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Linhua Guan
Chief Executive Officer

A MESSAGE FROM OUR CEO

Dear Stakeholders,

Every day we build a company that is collaborative, responsible and innovative. Our core values and mission guide our role as a sustainable energy producer committed to safety, our people, the environment and the communities in which we operate. In 2022, we continued to make significant investments and undertook projects that aligned with this vision.

As a company, we view Environmental, Social and Governance (“ESG”) as a central component of how we do business. Consistent, transparent governance has supported our work to turn our commitments into action. This year, we leaned into pursuing the four ambitious targets we established in 2022, and we made significant progress across our ESG pillars throughout the year. We continue to demonstrate our firm commitment — and ability — to reduce our emissions, limit our environmental impact, improve our safety performance and act responsibly. We continue to invest in our people and our assets to maintain our standard of operational excellence.

I am pleased to share this report with you — our valuable stakeholders — as it outlines our successes, the setbacks and progress we’ve made in many areas of our business.

ENVIRONMENTAL

We’re proud of our continued efforts to minimize our environmental impact through the implementation of key initiatives. Since inception, we have invested over \$170 million in our environmental initiatives, including our electrical infrastructure and water recycling facilities.

Through our efforts, we met our Scope 1 intensity goal of 5.8 MT CO₂e/MBOE for our legacy assets¹, compared to our 10 MT CO₂e/MBOE target, while we continue to apply our expertise and invest in infrastructure to work toward meeting this goal across our full acreage. **We decreased our leak rate occurrence by nearly 40% from 2021 and 2022, which was anchored by finding zero leaks in 95% of our leak detection and repair surveys.** We leaned into our strengths and saw progress against our water goal with about **67% recycled water used for completions in 2022, up nearly 24% from last year.**

I am proud of the continuous commitment our Company has taken to achieve more sustainable operating practices. In 2022, we invested in utilizing daily monitoring, leveraging third-party inspectors to perform monthly site inspections. We also completed two aerial monitoring demo projects to sample innovative emissions reduction technology. **Further, following the success of our Dragon substation, we commissioned and brought our Phoenix substation online, which is estimated to reduce our emissions by 85 thousand MT CO₂e in 2023.**

With our successes, we also faced some challenges. We experienced midstream capacity constraints for our acquired assets, which hindered our ability to reduce flaring for our total acreage portfolio. This challenge provided us with insight as we look onward toward the variables we can control. We remain focused on meeting our greenhouse gas (“GHG”) emissions targets by applying our expertise and proven emissions reduction measures to areas where we can make a significant impact.

¹ See [Acquisition Timeline](#) and [ESG Highlights](#) for full detail on our legacy and acquired assets.

SOCIAL

Our employees are the driving force behind our operations. Every year, I am impressed by their many successes. This year is no exception. In 2022, our team achieved zero employee recordable injuries for the second consecutive year and maintained zero Motor Vehicle (“MVA”) incidents. **Our team completed 1,486 hours of training (8.2 hours on average per employee), looked out for one another in the field and gave back to their communities.** We invested resources into our team to support their career growth, foster inclusion and promote transparency.

This year, we launched two new programs to invest in our leaders’ career growth – a quarterly leadership development program and executive coaching. After a one-year hiatus, we also brought back our internship program to invest in and train future talent. Beyond the workplace, we contributed to the well-being of the communities in which we operate through corporate volunteering and monetary donations.

