light conditions.

In addition to our field safety performance, 2021 featured the return of our employees to the office following our pandemic restrictions. This return to office was conducted under the oversight of our Business Support Team (“BST”), formed in 2020 to carefully manage the Company’s pandemic response. Their work facilitated the successful return of our workforce through our flexible work plan, ensuring the ongoing safe operations of the Company, while also garnering positive feedback from employees.

I am very proud of our entire team’s ability to adapt over the last two years, finding new and effective ways to strengthen our business, while protecting our colleagues and their families. I am grateful for everyone’s efforts.

## COMMUNITY

At Surge, we take our role as a member of the communities in which we live and work seriously. Beyond indirect community benefits resulting from jobs created, taxes, royalties paid and hydrocarbons produced, we continued to support community organizations through philanthropic giving as well as employee volunteer work in 2021.

## GOVERNANCE

Our employees are the driving force behind our social and environmental programs as well as our continued growth. To enhance alignment between Surge’s commitment to ESG performance and compensation, **Surge has adopted ESG-linked incentives for both employees and management that will utilize ESG metrics that determine 45% of the 2022 annual incentive program, an increase from 20% in 2021.**

Together with our Corporate Responsibility Team, I am proud to report the progress we have collectively made in environmental, social and governance measures. We take great pride in producing critical energy resources safely and in an environmentally responsible manner.

Our investments and hard work over the past several years have led to significant improvements which we are pleased to share in this report. In addition, our strong balance sheet and demonstrated ability to carve out a niche as an efficient operator with a strong emissions profile and commitment to our people and the communities in which we operate, gives us confidence that we will continue to strengthen our Company and improve the performance of our industry as a whole.

We look forward to building on these efforts and playing a beneficial role in the energy industry for decades.

Sincerely,

Linhua Guan  
*Chief Executive Officer*





# ABOUT THIS REPORT

Surge Energy (“we,” “our,” “Surge” or the “Company”) is pleased to present our 2022 Corporate Sustainability Report, which highlights our environmental, social and governance performance and our plans for continued improvement in these areas.

The contents and focus of this year’s report were guided by the results of our first comprehensive materiality assessment, which is described in greater detail in this report. Additionally, Surge has assessed the value and utility of reporting publicly disclosures aligned with the Sustainability Accounting Standards Board. As a result, we are pleased to have responded to the SASB’s recommended disclosures for the Oil and Gas – Exploration & Production industry for the first time this year; detailed disclosures can be found throughout this report and in consolidated form in the content index.

As a private operator in the Permian Basin, Surge is excited to advance our reporting and share detailed, transparent and informative ESG disclosures befitting our strong commitment to and performance in these areas. We aim to achieve ESG excellence while remaining true to our culture and values by prioritizing our commitment to safety, the environment and responsible operations.

*The focus of this report is our 2021 performance, and we have included select highlights from 2022 where additional information helps to provide a full picture of efforts and operations discussed in the report. Performance data included in the report reflects Fiscal Year 2021 (“FY21”) results, which refers to the reporting period January 1, 2021 through December 31, 2021 unless otherwise noted.*



# COMPANY OVERVIEW

## OUR OPERATIONS

Surge is focused on the acquisition, development and production of onshore oil and gas properties in the United States. Surge is headquartered in Houston, Texas and currently holds approximately 114,000 net acres in the Moss Creek and Hoople fields in the Permian Basin.

Across our operational footprint in the Moss Creek and Hoople oil fields, Surge oversaw 916 active net producing wells and averaged approximately 54,733 BOED of production in Q2 2022.

Surge was founded in 2015 via a whole equity purchase of our Hoople assets from Juno Energy II, LLC. Surge has grown through acquisitions and ongoing development activities. Since 2015, the Company has increased production, invested in operational and cost efficiencies, raised additional capital, and attracted and retained best-in-class talent. By 2019, less than five years from assuming operatorship of our current assets, production increased by 10x. Our growth to date and future trajectory has solidified our position as one of the premier private operators in the region, earning recognition in the Houston Business Journal's Best Places to Work awards, as well as increased access to capital.

*Data provided in this section represents the Company's operations through the second quarter of 2022.*

*At Surge, we pride ourselves on our commitment to best-in-class performance and our ability to remain a competitive industry participant in our geographic regions of operation.*



### HEADQUARTERS

Houston, Texas



**114,000**

Net Acres



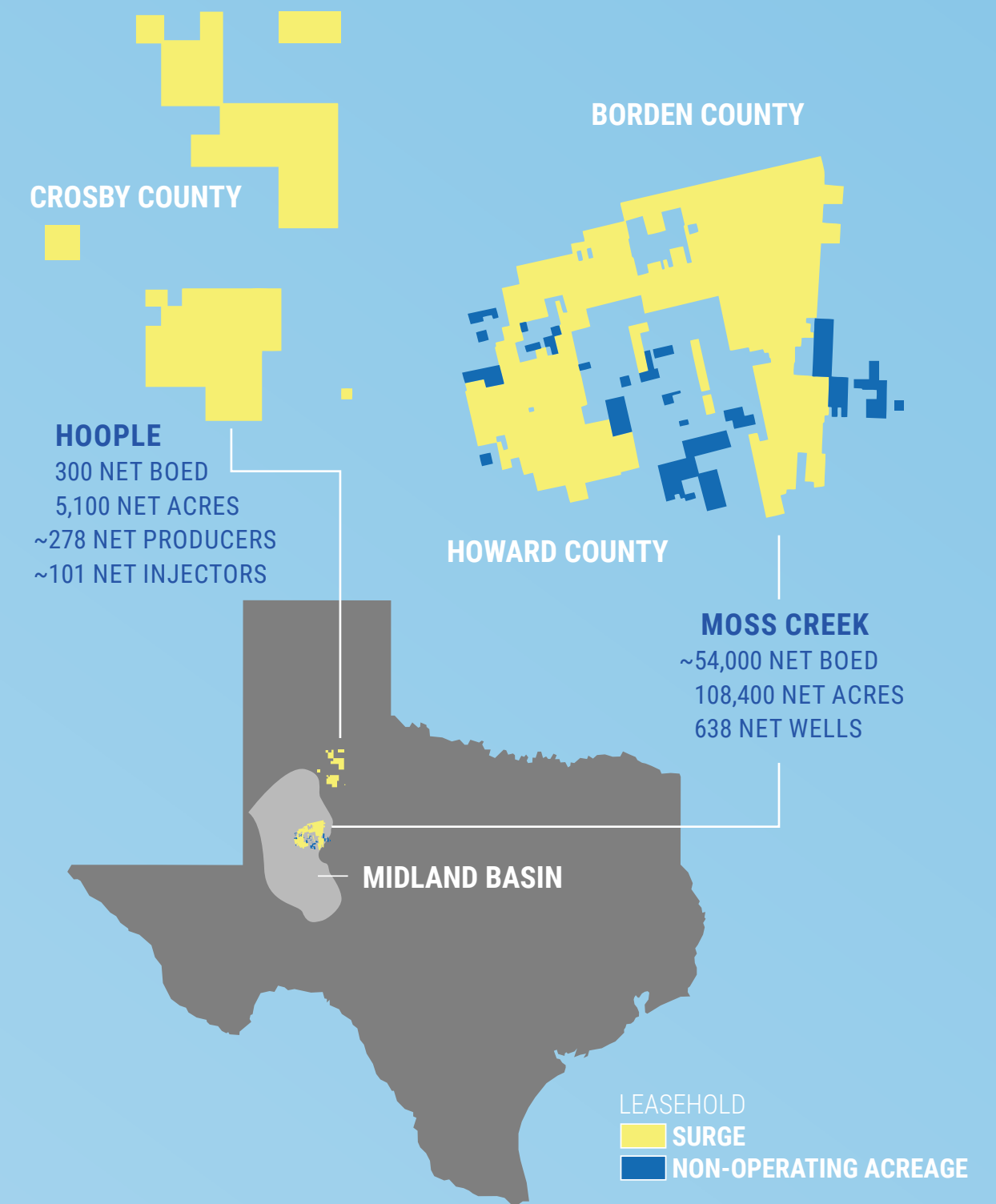
**916**

Active Producing  
Net Wells Overseen



**54,733**

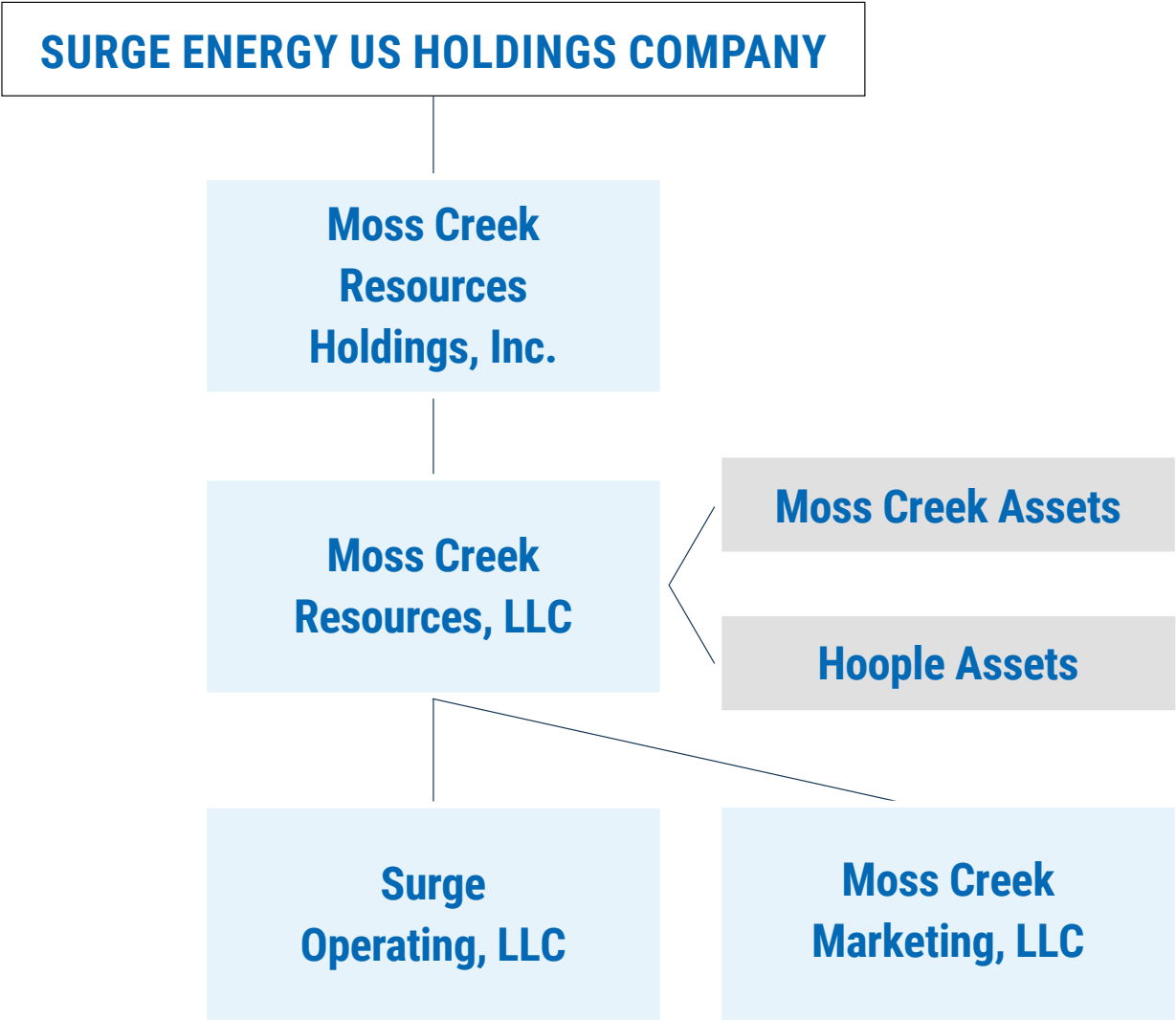
BOED of production  
in Q2 2022





OWNERSHIP STRUCTURE AND GOVERNANCE

Surge’s Board of Directors (“Board”) ensures the Company’s governance practices support effective oversight of our strategy, performance, and key risks and opportunities. Our executive leadership oversees U.S. operations with the support of our experienced management team called the Surge Leadership Team (“SLT”). Among other items, the SLT is responsible for overseeing our business strategy, risk management, corporate governance and compensation practices in coordination with the Board.



The organizational chart illustrates current ownership and corporate structure. The chart has been condensed and does not include all of the entities in the corporate structure.



## OUR VALUES: IN PRINCIPLE AND IN PRACTICE

*At our core, Surge believes in our mission to provide energy through safe, responsible practices that help people live better lives. These principles that have served as the foundation for our Company have led to consistent fundamental business growth and value creation and have also positioned us to excel as we continue to hone our focus on ESG leadership and related reporting.*

*Our vision as an operator is to be a sustainable energy producer committed to safety, our people, the environment and the communities in which we operate. We believe that by putting people first and actively caring for the environment in which we work, Surge will gain the support and commitment from our most important stakeholders, empowering our growth and success for years to come.*

**The values that shape who we are as a Company apply to everything we do at Surge.**  
*This is Simply Who We Are.*



### SAFETY

We conduct our work in a way that ensures **everyone safely returns to family** and friends every single day.