GOVERNANCE

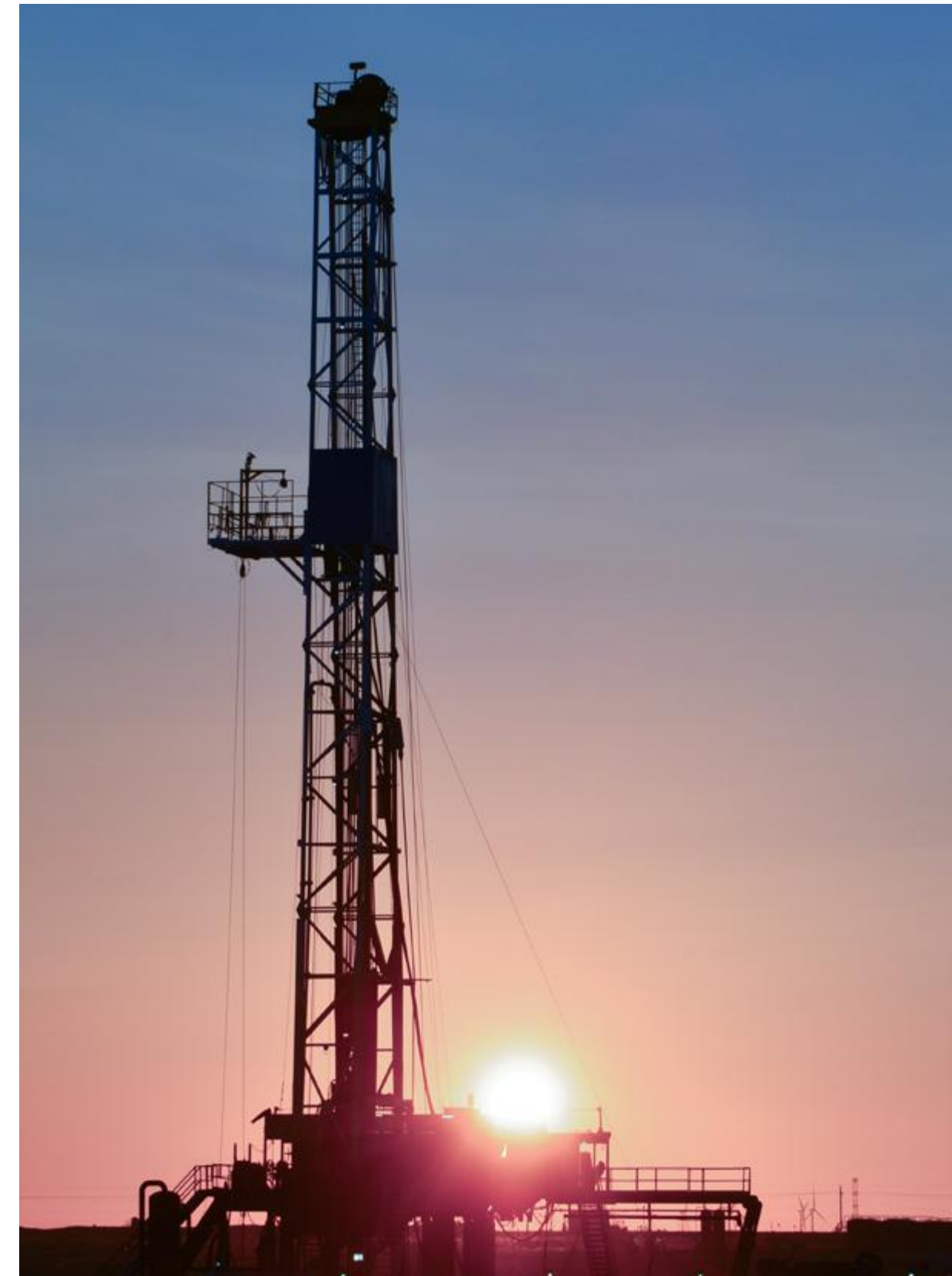
Our approach to ESG is shaped by teamwork, integrity and transparency. In 2022, we updated our company-wide mission statement to reflect our commitment to sustainable operations to better align with who we are and where we believe we are going. We also increased the portion of variable pay linked to ESG performance to 45% for all employees. Our incentive structure connects the daily work of our employees to the overall success of our business and our ESG objectives. Additionally, we continue to monitor and address our risks, including cybersecurity, to ensure the safety of our data and systems.

Throughout the course of the year, I worked closely with our Board, senior leadership team and our Corporate Responsibility Team to guide Surge forward in our sustainability journey and reduce operational risk. This collaboration extended beyond our internal teams to our landowners, industry organizations and government agencies to positively impact our industry and environment. We believe in ongoing stakeholder engagement to ensure we are building a responsible and respectable company. We take pride in strengthening our Company’s reputation and improving our performance in the Permian Basin and across our industry as a whole.

I am proud of our accomplishments in 2022, which are detailed in this report. I look forward to continuing our position as a responsible operator creating value and positive outcomes for our community, Texas and the energy industry.

Sincerely,

Linhua Guan
Chief Executive Officer





ABOUT THIS REPORT

Surge Energy’s (“we”, “our”, “Surge” or the “Company”) 2023 Corporate Sustainability Report highlights our performance and the alignment of our values with our ESG strategy. The report demonstrates the progress we have made towards our operational targets, the challenges we have encountered along the way and the opportunities for improvement that we have identified going forward.

This year marked the second consecutive year in which we responded to the Sustainability Accounting Standards Board’s (“SASB”) recommended disclosures for the Oil and Gas – Exploration & Production industry; detailed disclosures can be found throughout this report and in consolidated form in the content index in the [Appendix](#). Reporting focus areas are aligned with the ESG priority topics identified during the multi-stakeholder materiality assessment we completed ahead of our 2022 Sustainability Report.

As a private operator in the Permian Basin, we take pride in our commitment to providing informative ESG disclosures with transparency and integrity. We strive to attain excellence in relevant ESG matters while staying rooted in our culture and values, placing utmost importance on safety, environmental stewardship and responsible operations.

Performance data included in the report reflects Fiscal Year 2022 (“FY22”) results, which refers to the reporting period January 1st, 2022 through December 31st, 2022 unless otherwise noted.