### INTEGRITY

We do **the right thing** with high ethics and standards in compliance with laws, regulations and policies.



### TEAMWORK

We work together collaboratively creating **success as one team**.



### EXCELLENCE

We always **strive for innovation and improvement** using our mistakes as positive learning experiences.



### TRANSPARENCY

We work with **openness and candor** creating an atmosphere of strong communication, trust and credibility.



# SUSTAINABILITY HIGHLIGHTS

In this year's report, we are especially proud to share several noteworthy topics and progress updates including:

## NEW ESG GOALS COVERING:

### 1 Scope 1 GHG Intensity

### 2 Frac Fleet Fuel Consumption

### 3 Scope 1 Methane Intensity

### 4 Recycled Water



## ENVIRONMENTAL HIGHLIGHTS

**60%** Reduction in Scope 1 Emissions from 2019 Baseline

**92%** of (301) Leak Detection and Repair ("LDAR") Surveys Found Zero Leaks

**100%** of Leaks Identified through LDAR Surveys Repaired within 30 Days

**Zero** Environmental Fines and Penalties

**54%** of Water Used for Completions came from Recycled Produced Water

**Increased Dual Fuel** Frac Completions

**Improvement to Acquired Assets** for Water Infrastructure and Equipment Integrity



## SOCIAL HIGHLIGHTS

**0** Employee Recordable Incidents

**0.43** Combined Employee and Contractor TRIR

**100%** Health, Safety, Environmental and Regulatory ("HSER") Safety Training Compliance among Employees

**\$46,500** Contributed to Philanthropic and Community Partners

**1.44 Vehicle Incident Rate** (49% Decrease from 2020)



## GOVERNANCE HIGHLIGHTS

3rd Annual Sustainability Report with **Refreshed KPIs, Goals and SASB Alignment**

**First Comprehensive Materiality Assessment**

**ESG-linked Compensation Incentives** for Employees and Management

## OUR APPROACH TO ESG

**Who We Are** has served as the foundation for our ESG strategy as we have built the Company. While we hold these tenets at the center of everything we do, this year's report signals a new chapter for Surge's commitment to ESG and sustainability. In early 2022, we engaged our stakeholders to conduct our first comprehensive materiality assessment. Stakeholder feedback has helped to ensure that our sustainability strategy is centered around the ESG issues most significant to stakeholders and our business and that we can communicate our progress in the most meaningful manner.

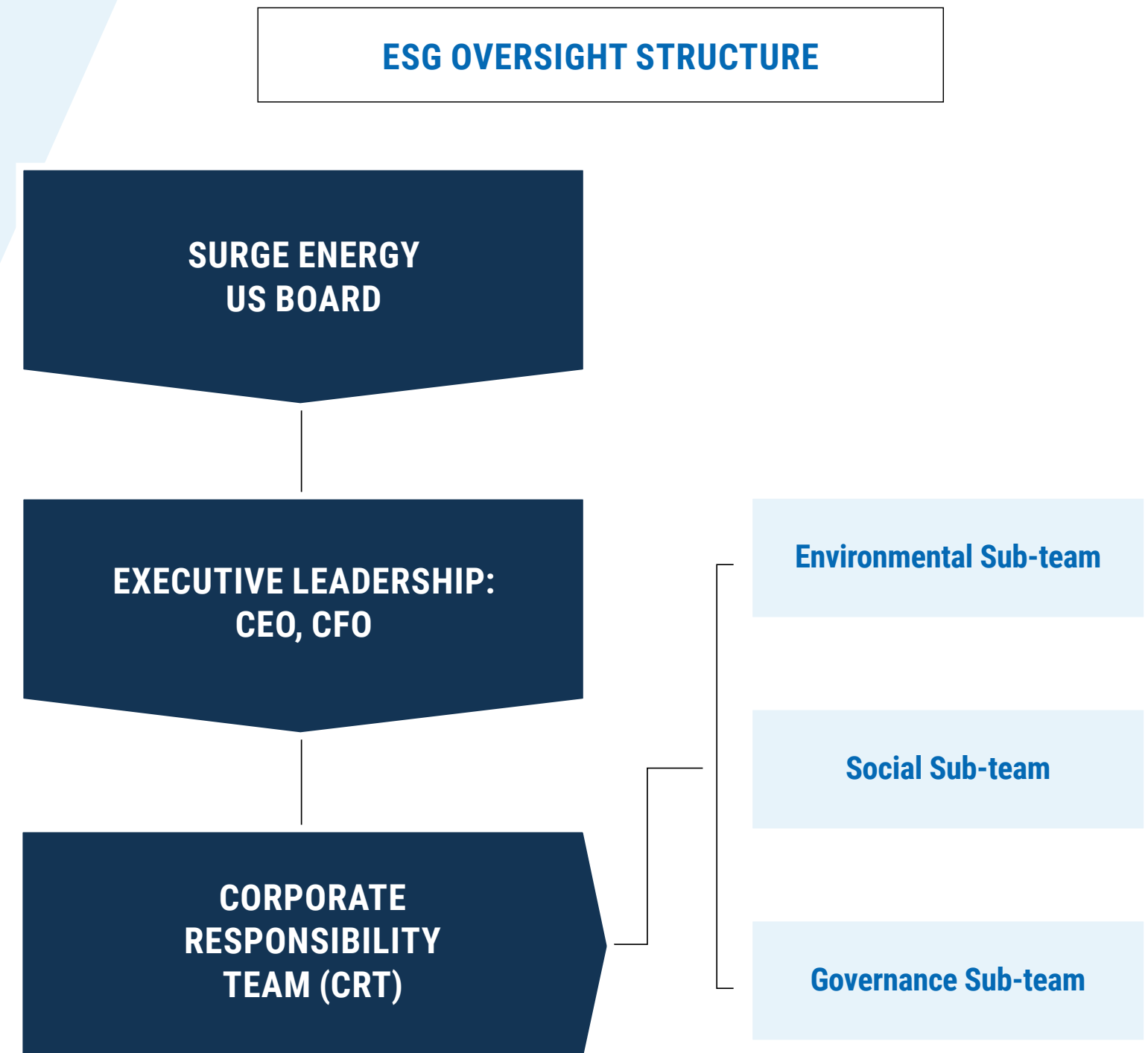
We are also excited to share our third annual report for the first time in the public domain, showcasing our ESG achievements to date and our roadmap for the years to come. This year's report also highlights a refreshed measure of progress through our alignment with the SASB reporting framework, in addition to newly formed ESG goals and commitments we are proud to establish. We look forward to communicating progress on each of these goals in the years to come.

*This year's report also highlights a refreshed measure of progress through our alignment with the SASB reporting framework, in addition to newly formed ESG goals and commitments we are proud to establish.*



# ESG OVERSIGHT AND COMMITTEE STRUCTURE

Our Corporate Responsibility Team (“CRT”) guides the long-term strategy and planning around Surge’s ESG priorities. The committee oversees, reports, sets goals and tracks performance on ESG topics. The CRT is composed of members of the Surge Leadership Team. The CRT works directly with our management team, including the CEO, regarding ESG oversight and management, and is responsible for accurately reporting on the initiatives the Company has put in place and associated progress made. The CRT includes three sub-teams made up of additional cross-functional leaders within the respective Environmental, Social, and Governance sub-teams, which include the remaining members of the SLT along with additional subject matter experts from various areas across the organization. This ensures that our ESG strategy is integrated into the larger efforts of our organization and remains visible to the Company’s leaders.






# OUR ESG PRIORITIES

**As noted previously, Surge engaged in stakeholder outreach this year to conduct the Company's first comprehensive materiality assessment.** Insight gathered through interactions provided valuable feedback around the perceived importance and maturity of the most relevant sustainability issues to our business. The assessment results helped us prioritize key performance indicators ("KPI") on ESG issues most critical to our business and subsequently set goals meant to hold the Company accountable for its progress and guide our sustainability programs in the years to come.

This year's materiality assessment evaluated a broad range of ESG issues faced by our industry. Through input and engagement, we worked to prioritize these issues and identify the key topics that are most relevant to Surge and our business. With a consolidated list of key topics, in-depth interviews were conducted with our key stakeholders, including members of the investment community, members of Surge's executive leadership and managers from Surge's environmental, safety, corporate governance, investor relations, human resources, supply chain, operations and community relations functions. **The final results of our materiality assessment are presented in the materiality matrix below.**

## ESG TOPICS MATRIX

	HIGH IMPORTANCE HIGH MATURITY	HIGH IMPORTANCE MEDIUM MATURITY	MEDIUM IMPORTANCE HIGH MATURITY	MEDIUM IMPORTANCE MEDIUM MATURITY
 <b>GOVERNANCE</b>	<ul style="list-style-type: none"> <li>Water Consumption, Recycling &amp; Disposal</li> <li>Methane Emissions, Flaring &amp; Leaks</li> <li>EHS Management &amp; Safety Training</li> <li>Regulatory Risk &amp; Oversight</li> </ul>	<ul style="list-style-type: none"> <li>Air Quality</li> <li>GHG Emissions</li> <li>Leak &amp; Spill Prevention</li> <li>Induced Seismicity</li> <li>Physical Risk Climate Risk</li> <li>Diversity, Equity &amp; Inclusion</li> <li>Supply Chain Resilience &amp; Diversification</li> <li>Climate Change Preparedness</li> <li>Engagement with Stakeholders</li> <li>Cybersecurity</li> </ul>	<ul style="list-style-type: none"> <li>Compensation &amp; Benefits</li> <li>Community Engagement, Philanthropy and Volunteering</li> <li>Audit</li> <li>Bribery &amp; Corruption</li> <li>Data and Information Privacy &amp; Security</li> </ul>	<ul style="list-style-type: none"> <li>Biodiversity &amp; Land Impacts</li> <li>Solid Waste Management</li> <li>Environmental Management System</li> <li>License to Operate</li> <li>Technological Innovation</li> <li>Talent Attraction &amp; Retention</li> <li>Community Safety</li> <li>Landowner Relations</li> </ul>
 <b>ENVIRONMENTAL</b>				
 <b>SOCIAL</b>				

*During the materiality assessment process, we began with a broad list of ESG topics which we refined through stakeholder engagement to gain a clear understanding of the most important ESG issues to our business. We have segmented our material topics both by their importance to stakeholders, as well as the relative maturity of our programs related to each topic. As a result, this assessment will allow us to focus our efforts where it is most important to stakeholders and our business, as well as where our programs are least mature and developed today. This insight has validated and refreshed the focus of our sustainability strategy and supported the development of new goals and KPIs which will help us measure and report our performance and guide future ESG progress at Surge.*



# SUSTAINABILITY GOALS

1



Maintain Scope 1 GHG intensity  
**under 10 MT CO<sub>2</sub>e/MBOE**

2



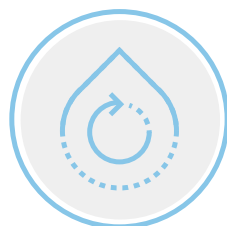
**Reduce frac fleet diesel consumption 50% by 2025 from a 2019 baseline** (as % of total fuel consumption in diesel gallon equivalents (“DGE”))

3



Maintain methane intensity  
**below 0.03**

4



Achieve **>95% recycled water for completions** by 2023

After completing our materiality assessment, our CRT thoughtfully developed appropriate, meaningful and achievable ESG goals for the Company. As a result, our newly formed goals have been created to drive progress in the areas that were deemed most material to our business. The purpose of these goals is to guide Surge’s progress towards improvement in the ESG topics identified as most critical through the Company’s materiality assessment.

Environmental performance metrics are core to our business and essential to promoting industry best practices. Given the maturity of Surge’s measurement and programs, environmental metrics lend themselves best to continuous improvement and monitoring through quantitative measures and goals.

Surge continues to address priority social and governance topics as well. However, our focus on integrating risk oversight and planning around these topics rather than pursuing quantitative goals at this juncture will help Surge develop appropriate efforts for the ESG topic in focus depending on the overall priority level and available resources.

An aerial photograph of an industrial facility, possibly a refinery or chemical plant, with various storage tanks, pipes, and buildings. The image is overlaid with a solid blue color. The text "SUSTAINABLE OPERATIONS" is centered in white, sans-serif, uppercase letters.

# SUSTAINABLE OPERATIONS



# SUSTAINABLE OPERATIONS

*Surge recognizes the value of protecting environmental resources and operating responsibly by reducing environmental impact and appropriately managing risks. Environmental stewardship, including properly managing waste, water and emissions, is an increasingly important differentiator for Surge and core to our values.*

Our employees continually seek to innovate operationally by leveraging our advanced technical capabilities. Our culture and our commitment to excellence and innovation have established best-in-class performance compared to our peer group around produced water management, development of electrical infrastructure, safety management systems, drilling and completion optimization, among other critical performance areas.