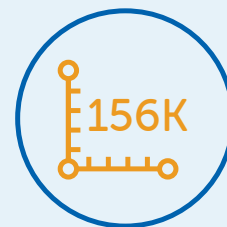
WHO WE ARE

Our Operations

Surge Energy is an independent production company focused on the acquisition and development of onshore oil and gas properties in the United States. Headquartered in Houston, Texas, **we hold approximately 156,300 net acres¹ in the Permian Basin of west Texas.** The company's primary asset is the Moss Creek field located in Howard and Borden Counties. The Hoople field is a small waterflood asset located in Crosby County. In late 2022, the Company acquired a substantial acreage position in Dawson and Gaines Counties in the Northern Midland Basin that included several existing wellbores. The Company plans to test opportunities for oil well commerciality in 2023.



HEADQUARTERS
Houston, Texas



~156,300
Net Acres



1,067
Active Net Wells²

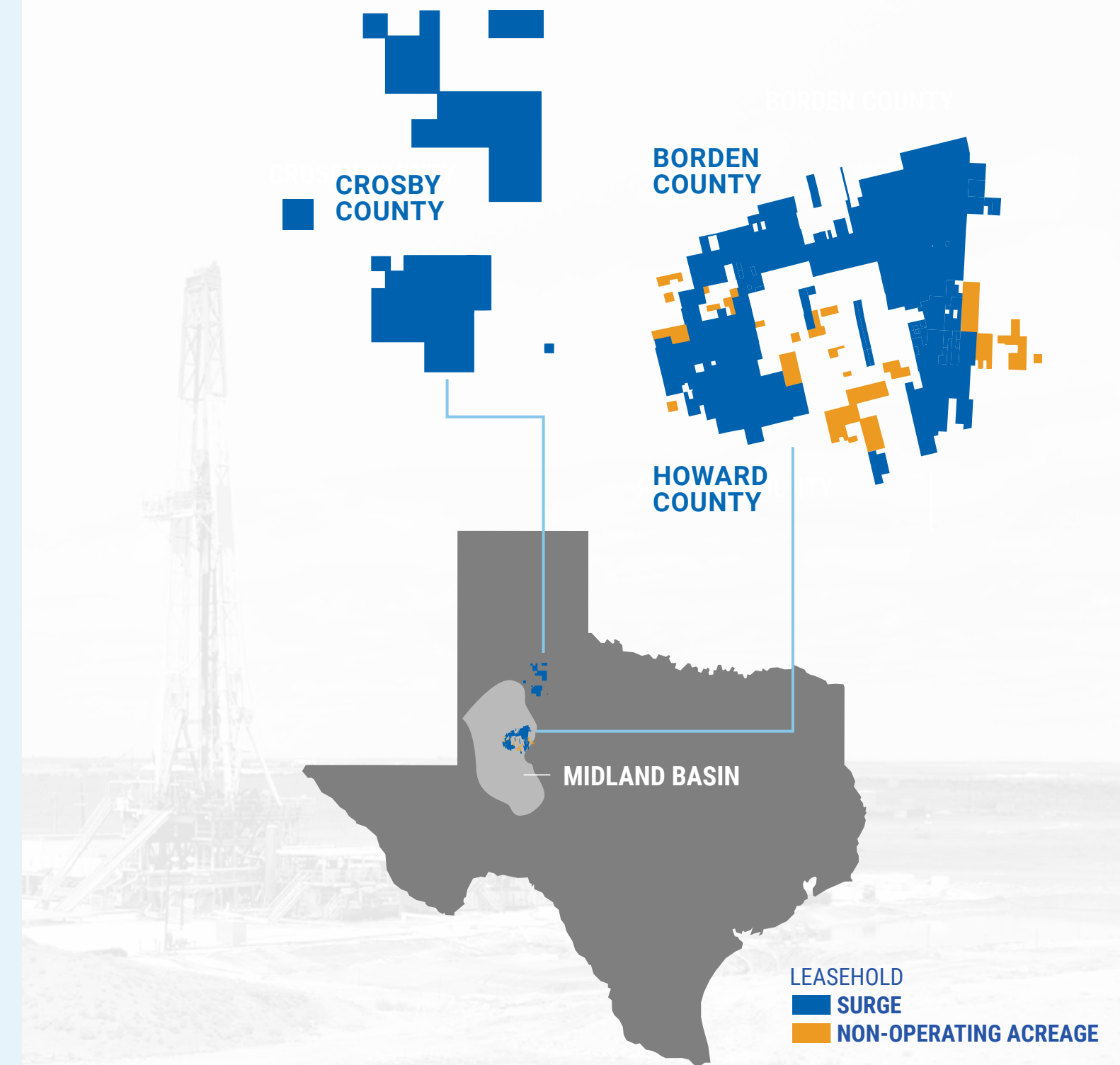


59,136
MBOED of production³

¹ Acreage data as of June 30, 2023 for Moss Creek and Hoople and December 31, 2022 for Dawson Creek acreage.