Surge has revisited our environmental performance metrics in 2022 to drive outcomes, set targets and deliver quantitative transparent reporting. From our inception through the end of 2021, we have invested over \$140 million around key environmental areas and initiatives such as our water management and electrical infrastructure. **Key investments that will continue to drive progress include:**

- » Expansion of our water infrastructure to increase the use of recycled produced water in completions
- » Upgraded saltwater disposal (“SWD”) pipelines and facilities to reduce the risk of piping failures, spills and increased the overall safety of our facilities
- » Facility piping upgrades and cathodic protection controls to reduce the risk of spills and leaks from corrosion
- » Flare and combustor monitoring
- » Facility safety system upgrades to avoid spills
- » Upgraded vapor vent lines, which helped to improve efficiency of gas vapors to flare and reduce tank emissions



# HSER MANAGEMENT

Our Health, Safety, Environmental and Regulatory (“HSER”) Management System governs how we approach safety and environmental risks within our organization, as well as how we manage our contractors and external stakeholders in these areas. **Our HSER Management System is grounded in the values that make us “Who We Are” and defines how we improve by setting targets, measuring performance and adapting as we aim for continuous improvement.**

Surge uses several leading and lagging indicators to substantiate the effectiveness of our HSER management system. These metrics include, but are not limited to, inspections, action item closure, leadership time in the field, observations, injuries and environmental releases. Our operational and HSER leadership reviews the HSER metrics on a weekly basis, analyzing changes in performances and potential near-term impacts. Surge’s SLT and executives collectively review HSER metrics and performance quarterly. At bi-monthly townhall meetings, Surge reports safety metrics and related updates to the full organization to ensure full transparency. We use the HSER metrics to celebrate success, take necessary actions and confirm that we have reached our targets.

## SURGE HSER MANAGEMENT SYSTEM

Governs Our Approach  
to Safety and  
Environmental Risks

Dictates How We Work  
with Contractors and  
External Stakeholders

Reviewed Quarterly  
to Ensure We’re  
Reaching Our Targets





## ENVIRONMENTAL REVIEW AND PLANNING

During the planning phase of a project, Surge conducts an environmental review of every new surface site which includes environmentally sensitive items such as wetlands, bodies of water and endangered or threatened species habitats. **Based on county-by-county data provided by the US Fish and Wildlife Service, none of our sites currently affect threatened or endangered species habitats; however, we continue to manage environmental risks and take appropriate steps to minimize our footprint across every one of our sites.**

Through effective surface use planning around the proposed placement of drilling sites, our processes aim to minimize environmental disturbance while efficiently developing infrastructure. This approach has limited the need to build access roads, drilling pads and facilities. In 2021, we continued the practice of drilling multiple wells from a single pad and reusing old pads for new wells, which contributed to less surface disturbance (fewer surface locations, reduced buried flowlines), reduced the need for additional lease roads and equipment moves, and reduced large truck traffic on local roads and highways.

### GREEN COMPLETIONS

Surge's commitment to completing permanent production facilities ahead of bringing wells online, as part of our "green completion" approach, helps to reduce the release of hydrocarbons and volatile organic compounds ("VOCs") and minimize flowback volumes. Unlike traditional completions, Surge's approach avoids venting or flaring hydrocarbons during flowback by routing them to sales instead when technically feasible. **The Environmental Protection Agency ("EPA") estimates that the "green completion" approach reduces VOC emissions by 95% for a 3-10 day flowback per hydraulically fractured well compared to a conventional completion.<sup>1</sup>**

#### GREEN COMPLETIONS APPROACH

**REDUCES**  
the Release of  
Hydrocarbons

**REDUCES**  
the Release of Volatile  
Organic Compounds  
(VOCs)

**MINIMIZES**  
Flowback Volumes

**95% REDUCED**  
VOCs Emissions for a  
3-10 Day Flowback per  
Hydraulically Fractured  
Well (EPA Estimate)

<sup>1</sup>Summary of Requirements for Processes and Equipment at Natural Gas Well Sites (epa.gov)

## PREVENTATIVE MAINTENANCE, GROUNDWATER PROTECTION AND WASTE MANAGEMENT

To maintain equipment associated with the production of hydrocarbons, Surge has a Preventative Maintenance (“PM”) program that requires regular inspections of all key safety shutdowns, including flare systems. We also prioritize the integrity of our wells, exceeding state regulatory requirements with our casing and cement program to ensure we properly protect groundwater resources. In addition, we conduct regular tests of disposal and injection wells in accordance with regulatory requirements.

Similarly, our formal waste management program aims to reduce waste and promote recycling. Surge strives to minimize waste by reusing materials, leveraging our scrap metal program and recycling drill cuttings. Surge’s treatment of mud-based cuttings also eliminates the need for landfarming, safeguarding the Company’s footprint from possible disruption or negative impacts on surface habitats and biodiversity.

Require Regular  
Inspections of All Key  
Safety Shutdowns

Waste Management  
Program Reduces Waste  
and Promotes Recycling

Prioritize the Integrity  
of Our Wells to Protect  
Groundwater





# ENVIRONMENTAL FOOTPRINT


## EMISSIONS

Surge has devoted significant resources to emission reduction efforts, and we feel our progress is evident through GHG intensity and methane intensity metrics competitive with industry peers. In 2021, while Surge realized a small increase of 5% in absolute Scope 1 emissions relative to 2020 levels, it showed a significant reduction in total Scope 1 emissions and GHG intensity from 2019, the most recent year for normal production levels. Based on this, Surge was a 2nd Quartile performer in GHG intensity and a 1st Quartile performer in methane intensity in 2021 as compared to peers, according to benchmarks provided by independent producers and Permian basin peers.

Surge's investment and innovation around operated electrical infrastructure, water infrastructure and pipeline upgrades and use of dual fuel engines in our completion operations has been driven by the hard work of our staff and has led to a significant reduction in emissions over the past several years. To continue building on this initiative, we have reviewed our progress and refreshed our commitment to greenhouse gas reductions by establishing formal goals. In partnership with our operations team, and through the work of the CRT, we are pleased to announce new emissions reduction targets.

*Surge was a 2nd Quartile performer in GHG intensity and a 1st Quartile performer in methane intensity in 2021 as compared to peers.*


GOALS



1

Maintain Scope 1 GHG intensity *under 10 MT CO<sub>2</sub>e/MBOE*


**Performance Snapshot:** GHG intensity was <10MT CO<sub>2</sub>e/MBOE in FY21 and FY20, an improvement from 16.25 in FY19.



2

Reduce frac fleet diesel consumption (as % of total fuel consumption (DGE)) by 50% by 2025

**Performance Snapshot:** Diesel consumption was 84% of total fuel consumption in FY21, an improvement from 100% in FY19.



3

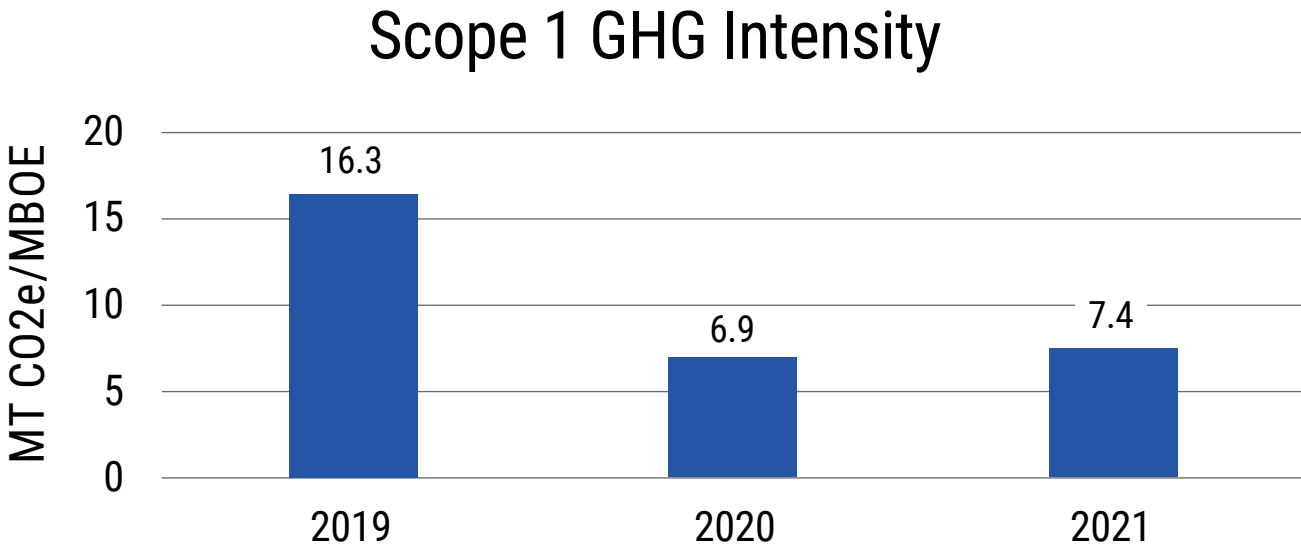
Maintain methane intensity *below 0.03 MT CH<sub>4</sub>/MBOE*

**Performance Snapshot:** Methane intensity was .02 MT CH<sub>4</sub>/MBOE in FY21, an improvement from .03 MT CH<sub>4</sub>/MBOE in FY19.

Leak detection, preventative maintenance, flaring reductions and management, and efforts to optimize drilling and completion operations continue to support our short-term reduction efforts and drive improvements to our emissions profile. Longer term, investments in infrastructure and innovation such as those related to our electrical infrastructure, completion optimization and the use of alternative fuels within our frac fleet will help achieve and maintain meaningful emissions reductions. Additionally, pipeline infrastructure for water and oil has contributed to reductions in emissions associated with truck-based hauling. Surge has realized significant benefits from extensive infrastructure networks on existing acreage and plans to cascade these best practices to realize these benefits on any new acreage acquired.

Surge continues to work with partners, regulators and employees to invest in infrastructure and identify new pathways to minimize emissions associated with operations. Per the below chart, efficient operations with a responsibly managed emissions profile continue to characterize Surge’s sustainability performance.

	UNIT	2019	2020	2021
Scope 1 GHG Emissions	MT CO <sub>2</sub> e	418,526	156,416	165,121
Scope 1 GHG Intensity	MT CO <sub>2</sub> e/MBOE	16.3	6.9	7.4
Gross Flared Volumes	MCF	3,060,405	1,071,478	483,796

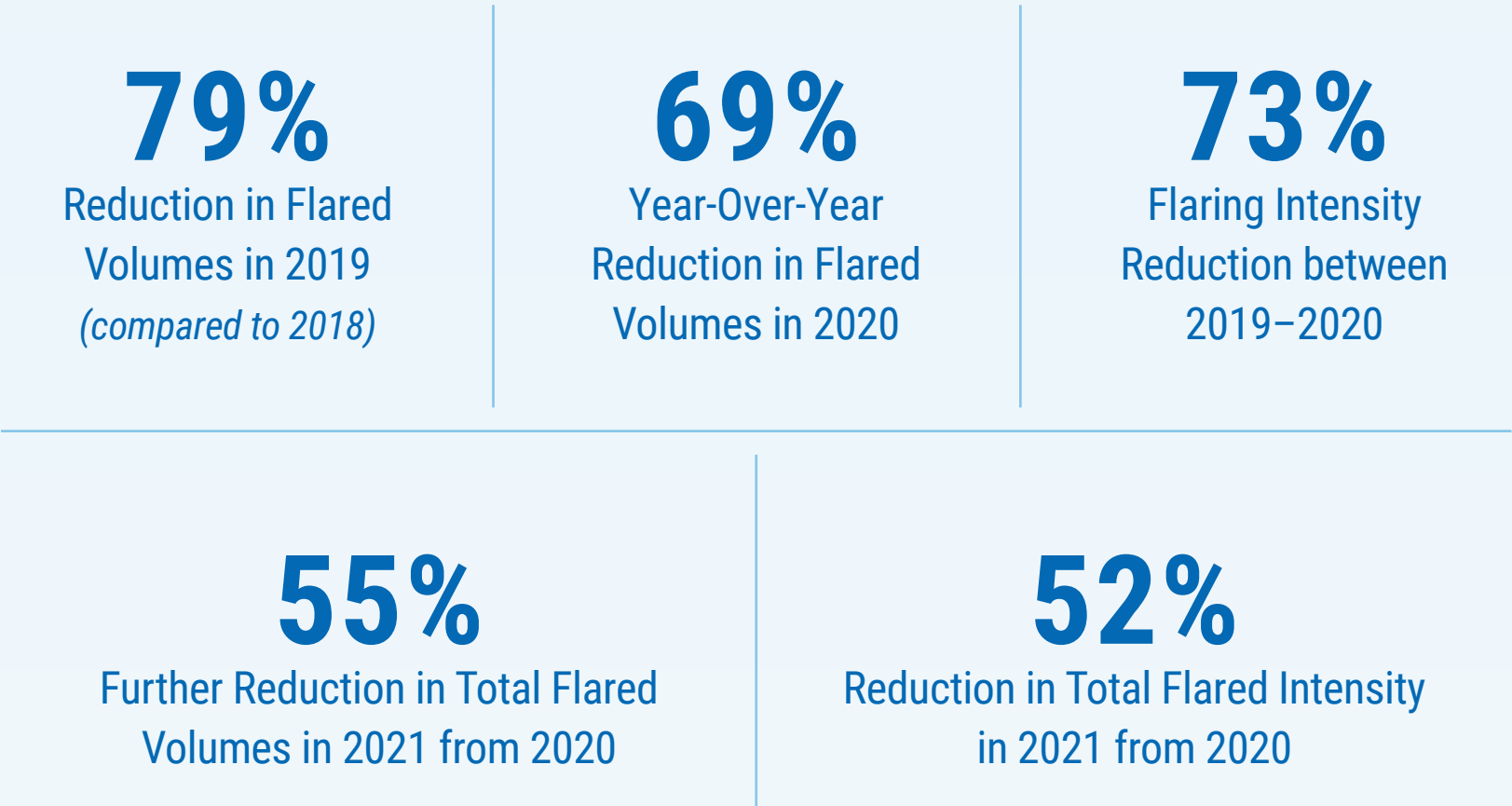




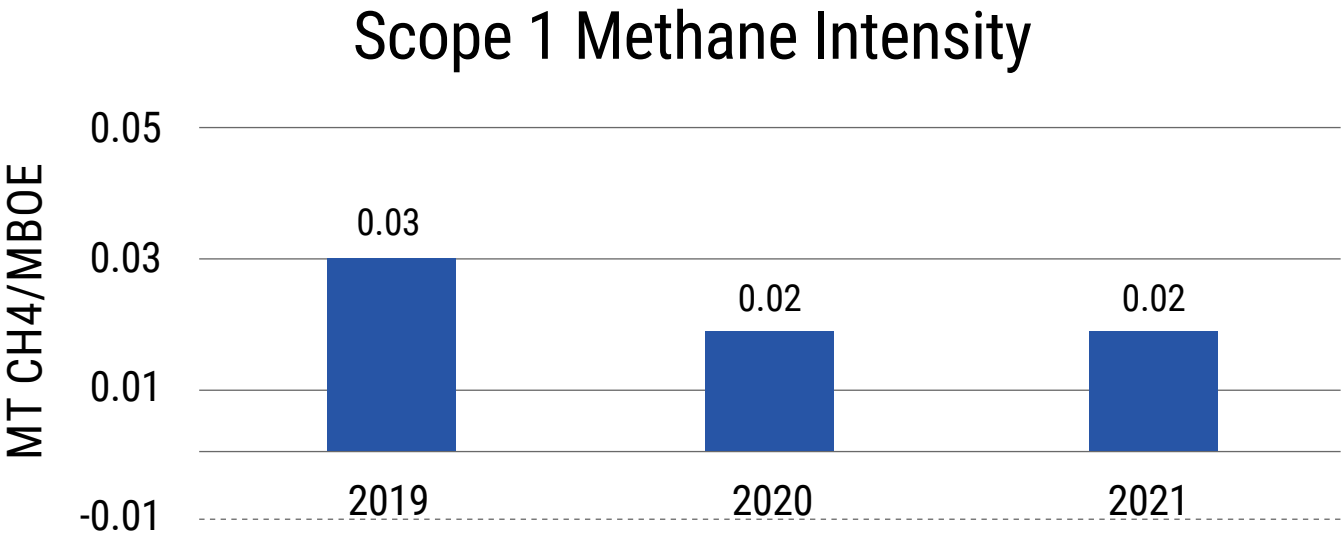
## FLARING REDUCTION

Flared gas, as is similar to many other upstream companies, is a driver of Surge’s Scope 1 emissions. As such, we strive to eliminate virtually all flaring associated with factors under our direct control. **In 2020, we reduced total flared volumes by 69% year-over-year while also increasing gas production, thus reducing our flare intensity by 73% from 2019 to 2020. We achieved similar results in 2021 with total flared volumes down a further 55% from 2020 levels and flaring intensity also down another 52% from 2020 levels.**

New equipment, equipment reliability, leak detection and Surge’s PM Program have been central to our improved approach to flaring management.



	UNIT	2020	2021
Gross Flared Volumes	MCF	1,071,478	439,930
Flaring Intensity	% Daily Flared Volume (MCF)/ Daily Oil Produced (BBLs)	0.06	0.03
Flared Gas as a % Gross Gas Production	% Flared Volume (MCF)/ Gas Produced (MCF)	3.30	1.27
Gross Scope 1 Methane Emissions	MT CH <sub>4</sub>	524.81	418.11



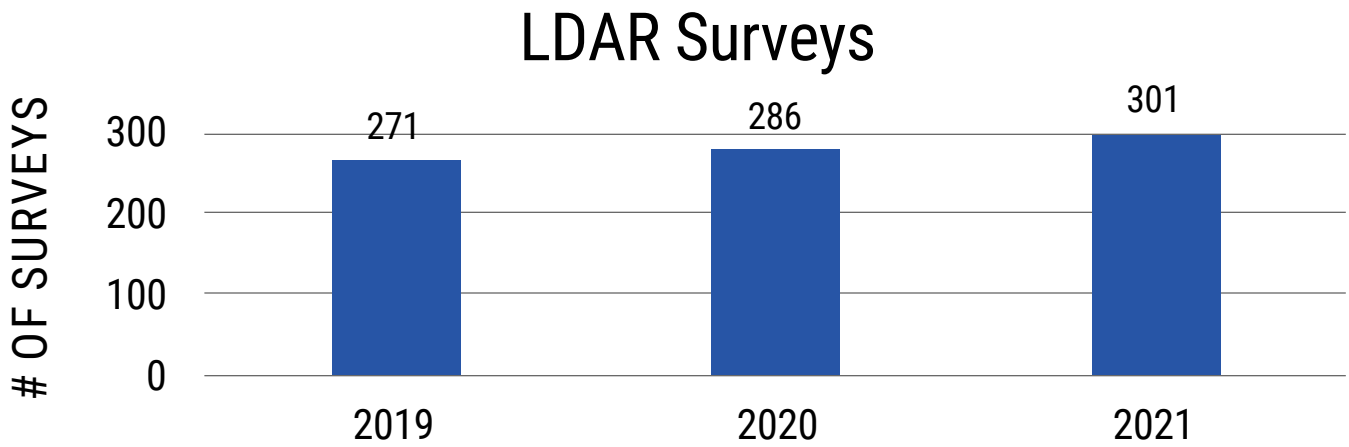
LEAK DETECTION AND REPAIR

Identifying sources of fugitive emissions combined with strong investments in our PM program have helped to eliminate methane leaks. Piping upgrades supported by inspections and surveys underpin Surge’s efforts to prevent and reduce leaks. Our computer database creates improved ability to quickly and effectively respond to repairs and leaks through the review of Optical Gas Imaging and Leak Detection and Repair (“LDAR”) surveys. Repairs, surveys and regular maintenance have confirmed Surge’s compliance with the EPA’s New Source Performance Standard, and a significant reduction in leaks detected. **In 2021, 92% of our LDAR surveys found zero leaks. All leaks were repaired within 30 days of discovery.**

Optical Gas Imaging  
and Leak Detection  
and Repair (“LDAR”) Surveys Lead to  
Quick Response  
Repairs and Leaks

92%  
of Our LDAR Surveys  
Found Zero Leaks  
in 2021

	UNIT	2019	2020	2021
LDAR Program Surveys (Regulatory and Voluntary)	# of Surveys	271	286	301






## ELECTRICAL INFRASTRUCTURE / ELECTRIFICATION

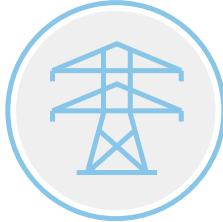
A prime example of Surge’s continued efforts to improve emissions, reduce costs and improve air quality is through the use of our Dragon electrical substation constructed and connected in late 2019. This substation delivers electric power from the Texas grid to our producing operations through our Surge built and operated transmission lines. The Dragon substation began operating in January of 2020 and facilitated the removal of 45 well-site generators, replacing all but three generators in the field. Surge estimates this removal of generators results **in a reduction of 150,000 metric ton CO<sub>2</sub> emissions per year**. By the end of 2020, Surge had added over seven miles of powerlines to its network of operated electrical equipment. In addition to benefiting Surge’s operating costs and safety record, the transition from on-site generator power to electric grid resulted in decreased GHG emissions related to generator use by 80% in 2020.

Building on the experience and benefits of the Dragon substation, Surge has commissioned a second, called the Phoenix substation, to be constructed following our 2019 and 2021 acquisitions to electrify additional acreage through the planned addition of both the substation and installation of additional powerlines. We expect to realize significant benefits from the second substation due to increased load demand from new wells using electrical submersible pumps (“ESP”) and the fact that a portion of the recent acquisitions did not have existing electrical infrastructure. Surge’s investments in electrical infrastructure will continue to reduce the need for well-site generators and contribute to cost reduction, efficiencies and emissions reductions.




1

Substation with Second  
Planned for 2022



Approximately  
150

Miles of Powerlines  
(Including Feeder Circuits)



43

Generators Removed  
since 2019





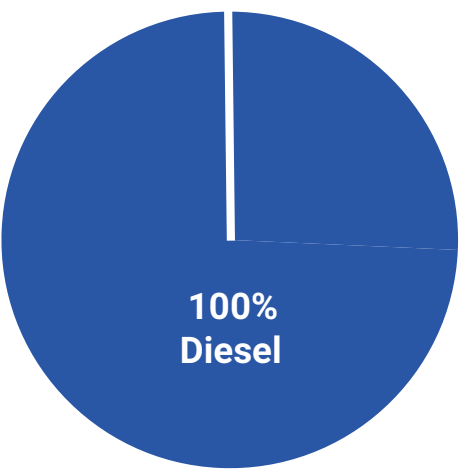


COMPLETION FLEET FUEL EFFICIENCY AND ALTERNATIVE FUELS

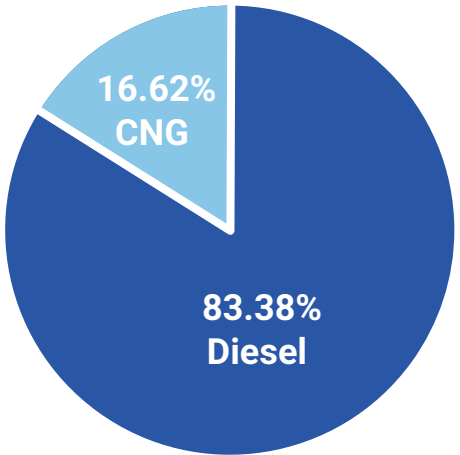
Surge has partnered with completion contractors that provide best-in-class emissions profiles through the use of dual fuel completion equipment. Diesel fuel can be an expensive and inefficient fuel source. With different use and frac designs, diesel use can be up to 20,000 gallons a day for the frac pumps on one frac spread. Dual fuel operations can reduce diesel fuel use by as much as 50%, reduce CO<sub>2</sub> and NOx emissions, eliminate the risk of fuel spills and soil contamination and save on fuel costs. These upgrades, in combination with Surge’s electrical infrastructure, allow Surge to reduce emissions intensity associated with completions and provide a platform for continued innovation and improvement.

	UNIT	2020	2021
Total Fuel Consumption	DGE – Gallons	2,154,000	4,705,442
Total Fleet Energy Consumption – CNG	DGE	0	782,117
Total Fleet Energy Consumption – Diesel	DGE – Gallons	2,154,000	3,923,325
Total Fleet Energy Consumption – Electricity	DGE	N/A	N/A
Diesel Consumption as % of Total Energy Consumption	Percentage (%)	100	83.38
CNG Consumption as % of Total Energy Consumption	Percentage (%)	0	16.62

2020 FUEL USE (DGE)



2021 FUEL USE (DGE)





## ENVIRONMENTAL PARTNERSHIP MEMBERSHIP

Since 2018, Surge has been a member and participant of the Environmental Partnership, a group comprised of U.S. oil and natural gas companies that provides a forum for collaboration and information sharing around environmental performance and best practices. The forum is industry-led and voluntary and Surge, along with other members of the partnership, continues to share information and focus on solutions that are technically feasible and commercially proven.





# WATER

Responsible water management is central to Surge's relationship with local communities and regulators as well as minimizing Surge's environmental impact. Since inception, Surge has invested over \$100 million into infrastructure to manage and reduce the volume of fresh water used for operations, increasing the volume of produced water recycled and ultimately limiting the volume of disposed water. Extensive water infrastructure and produced water recycling capabilities afford Surge significant flexibility to maintain responsible disposal volumes across Surge's network of wells. Surge's pipeline infrastructure and recycling partnerships have led to over 2.3 billion gallons of fresh water saved since Surge's produced water recycling efforts began and continue to drive Surge's best-in-class performance.

As of year-end 2021, Surge's produced water system included three recycling facilities and over 200 miles of pipeline infrastructure, with another recycling facility planned for 2022 in Howard, Texas in partnership with Gravity Water Midstream, LLC ("Gravity"). This fourth water recycling facility, built in partnership with Gravity, became operational in July 2022 to support Surge's new acreage position and will allow Surge to substantially increase the use of recycled produced water in completions while reducing the water volumes distributed to disposal wells in the area.

Surge's fresh water intensity has been 0.4 MBBL/MBOE or below for the past three years, putting Surge in the top quartile compared to peers based on a 2021 industry survey. Due to new acquisitions in 2021, our fresh water consumption has increased. As we work with our partners to build water and recycling infrastructure on this new acreage, we expect our water consumption to decrease.

## THREE RECYCLING FACILITIES

As of year-end 2021, with fourth commissioned in July 2022

## AS OF YEAR END 2021, OVER 2.3 BILLION GALLONS OF FRESH WATER SAVED

Since Surge's produced water recycling efforts began

## OVER \$100 MILLION INVESTMENT

Towards infrastructure to manage and reduce the volume of water used for operations

## FRESH WATER INTENSITY $\leq$ 0.4 MBBL/MBOE

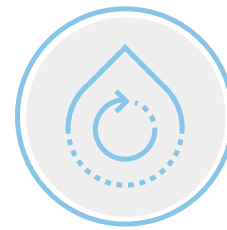
The past three years, which put Surge in the top quartile compared to peers based on a 2021 industry survey



## GOALS

Surge has set a new goal to increase recycled water, an effort that is instrumental to limiting consumption and contributing to a more stable groundwater supply in the regions where Surge operates.

# 4



**Achieve >95% recycled water for completions by 2023**

**Performance Snapshot:** Recycled water percentage was 54.18% in FY21, which we expect to increase in FY22 as we bring our fourth water recycling facility online.

Surge's ability to transport large volumes of water through the Company's network of pipelines reduces the number of trips by truck required to haul water, leading to reduced traffic and benefits around safety, costs and emissions.

	UNIT	2019	2020	2021
<b>Total Water Used in Completions</b>	BBLS	30,441,940	9,435,496	18,149,397
Recycled Water Used in Completions	BBLS	29,622,973	7,332,815	9,832,576
Freshwater Used in Completions	BBLS	818,967	2,102,681	8,316,821
Recycled Percentage	Percentage (%)	97.31	77.72	54.18
Freshwater Percentage	Percentage (%)	2.69	22.28	45.82
Total Water Intensity	MBBL/MBOE	1.18	0.42	0.81
Total FW Intensity	MBBL/MBOE	0.03	0.09	0.37
% of Wells with Public Fracturing Disclosure	Percentage (%)	100	100	100

## 2021 PERFORMANCE

# 99.9%

Percent Produced  
Water Piped

# 14,323 MT CO<sub>2</sub>e

Emissions Avoided  
from Use of Pipeline  
for Water

# 582,730

Truck Trips Avoided



# SPILL PREVENTION

Our Spill Management Program starts with our Spill Prevention Control and Countermeasure Plans (“SPCC”), which are certified by a professional engineer every five years or upon material changes to the facility. Internal staff review facilities monthly for any material changes that may affect planned annual review. We train our operators annually on our SPCC, which specifies procedures, inspections, maintenance programs, training and sound engineering controls to prevent and respond to spills. We have demonstrated our commitment to this issue by integrating spill performance factors into annual compensation plans for all employees, management and executives.

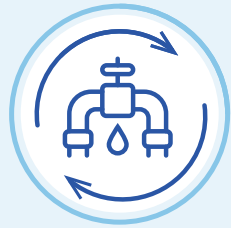
In the event of a spill, we have processes and resources in place to respond quickly and effectively, such as safety shutdowns and remote monitoring. Surge, as part of its PM Program, maintains digital records that provide operators with the ability to issue work orders to repair any equipment that may not be functioning properly. Additionally, we created solar-powered lighted signs with GPS locator information to assist responders at night and prevent delays. Surge has shared this design with other operators to assist others facing this risk.

Large volumes of water move through our facilities regularly due to our extensive produced water recycling program and our concerted effort to use recycled water for our completion program. Therefore, we are focused on curtailing both oil and produced water spills and minimizing environmental damage from spills in the case that they do occur.





## IN 2021, SURGE CONTINUED TO WORK ON IMPROVING OUR SPILL PERFORMANCE THROUGH MEANS SUCH AS:



Continuing to **replace corrosion-prone carbon steel with High Density Polyethylene (HDPE) piping** on produced water systems and with stainless steel pipeline headers and valve stations on oil production systems



**Performing TankLogix upgrades**



**Continuing cathodic protection installations** at our facilities for corrosion mitigation



**Expanding testing and analysis on our tanks**



**Implementing PM Program** at all new facilities

*Surge is committed to protecting the environment and minimizing our operational impact by preventing spills. In 2021, the number of reported spills increased, but we are encouraged that spill volume has come down from 2019, our last year of normal production. Our management processes and preventative maintenance continue to improve safeguards in these areas to drive future performance. **Our corrosion leak rate (time between leaks) was improved from 445 days to 1,420 days per facility in 2021.***

	UNIT	2019	2020	2021
Spills to the Environment – Oil	Number	22	30	55
Spills to the Environment – Oil	BBLS	396	214	362
Spills to the Environment – PW	Number	86	99	102
Spills to the Environment – PW	BBLS	3987	1346	2134
Net Oil Spill Volume	BBLS	330	35	86
Net PW Spill Volume	BBLS	843	504	820
Oil Spill Rate	BBL/MBBL	0.02	0.01	0.02
PW Spill Rate	BBL/MBBL	0.06	0.02	0.03
Environmental Fines & Penalties	\$	0	0	0
Corrosion Leak Rate (time between leaks)	Days	N/A	445	1,420





# SOCIAL



## AS OF DECEMBER 2021, WE HAVE ACHIEVED:



**40** Consecutive  
Months with  
Zero Recordables  
During Construction



**20** Consecutive  
Months with  
Zero Recordables  
During Production



**7** Consecutive  
Months with  
Zero Recordables  
During Drilling



**5** Consecutive  
Months with  
Zero Recordables  
During Completions

# SAFETY

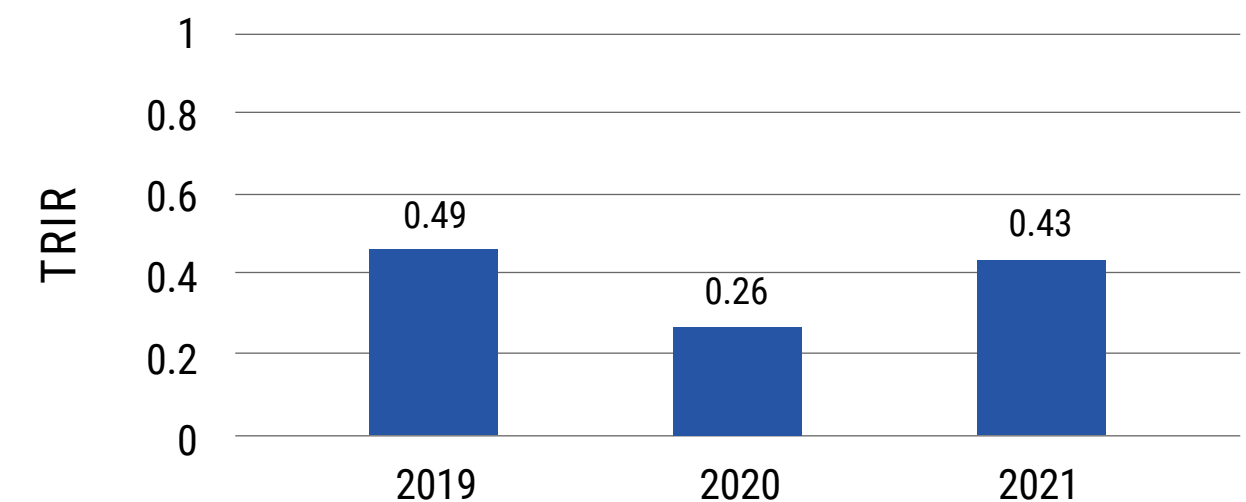
Our commitment to safety starts at the top; our management recognizes the importance of engaging with employees and contractors, listening to and proactively identifying concerns, and learning about our operations to regularly evaluate the systems and procedures that Surge has put in place to protect our people and the surrounding environment. We have a responsibility to provide a safe work environment for all employees so that they return home safe and healthy every day, and with this in mind, Surge's mission is to be a leader in health and safety in our industry.

Safety is a focus that starts with nearly every meeting in the field, including both employees and contractors, and permeates the entire organization through our extensive HSER management systems, biannual contractor meetings and engaged executive team to ensure every member of the organization is charged with identifying risks and implementing solutions.

Surge's safety metrics are intended to measure performance over time, evaluate risk and whether action is needed, and ensure we remain on track to achieve our goals. In 2021, Surge achieved zero recordable incidents for employees and a combined employee and contractor TRIR of 0.43. Surge is also pleased to report zero days away from work and zero Occupational Safety and Health Administration ("OSHA") recordable incidents for employees in 2021.

	UNIT	2019	2020	2021
OSHA Recordables – Employees	Number	0	1	0
Days Away from Work Cases – Employees	Number	0	0	0
TRIR – Employees	Number	0	.71	0
LTIR – Employees	Number	0	0	0
Fatality Rate	Incidents Per 200,000 Hours Worked	0	0	0
Near Miss Frequency Rate (NMFR)	Incidents Per 200,000 Hours Worked	5.03	2.43	8.07

TRIR—Combined Employee and Contractor



### Health-and-safety-related metrics included in our incentive program include:

- » Corporate leadership time in the field
- » Field leadership behavior observations
- » Field leadership HSER assessments
- » HSER compliance training
- » Incident action item closure
- » Setting goals for sustainable improvement based on three years of performance for the following lagging indicators:
  - Employee and contractor TRIR
  - Spill performance
  - Flare performance

## CONTINUOUS EVALUATION AND IMPROVEMENT

We evaluate the effectiveness of our HSER management system regularly using several leading and lagging indicators, including inspections, action item closures, environmental releases and leadership time in the field. In addition, Surge's operational and HSER leadership meet weekly to monitor changes in performance, discuss any incidents that may have occurred and plan for upcoming projects.

Additionally, Surge's SLT and executives collectively review HSER metrics and performance quarterly. This group includes all SLT members, drilling manager, environmental and regulatory Manager, Hoople Superintendent, Moss Creek Superintendent, senior safety specialist for contractor management, HSE manager, Production and Completions Manager, Infrastructure Manager, and Senior HSER Management Systems Specialist.

At townhall meetings, Surge reports safety metrics and related updates to the organization in full transparency to instill a sense of accountability in employees and ensure they are aware of the difference they can make in our safety performance.

To ensure our health and safety remain central to every decision we make as an organization, we have embedded several health-and-safety-related metrics into compensation plans for management and employees.

Further, Surge's Safety, Integrity, Teamwork, Transparency, Excellence Card Program ("SITE Card Program") allows our employees to provide feedback around safety, working conditions and team dynamics, both related to strong performance and improvement opportunities. In addition to HSER metrics, SITE Card program submissions are regularly reviewed by the HSE Field committee to identify opportunities and recognize individuals who had the best observations each quarter.





## “STOP WORK AUTHORITY”

As a recognized best practice in HSER management, employees at any level have the right and obligation to halt work when a perceived unsafe condition, behavior or hazard arises without fear of retribution. As a means of ensuring employees feel comfortable doing so, Surge has established the Meerkat recognition program. The program is named after the Meerkat, a small mongoose known for living in families, working together and looking out for one another. Surge rewards employees and contractors who identify opportunities to further protect our work family. Some rewards include the Meerkat coin, which is peer-to-peer, and prizes to commemorate and acknowledge safety leadership. The annual Meerkat Sentinel HSER Award is the ultimate prize, acknowledging an individual employee who best exemplifies our HSER culture.

*“Safety is always pushed here.  
For as small as we are, I think our  
safety program is huge out in the field.”*

– Noel Olivas, Staff Landman



SAFETY TRAINING

All employees receive HSER training annually, with more frequent and specific trainings to meet all regulatory requirements and enhance role-specific training. Training materials and programs are also reviewed by the management team annually to confirm they are up-to-date, relevant and effective. This management team review is conducted by our Senior HSER Management Systems Specialist, HSE Manager, VP HSER, and Hoople and Moss Creek Superintendents. **In 2021, 100% of Surge employees completed their required training, representing more than 1,395 training hours across the full organization.**

HSER 2021 TRAINING HIGHLIGHTS

1,395

Total Hours  
Trained

7.0

Average Time  
Per Person

1,028

Total Field Employee  
Hours Trained

10.5 HRS

Average Field Employee  
Hours Trained

367

Total Office Employee  
Hours Trained

3.7 HRS

Average Office Employee  
Hours Trained



## CONTRACTOR AND VENDOR PARTNERS

We rely heavily on our contractor partners for our continued success, which is why we select contractors and vendors who share our HSER values and hold themselves to the same standards of excellence. Surge has an established contractor management program for evaluating, selecting and monitoring contractors and ensuring they have their own dedicated HSER management systems which comply with all applicable laws and regulations.

To collate, analyze and maintain critical contractor HSER information, such as their training logs, HSER performance and subcontractor management, we use Veriforce®, a third-party. When determining the service and scope of work the contractor will provide, we also assess whether a full HSER audit of the contractor's management system is necessary. **In 2021, Surge completed 24 pre-qualification and selection audits—a highly effective effort driving our continued industry-leading safety performance.**



We also conduct biannual contractor safety meetings that convene leadership from Surge and our contractor partners. The purpose is to review HSER performance, answer questions and share successes, opportunities, concerns and best practices.

	UNIT	2019	2020	2021
OSHA Recordables – Contractor	Number	9	2	3
Days Away from Work Cases – Contractor	Number	3	1	1
TRIR – Contractors	Number	0.53	0.20	0.53
LTIR – Contractors	Number	0.16	0.00	0.18
Contractor Hours	Number	3,426,231	1,990,997	1,131,818







VEHICLE SAFETY AND COMMUNITY SAFETY

Given OSHA’s finding that highway vehicle incidents remain the number one cause of fatalities among oil and gas industry workers, Surge’s motor vehicle safety program is an important element of our safety program. Our motor vehicle safety program establishes requirements for driver evaluations, training, vehicle maintenance and inspections, ultimately helping to reduce vehicle accidents.

In 2021, Surge experienced one preventable vehicle accident, a figure that we believe demonstrates our efforts are working. In 2021, we saw reductions in both the number of vehicle incidents and our vehicle incident rate as compared to 2020 levels.

	UNIT	2019	2020	2021
Vehicle Incidents	Number	1	2	1
Vehicle Incident Rate	Per Million Miles	0.64	2.83	1.44

Vehicle safety is critical to maintaining a strong working relationship with the communities in which Surge operates. To leverage our resources on behalf of our communities and the oil and gas industry at large, Surge collaborates with the local Department of Transportation (“DOT”) offices on road repairs by providing road materials and other resources to facilitate improvements, repair worn roads and improve the overall safety of local roadways.

Surge is also proud to transport our produced water via pipeline rather than trucking. This has several benefits in that it prevents wear and tear on public roads, lowers the risk of traffic accidents and reduces emissions from diesel trucks as an added benefit. Our pipeline system reduced almost 600,000 truck trips on local roads and saved almost 6 million truck miles in 2021.

SURGE PIPELINE  
SYSTEM HIGHLIGHTS

NEARLY  
600,000  
REDUCED  
Truck Trips on  
Local Roads

SAVED NEARLY  
6,000,000  
Truck Miles in 2021



## CONTINUED PANDEMIC RESPONSE

The COVID-19 pandemic presented challenges for Surge and its industry partners, but Surge quickly developed a response to address the unique threat around COVID-19. Supported by Surge's strong management systems, we have demonstrated remarkable resilience since 2020.

At the onset of the pandemic, **Surge activated our pandemic response plan by establishing a dedicated Business Support Team ("BST") to communicate with the organization, develop action plans and test remote work processes to confirm the safety of employees and contractors while maintaining business continuity.** With the support of the BST, Surge also implemented remote working and training, revamped screening and office protocols and adjusted certain work processes to incorporate social distancing in Moss Creek and Hoople operation centers.

The BST continues to evaluate the threat of COVID-19 while keeping employees informed, prepared and safe. With new processes in place to address the implications of an extended COVID-19 pandemic, Surge returned to the same work schedule that was in place before the COVID-19 pandemic in August of 2021. This flexible schedule allows employees to work at least twenty hours in the office and the other twenty hours in the office or remotely. To ensure all remain safe, we continue to emphasize reporting any potential illness and encourage working from home when any signs of illness occur.

**We are happy to report that our efforts are working; Surge received positive feedback from our Best Places to Work Survey, as well as informally, from employees and contractors as a result of our efforts in response to COVID-19.**





# EMPLOYEE ENGAGEMENT AND CULTURE

Surge employs nearly 200 hardworking Texans. **Our relatively limited employee count allows us to provide employees with highly tailored:**

- » Coaching, mentoring and training
- » Professional development plans and career guidance
- » Incentive programs
- » Company initiatives that foster a culture of integrity, celebration and inclusion
- » Avenues to provide feedback

Through regular engagement, we gather employee feedback on factors that are critical to our culture and success as a business, such as having trust in senior leadership, the effectiveness of managers, satisfaction with and efficacy of compensation and benefits, degrees of personal engagement, adequacy of communications and unproductive team dynamics that may need to be addressed. Regularly assessing employee feedback allows Surge to constantly adapt to the dynamic needs of our workforce.

Surge's approach to employee management has built a strong foundation for our operational performance and led to third-party recognition. We are proud to have been recognized in both 2020 and 2021 by the Houston Business Journal's "Best Places to Work" awards.



## EMPLOYEES BY AREA

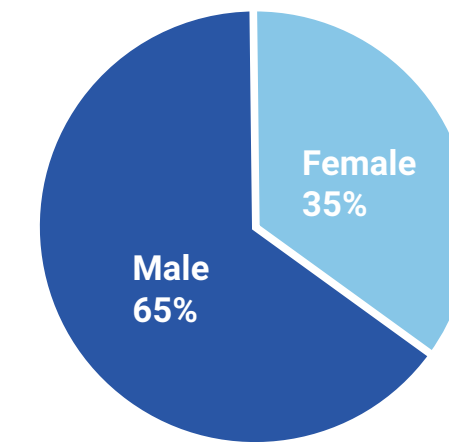




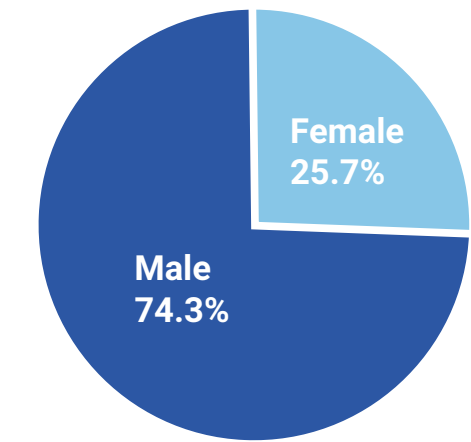
## DIVERSITY, EQUITY AND INCLUSION

Diversity of backgrounds, thoughts and experiences has helped Surge realize its success to date and will be an instrumental force for the Company going forward. In the highly competitive oil and gas industry, we must leverage the benefits of diversity to identify commercial opportunities faster than our competitors and minimize risk during execution. Similarly, a proactive focus on promoting equity within the Company and fostering a culture of inclusion and belonging have supported Surge's success. While difficult to measure, Surge recognizes that a focus on equity and inclusion is necessary to create a work environment in which each employee is comfortable coming to work each day and is thus best positioned to help us achieve our goals.

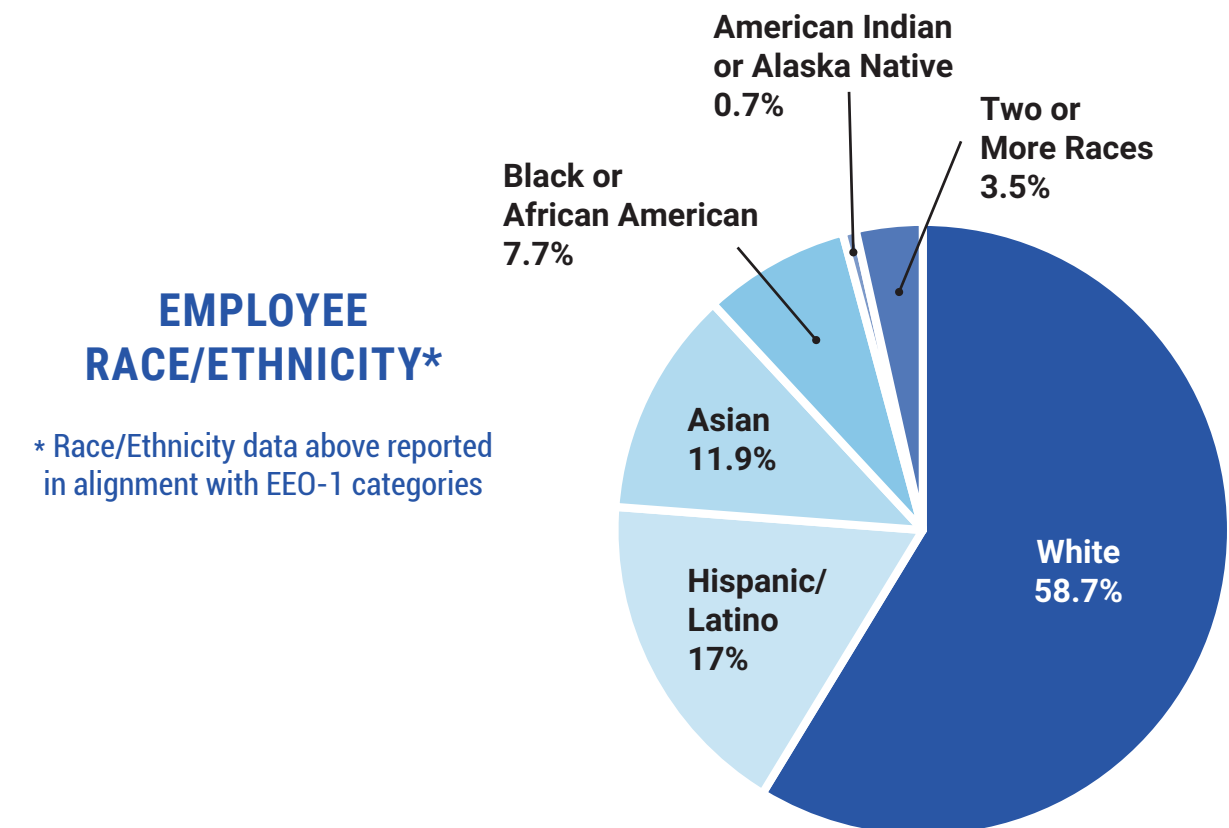
*We are pleased to report racial diversity data for the first time in this year's report, which we believe establishes an important baseline for Surge. While tracking diversity data has allowed us to tailor our internal initiatives accordingly, we are eager to share where we stand today and establish a foundation for future progress.*



EMPLOYEES BY GENDER



MANAGEMENT BY GENDER



EMPLOYEE RACE/ETHNICITY\*

\* Race/Ethnicity data above reported in alignment with EEO-1 categories



*Since inception, the Company has had an average annual attrition rate less than 10%, and just under 6% in 2021.*

## COMPENSATION AND BENEFITS

Surge provides industry-leading and best-in-class compensation and benefits. We recognize that compensating our employees appropriately is the most significant and impactful signal of our appreciation for their hard work and contributions to the Company. To this end, we want to ensure our employees are proud to work for Surge, and our human resources department regularly evaluates the compensation landscape and incentive best practices to ensure we provide best-in-class compensation programs.

ESG factors and performance goals have been thoughtfully embedded into the Company's incentive structure. Our 2021 short-term and long-term variable compensation program metrics tracked the performance of critical ESG initiatives such as leadership time in the field, compliance training, action item closure, TRIR, spill rate and acreage acquisitions. **Beginning in 2022, Surge will incorporate additional ESG metrics into employee and executive Short-Term Incentive Plan ("STIP") and Long-Term Incentive Plan ("LTIP") bringing the weight of ESG metrics to 45% of total variable compensation.**

We believe thoughtful and competitive compensation, a commitment to employee development and safety and our efforts to foster an inclusive culture have led to our strong retention. Since inception, the Company has had an average annual attrition rate less than 10%, and just under 6% in 2021. We take pride in our ability to attract and retain talent which has enabled growth and is expected to remain a driver of continued performance.



## EMPLOYEE LEARNING AND DEVELOPMENT

Our learning and development programs ensure that our employees have the individual attention required to empower progress and that our teams have the skills to stay competitive in the industry. In addition to substantive training offerings across the organization, Surge offers education reimbursement to employees to seek additional certifications and degrees.

**In 2021, Surge introduced Career Maps, as a career development framework and program, for each function in the organization. The Career Maps are based on the belief that career development is a responsibility shared by the employee, the manager and the Company.**

In terms of employee-specific training, Surge utilizes a learning management system through UKG Pro Learning to deliver ongoing education and training to our employees on topics ranging from safety and technical topics to leadership and management skills. We also partner with Safety Skills, PetroSkills and Franklin Covey—companies that offer comprehensive online and in-person training platforms— to provide training and development opportunities to our employees.

We also provide annual training to all employees to ensure they are familiar with our Code of Business Conduct.

### EMPLOYEE -SPECIFIC TRAINING PLATFORM



### ADDITIONAL TRAINING PARTNERS







## EMPLOYEE RECOGNITION

Surge’s leaders recognize those individuals who play an integral role in helping Surge reach its goals. To this end, a valuable component of Surge’s culture is our emphasis on ensuring organization-wide recognition of employee accomplishments. Beyond thoughtful compensation incentives, Surge fosters accountability and engagement by highlighting the performance and leadership of outstanding employees through our employee recognition efforts. More specifically, **Surge employs its SITE Card, Meerkat safety awards and Surge Awards to recognize outstanding performance and foster our culture of excellence.**

The Annual Surge Awards recognize outstanding individual employees who have exhibited excellence in safety, innovation, or leadership and demonstrated Surge’s values throughout the year. Peers nominate their fellow employees to highlight their accomplishments, and an annual celebration dinner accompanied by travel awards and paid time off for award winners offer an opportunity for Surge leaders to acknowledge the achievements of the finalists and award winners. Surge gives awards in five categories: The Meerkat Sentinel Award for Safety, three Bronze Compass awards for Innovation (Technical, Operations and Business) and the Golden Dragon President’s Award for Leadership. Additional detail on our SITE Card or Meerkat safety awards can be found in this report’s “Safety” section.

### THE ANNUAL SURGE AWARDS RECOGNIZE OUTSTANDING INDIVIDUAL EMPLOYEES WITH THESE FIVE AWARDS

The Meerkat Sentinel  
Award for Safety

Bronze Compass Award for  
Technical Innovation

Bronze Compass Award for  
Operations Innovation

Bronze Compass Award for  
Business Innovation

Golden Dragon President’s  
Award for Leadership



# LICENSE TO OPERATE

*Surge recognizes that maintaining and strengthening its license to operate within key regions and communities is integral to our stakeholders, business success and value creation. Therefore, whether through landowner relations efforts or community engagement and philanthropy, Surge takes a proactive approach to initiate, manage and deepen relationships with the Company's key stakeholders near our operations.*

## LANDOWNER RELATIONS

Through effective relations with landowners, Surge can protect the best interests of communities close to Surge's operations. To this end, ensuring that relations with landowners remain in constant good standing is a top priority for Surge, and maintaining constant channels of communication to convey approachability and responsiveness are central to our success. Surge constantly evaluates the best medium to disseminate important information to ensure timely and easy to digest communications. To maintain the appropriate level of trust and communication with landowners, Surge continues to invest in resources, staff and communications to best correspond with the mineral owners central to our operations.

*"There are a lot of situations where my department has to cross landowner's electric lines or water lines at our locations. Without having integrity out here, or being a trustworthy Company, this Company would fail."*

**– Noel Olivas, Staff Landman**

## COMMUNITY ENGAGEMENT AND PHILANTHROPY

Surge employees are proud members of the communities in which we operate, and we live our values as active community members, even when off the job. Surge encourages employees to support their local communities through our volunteer time off (“VTO”) program and related events.

Surge seeks to actively give back to our communities through ongoing partnerships and philanthropy. An example of this includes our working partnership with local first responders and DOT agencies to support vehicle safety and highway response efforts across the areas in which we operate.

Our philanthropic efforts have also grown into programs that our employees and communities greatly appreciate. One of our most notable events over the last several years has been our annual involvement in the Big Spring Rodeo in Big Spring, Texas. Surge prides itself in taking an active role in the communities where our employees work, live and operate.

While going forward we look to expand and further tailor our philanthropic efforts, we are proud of the support Surge employees provided to a host of organizations serving our communities in 2021.

**\$5,000**

Howard County Fair Association

**\$5,000**

Ackerly Fire Department

**\$2,500**

Howard County Jr. Livestock Association

**\$10,000**

Big Spring Rodeo and Cowboy Reunion

**\$5,000**

Howard County Fire Department

**\$2,500**

Borden County Jr. Livestock Association

**\$16,500**

American Cancer Society - Cattle Baron’s Ball Midland, TX



# GOVERNANCE



## BOARD OF DIRECTORS AND GOVERNANCE STRUCTURE

Surge's corporate governance ensures effective oversight of the Company's operations and thoughtfully assigns and instills accountability to drive Surge's long-term business success. Surge's Board seeks to ensure that our governance practices and Board composition are appropriate to execute on our strategy, improve performance and ensure sound decision-making on key business drivers. In addition to our Board, the Executive Leadership, which is composed of our Chief Executive Officer and Chief Financial Officer, maintains management of Surge's business strategy, risk management, governance and compensation practices. The Senior Leadership Team consists of business leads across Surge's Development, HSER, Operations, Supply Chain, HR, IT and Legal departments and manages Surge's major business divisions.





ESG OVERSIGHT

As described in the ESG Oversight and Committee Structure section of the report, the Corporate Responsibility Team (“CRT”) develops strategies to engage and communicate around Surge’s most material ESG issues. The CRT is responsible for developing Surge’s ESG goals and objectives, monitoring and reporting performance on priority issues and providing regular updates to executive leadership accordingly.

Surge’s efforts to identify and address the Company’s most pressing ESG topics support Surge’s larger risk management work. Members of the CRT responsible for ESG oversight overlap with Surge’s safety, governance and risk management leaders and as such, the work of Surge’s Corporate Responsibility team helps to address some of the broader organizational risks identified and managed through Surge’s enterprise-wide efforts.



## RISK MANAGEMENT AND OVERSIGHT

Surge's commitment to risk management ensures safe and sustainable business operations and supports many initiatives monitored by the CRT. Risk management is largely managed through our Surge Operating Essentials, which is our management system for delivering business objectives through a risk-based approach. Our Operating Essentials are grounded in "Who We Are" and define our expectations for managing risk across the Company, performance measurement, goal setting and continuous improvement. In addition, the SLT regularly reviews enterprise risks to determine actions, resources and effectiveness of any mitigations for delivering safe and reliable operations. The SLT reviews our risk management approach annually to ensure risk management is incorporated throughout our organization and operations.



## REGULATORY RISK AND OVERSIGHT

In addition to ensuring strong compliance with reporting requirements, Surge's regulatory oversight function monitors national, state and local level policy developments to anticipate the effects of any potential regulations on Surge's business and operations. Surge is a member of Texas Oil and Gas Association, the Environmental Partnership, Texas Alliance of Energy Producers and Permian Basin Petroleum Association to help shape best practices and comment on regulations with the potential to affect the industry.

## BUSINESS PLANNING RISK AND OVERSIGHT

*As it relates to our assets, Surge's long-term budgeting and scenario planning efforts support our ability to manage activity in both a low- and high-price cost environment. Accordingly, Surge consistently tests its proven and probable reserves against multiple price scenarios and leverages an independent third party which follows Society of Petroleum Engineers guidelines to support our annual reserve reporting process. On the first pricing day of each month, we perform additional price sensitivity analyses using published strip and low-price scenarios to determine the resiliency of our reserves against these variable prices.*

Surge is confident that its assets will remain resilient in a range of possible future low oil price and low-carbon scenarios. We have built flexibility into our land position which allows us to use a minimum number of rigs to maintain our acreage position while providing cash flow to run our operations. We also focus on capital efficiency and will continue to seek strategic acquisitions aligned with our current strategy that meet our economic return expectations and provide value to our stakeholders. Surge expects to remain a leading low-cost operator via development of its high-margin inventory and by leveraging its contiguous acreage position which enhances operational efficiency and increases development program rates of return.

*"We have a strong regulatory group that is day-to-day meeting all the reporting requirements but is also very plugged into what's going on related to changes in the regulatory environment."*

**James Welch**  
Chief Financial Officer



## CLIMATE PREPAREDNESS

Surge acknowledges the importance of developing a sustainable and resilient business model that addresses and anticipates the risks and opportunities posed by climate change. Surge's business may be increasingly affected by both physical risks due to changing weather patterns as well as transition risks related to a changing regulatory and market environment. Surge has demonstrated the ability to respond to weather-related events by relying on Surge's current emergency management and safety systems to keep employees and the community safe.

As it relates to transition and regulatory risks, Surge has also positioned itself to perform well in various scenarios as regulations and markets respond to climate change. **Our efforts to reduce emissions through infrastructure planning, minimizing controllable flaring, building Company-owned electrical supply infrastructure, using dual fuel completion equipment and using recycled water in our completion operations has helped Surge carve out a valuable role as a reliable and efficient operator in the industry.** While addressing these risks, Surge is also pursuing opportunities as an efficient supplier, poised to take advantage of new innovations along with our existing infrastructure to provide cleaner energy and lower our emissions.

*Given the increasing relevance of climate-related risks and opportunities to both Surge's business and key stakeholders, the Company intends to strengthen its approach to systematically identifying and managing climate-related risks and opportunities in the coming years and looks forward to providing an update in future reporting periods.*





## SUPPLY CHAIN RESILIENCE AND DIVERSIFICATION

Building a resilient supply chain and vendor partnerships has always been central to our operations and has become even more critical in recent years given the pressure on global supply chains. Surge has had great success managing supplier relationships and diversification efforts. Surge has taken steps to alleviate supply chain pressures by increasing the number of suppliers for key materials to better position our Company to meet our supply and material needs.

As mentioned in the “Contractor and Vendor Partners” sections of this report, we reduce risk in the supply chain by monitoring suppliers’ compliance with our Code of Business Conduct through audits, training and third-party support. Surge also manages risks to the supply chain by anticipating disruptions and ensuring diverse vendor partnerships around key materials. In the wake of disruptions due to COVID-19, Surge realized the benefits of supplier diversification early on to ensure the Company did not experience material shortages or disrupt operations, and in some cases, realized cost savings through our pre-purchasing strategy. Surge’s oversight and investment in supply chain diversification continue to reduce risk to the organization, and we will continue to evaluate the benefits of expanding supplier diversification efforts beyond key materials going forward.

*“Where we used to have three vendors supplying vessels and tanks, we’ve quickly grown to over six suppliers right now. And then in terms of resilience, we do try to inquire as to the vendor’s ability to source materials from a diversified vendor base, and typically those are going to be larger companies that have more ability to supply materials from multiple input areas.”*

**– Les Kelso, Vice President, Supply Chain**





## CYBERSECURITY

Today's business environment poses growing cybersecurity and information management risks. While intellectual property and sensitive information do not play a prominent role in Surge's business, the Company has a formal, proactive and fit-for-purpose approach to data protection and cybersecurity. Accordingly, Surge monitors the movement of data, trains and educates employees on sound data management practices and the Company's relevant policies, and has procedures in place to deal with misconduct or flag any unusual activity.

**As forms of data and information continue to evolve, it is important to keep these systems updated to protect corporate, employee and vendor data. Therefore, our ongoing efforts continue to address key objectives around information protection and cybersecurity:**

- » Protect our information technology networks, applications and data from unauthorized access.
- » Mitigate the risk of business disruption by taking preventative measures to keep malicious software from being introduced into our information technology networks.
- » Improve our users' ability to carry out their role in protecting our information and computing assets through cybersecurity awareness education.
- » Drive continuous improvement of our cybersecurity posture through external assessments, incident root cause analyses and opportunistically capitalizing on technological advancements.



# ETHICS AND COMPLIANCE

Our Code of Business Conduct (“Code”) is intended to promote honest and ethical conduct and compliance with laws and regulations, deter wrongdoing and foster a culture of integrity and accountability. The Code is reviewed by our Ethics Committee on a regular basis and updated as needed. The Code includes guidelines for directors, officers, employees and contractors on various topics, including corruption and bribery, gift policies, vendor relationships and the prohibition of violence and inappropriate behavior. All employees are required to acknowledge receipt of, and agree to comply with, the Code. Additionally, internal ethical adherence is actively monitored through reporting and review mechanisms for conflicts of interests.

**Employees receive annual training on the Code including workplace harassment, insider trading, conflicts of interest and the risk of bribery and corruption when dealing with vendors. Surge also requires all contractors and vendors to comply with the Code.**

If an employee is uncomfortable having an open conversation with a supervisor, we also have a dedicated employee hotline in place run by Lighthouse, an independent third-party that allows employees to anonymously report any alleged violations of law, regulation or internal policies. Surge does not tolerate retaliation for reports of misconduct made in good faith by employees and this is made clear to all members of the Company. All reports are received by our Chief Executive Officer, Chief Financial Officer and human resources professionals and are investigated appropriately by members of our Human Resources department. Any material or significant violations are reviewed by the executive leadership. If a violation of the law or a Surge policy has occurred, management follows all laws and regulations for disclosing any incidents of corruption or environmental non-compliance.







# APPENDIX



## PERFORMANCE DATA

	UNIT	2019	2020	2021
<b>Emissions</b>				
Total GHG Emissions – Scope 1	MT CO <sub>2</sub> e	418,527	156,416	165,122
Scope 1 GHG Intensity	MT CO <sub>2</sub> e/MBOE	16.25	6.93	7.38
Gross Scope 2 GHG Emissions	MT CO <sub>2</sub> e	N/A	N/A	123,159
Gross Flared Volumes	MCF	3,060,405	1,071,478	439,930
Gross Flared Volumes	MMCF	3,060	1,072	440
Flaring Intensity	Daily Flared Volume (MCF)/Daily Oil Produced (BBLs)	0.15	0.06	0.03
Flared Gas as a % Gross Gas Production	% Flared Volume (MCF)/Gas Produced (MCF)	10.59	3.31	1.19
<b>Total Gross Flared Volumes</b>	MCF	3,060,406	1,071,478	439,930
Gross Flared Volumes (3rd party caused)	MCF	2,852,604	473,058	418,939
Gross Flared Volumes (controlled by Surge)	MCF	207,802	598,420	20,991
Gross Scope 1 Methane Emissions	MT	901	525	418
Scope 1 Methane Intensity CO <sub>2</sub> e	MT CH <sub>4</sub> /MBOE	0.03	0.02	0.02
LDAR Program Surveys (Regulatory and Voluntary)	# of Surveys	271	286	301
% Renewable Energy (Field Operations)	Percentage (%)	33	33	33
Total Fuel Consumption for Completions	Gallons	5,841,100	2,154,000	4,705,442
Total Completions Fleet Energy Consumption – CNG	DGE	0	0	782,117
Total Completions Fleet Energy Consumption – Diesel	Gallons	5,841,100	2,154,000	3,923,325
Total Completions Fleet Energy Consumption – Electricity	DGE	N/A	N/A	N/A

Scope 1 emissions figures include emission reported to the U.S. Environmental Protection Agency under Subpart W.



	UNIT	2019	2020	2021
<b>Emissions</b>				
Diesel Consumption as % of Total Energy Consumption	Percentage (%)	100	100	83.38
Total Avoided Emissions through Dual Fuel	MT CO <sub>2</sub> e	N/A	N/A	3,370
Produced Water Piped Volume	BBLS	62,192,597	50,017,958	64,100,278
Produced Water Trucked Volume	BBLS	1,992,189	194,353	78,674
Produced Water Piped Percentage	Percentage (%)	96.90	99.61	99.88
Produced Water Hauled Percentage	Percentage (%)	3.10	0.39	0.12
Oil Piped Volume	BBLS	16,493,949	15,775,646	14,150,004
Oil Hauled Volume	BBLS	4,123,488	1,153,664	1,975,169
Oil Piped Percentage	Percentage (%)	80.0	93.2	87.8
Oil Hauled Percentage	Percentage (%)	20.0	6.8	12.3
Total Avoided Emissions through Use of Pipeline (vs. Hauling) – Water	MT CO <sub>2</sub> e	13,897	11,177	14,323
Total Avoided Emissions through Use of Pipeline (vs. Hauling) – Oil	MT CO <sub>2</sub> e	2,317	2,216	1,987
<b>Water</b>				
Recycled Water Used in Completions	BBLS	29,622,973	7,332,815	9,832,576
Freshwater Used in Completions	BBLS	818,967	2,102,681	8,316,821
Total Water Used in Completions	BBLS	30,441,940	9,435,496	18,149,397
Recycled Percentage	Percentage (%)	97.31	77.72	54.18



	UNIT	2019	2020	2021
<b>Water</b>				
Freshwater Percentage	Percentage (%)	2.69	22.28	45.82
Total Water Intensity	MBBL/MBOE	1.18	0.42	0.81
Total FW Intensity	MBBL/MBOE	0.03	0.09	0.37
Percentage of Wells with Public Fracturing Disclosure	Percentage (%)	100	100	100
Total Freshwater Consumed* (*D&C Operations)	BBLS	818,967	2,316,681	9,524,821
Total Volume of Non Fresh Water Consumed	BBLS	D/R	D/R	D/R
Total Volume of Produced Water	BBLS	64,184,786	57,229,140	67,067,238
Total Volume of Produced Water Sent to Recycle	BBLS	31,346,072	9,923,968	12,818,376
% of Produced Water Injected	Percentage (%)	51.16	82.66	80.89
% of Produced Water Recycled	Percentage (%)	48.84	17.34	19.11
<b>Spill Prevention</b>				
Spills to the Environment – Oil	Number	22	30	55
Spills to the Environment – Oil	BBLS	396	214	362
Spills to the Environment – PW	Number	86	99	102
Spills to the Environment – PW	BBLS	3987	1346	2134
Net Oil Spill Volume	BBLS	330	35	86
Net PW Spill Volume	BBLS	843	504	820

Total Freshwater Consumed in 2019 includes water consumed during drilling and does not include water consumed in completions.



	UNIT	2019	2020	2021
<b>Spill Prevention</b>				
Oil Spill Rate	BBL/MBBL	0.02	0.01	0.02
PW Spill Rate	BBL/MBBL	0.06	0.02	0.03
Environmental Fines & Penalties	\$	0	0	0
<b>Safety</b>				
Fatality Rate	Incidents Per 200,000 Hours Worked	0	0	0
Near Miss Reporting Rate (NMRR)	Incidents Per 200,000 Hours Worked	5.03	2.43	8.07
EH&S Training rate – Employees	Percentage (%)	100	100	100
OSHA Recordables – Employees	Number	0	1	0
Days Away from Work Cases – Employees	Number	0	0	0
TRIR – Employees	Number	0	0.71	0
LTIR – Employees	Number	0	0	0
OSHA Recordables – Contractor	Number	9	2	3
Days Away from Work Cases – Contractor	Number	3	1	1
TRIR – Contractor	Number	0.53	0.20	0.53
LTIR – Contractor	Number	0.18	0	0.18
TRIR – Combined Employees and Contractors	Number	0.49	0.26	0.43
LTIR – Combined Employees and Contractors	Number	0.16	0	0.14



	UNIT	2019	2020	2021
<b>Safety</b>				
Vehicle Incidents	Number	1	2	1
Vehicle Incident Rate	% Per Million miles	0.64	2.83	1.44
<b>Employee Engagement &amp; Culture</b>				
<b>Employees by Gender</b>				
Female	Percentage (%)		36.4	35.0
Male	Percentage (%)		63.6	65.0
Other/Not Reported	Percentage (%)			
<b>Management by Gender</b>				
Female	Percentage (%)		21.4	25.7
Male	Percentage (%)		78.6	74.3
Other/Not Reported	Percentage (%)			
<b>Employees by Age</b>				
Under 30	Percentage (%)	8.5	9.8	8.4
30 – 49	Percentage (%)	62.7	62.9	56.6
Over 50	Percentage (%)	28.8	27.3	35.0

	UNIT	2019	2020	2021
<b>Employee Engagement &amp; Culture</b>				
<b>Employees by Race/Ethnicity</b>				
White	Percentage (%)			58.7
Black or African American	Percentage (%)			7.7
Hispanic/Latino	Percentage (%)			17.5
Asian	Percentage (%)			11.9
American Indian or Alaska Native	Percentage (%)			0.7
Two or More Races	Percentage (%)			3.5
<b>Exploration &amp; Production</b>				
Net Oil Production	MBBL	20,617	13,249	11,966
Net Gas Production	MMCF	28,883	24,370	28,931
Net BOE	MBOE	25,431	17,311	16,788
Gross Oil Production	MBBLS	20,942	17,190	16,178
Gross Gas Production	MMCF	28,890	32,356	37,123
Gross BOE	MBOE	25,757	22,582	22,365
Gross Average Daily Production	MBOE/day	70.57	61.87	61.27
Proved Oil Reserves	MMBBL	214.70	175.30	221.30



	UNIT	2019	2020	2021
<b>Exploration &amp; Production</b>				
Proved Gas Reserves	BCF	359	401	552
Total Proved Reserves	MMBOE	275	242	315
Number of Wells				730

## 2021 SASB DATA

TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
Greenhouse Gas Emissions	EM-EP-110a.1	Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	Quantitative	Metric tons CO <sub>2</sub> -e (t), Percentage (%)	Gross global Scope 1 GHG emissions: See Performance Table Methane emissions as a percentage of gross Scope 1 GHG emissions: See Performance Table Percentage of Scope 1 GHG emissions covered under emissions-limiting regulations: 100%
	EM-EP-110a.2	Amount of gross global Scope 1 emissions from: (1) flared hydrocarbons, (2) other combustion, (3) process emissions, (4) other vented emissions, and (5) fugitive emissions	Quantitative	Metric tons CO <sub>2</sub> -e	Gross Scope 1 GHG emissions from flared hydrocarbons: 42010.72 Gross Scope 1 GHG emissions from other combustion: 60517.49 Gross Scope 1 GHG emissions from process emissions: 55296.42 Gross Scope 1 GHG emissions from other vented emissions: 6559.25 Gross Scope 1 GHG emissions from fugitive emissions 737.85
	EM-EP-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion & Analysis	N/A	See Report Section Sustainable Operations > Emissions
Air Quality	EM-EP-120a.1	Air emissions of the following pollutants: (1) NO <sub>x</sub> (excluding N <sub>2</sub> O), (2) SO <sub>x</sub> , (3) volatile organic compounds (VOCs), and (4) particulate matter (PM <sub>10</sub> )	Quantitative	Metric tons (t)	Data unavailable. Surge intends on disclosing this information in future reporting periods.



TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
Water Management	EM-EP-140a.1	(1) Total fresh water withdrawn, (2) total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	Total fresh water consumed: See Performance Table
	EM-EP-140a.2	Volume of produced water and flowback generated; percentage (1) discharged, (2) injected, (3) recycled; hydrocarbon content in discharged water	Quantitative	Thousand cubic meters (m <sup>3</sup> ), Percentage (%), Metric tons (t)	Volume of produced water and flowback generated: See Performance Table  Percentage of produced water and flowback discharged: See Performance Table  Percentage of produced water and flowback injected: See Performance Table  Percentage of produced water and flowback recycled: See Performance Table
	EM-EP-140a.3	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Quantitative	Percentage (%)	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used: See Performance Table
	EM-EP-140a.4	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	Quantitative	Percentage (%)	Surge is committed to protecting groundwater by prioritizing the mechanical integrity of our wells. Our casing and cement program exceeds state regulatory requirements and seeks to protect all water zones. Additionally, we comply with state regulations by MIT testing to verify the mechanical integrity of our disposal and injection wells.

TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
Biodiversity Impacts	EM-EP-160a.1	Description of environmental management policies and practices for active sites	Discussion & Analysis	N/A	See Report Section Sustainable Operations > HSER Management
	EM-EP-160a.2	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	Quantitative	Number, Barrels (bbls)	Aggregate volume of hydrocarbon spills to the environment: See Performance Table Number of hydrocarbon spills to the environment: See Performance Table Aggregate volume of hydrocarbon spills in the Arctic: 0 bbls Aggregate volume of hydrocarbon spills impacting shorelines with ESI rankings 8-10: 0 bbls Aggregate volume of hydrocarbon recovered from the environment: See Performance Table
	EM-EP-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Quantitative	Percentage (%)	Surge has no reserves in or near sites with protected conservation status or endangered species habitat. However, we do review every project for potential impacts to environmentally sensitive areas, such as waters and wetlands.





TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
Security, Human Rights & Rights of Indigenous Peoples	EM-EP-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Quantitative	Percentage (%)	Surge has no reserves in or near areas of conflict.
	EM-EP-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Quantitative	Percentage (%)	Surge has no reserves in or near indigenous lands.
	EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	Discussion & Analysis	N/A	Surge does not operate in or near indigenous lands or areas of conflict. See Report Section Social > Safety
Community Relations	EM-EP-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Discussion & Analysis	N/A	See Report Section Social > License to Operate
	EM-EP-210b.2	Number and duration of non-technical delays	Quantitative	Numbers, Days	In 2021, none of our operations were stopped or delayed due to unanticipated non-technical failures.

TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
Workforce Health & Safety	EM-EP-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees	Quantitative	Rate, Hours (h)	Total recordable incident rate (TRIR) for full-time employees, contract employees, and short-service employees: See Performance Table  Fatality rate for full-time employees, contract employees, and short-service employees: See Performance Table  Near miss frequency rate (NMFR) for full-time employees, contract employees, and short-service employees: See Performance Table  Average hours of health, safety, and emergency response training for full-time employees, contract employees and short-service employees: See Report Section Social > Safety > Safety Training
	EM-EP-320a.2	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	Discussion & Analysis	N/A	See Report Section Social > Safety



TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
Reserves Valuation & Capital Expenditures	EM-EP-320a.1	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	Discussion & Analysis	Million barrels (MMbbls), Million standard cubic feet (MMscf)	See Report Section Governance > Risk Management
	EM-EP-320a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Quantitative	Metric tons (t) CO <sub>2</sub> -e	Surge does not track this metric.
	EM-EP-420a.3	Amount invested in renewable energy, revenue generated by renewable energy sales	Quantitative	Reporting currency	Surge has not invested in renewable or alternative energy sources, but is in the process of conducting a feasibility study to investigate solar options on company-owned acreage using a third-party provider. The feasibility evaluation is expected to be completed by the end of the year.
	EM-EP-420a.4	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition, and development of assets	Discussion & Analysis	N/A	See Report Section Governance > Risk Management
Business Ethics & Transparency	EM-EP-510a.1	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Discussion & Analysis	Percentage (%)	Surge has no reserves located in the countries with the 20 lowest rankings in Transparency International's CPI.
	EM-EP-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	Discussion & Analysis	N/A	See Report Section Governance > Ethics and Compliance

TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
Management of the Legal & Regulatory Environment	EM-EP-530a.2	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Discussion & Analysis	N/A	See Report Section Governance > Ethics and Compliance
Critical Incident Risk Management	EM-EP-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Quantitative	N/A	Data unavailable. Surge intends on disclosing this information in future reporting periods.
	EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	Discussion & Analysis	N/A	See Report Section Social > HSER Management



CODE	ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
EM-EP-000.A	Production of: (1) oil, (2) natural gas, (3) synthetic oil, and (4) synthetic gas	Quantitative	Thousand barrels per day (Mbbbl/day); Million standard cubic feet per day (MMscf/day)	Production of oil: See Performance Table Production of natural gas: See Performance Table Production of synthetic oil: See Performance Table Production of synthetic gas: See Performance Table
EM-EP-000.B	Number of offshore sites	Quantitative	Number	Number of offshore sites: 0
EM-EP-000.C	Number of terrestrial sites	Quantitative	Number	Number of terrestrial sites: 730