² Active producing wells data is as of quarter end June 30, 2023.

³ Average production data is as of quarter end June 30, 2023.

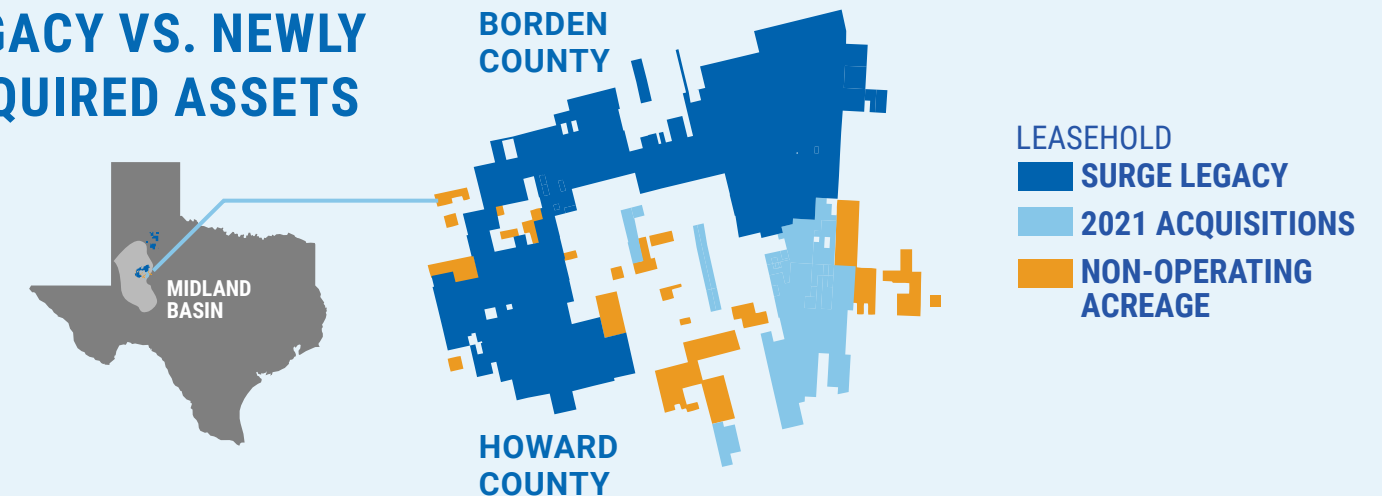


Acquisition Timeline and ESG Highlights

Founded in 2015, Surge has grown substantially through strategic acquisitions and continuous development. Over the years, we have achieved significant milestones, including increased production, investments in operational efficiency and cost optimization, successful capital raises and the recruitment and retention of top-tier talent.

Our consistent growth to date and future trajectory – combined with ESG stewardship and our commitment to operational efficiency – has established us as one of the premier private operators in the Permian Basin.

LEGACY VS. NEWLY ACQUIRED ASSETS



PRODUCTION RATE: 16 MBOE/D

- + Began operating in Moss Creek, doubling production in less than one year from the close of the Moss Creek acquisition.

PRODUCTION RATE: 43 MBOE/D

- + Transitioned to utilizing recycled water in 100% of well completions.

PRODUCTION RATE: >50 MBOE/D

- + Recognized in Houston Business Journal's Best Places to Work and Middle Market 50 Lists for 2020. Surge was the only upstream oil and gas company to be recognized on both lists.
- + Issued first corporate sustainability report to private investors and banks.

RECORDED HIGHEST ANNUAL PRODUCTION AND HIGHEST QUARTERLY PRODUCTION IN Q4 2022

- + Commissioned fourth recycling facility, allowing the Company to return to exclusively using recycled, produced water for completion operations.
- + Commissioned the Phoenix substation reducing the need for well site generators, reducing both costs and emissions.
- + Published our first external-facing Corporate Sustainability Report.

2015

2016

2017

2018

2019

2020

2021

2022

INCEPTION

- + Founded through a whole equity purchase of our Hoople assets from Juno Energy II, LLC.
- + Closed on acquisition of Moss Creek Field.

PRODUCTION RATE: 32 MBOE/D

- + Commenced operations of our Elrod Recycle Facility, allowing for the use of produced water in place of fresh water for well completions, which reduced operating costs and environmental impact.

PRODUCTION RATE: 51 MBOE/D

- + Completed the longest known lateral in the Permian Basin of 3.4 miles and was selected as an honoree for the Houston Business Journal's 2019 Inaugural Innovation Awards.
- + Reached \$2 billion in sales since inception and closed the acquisition on Cordero acreage.

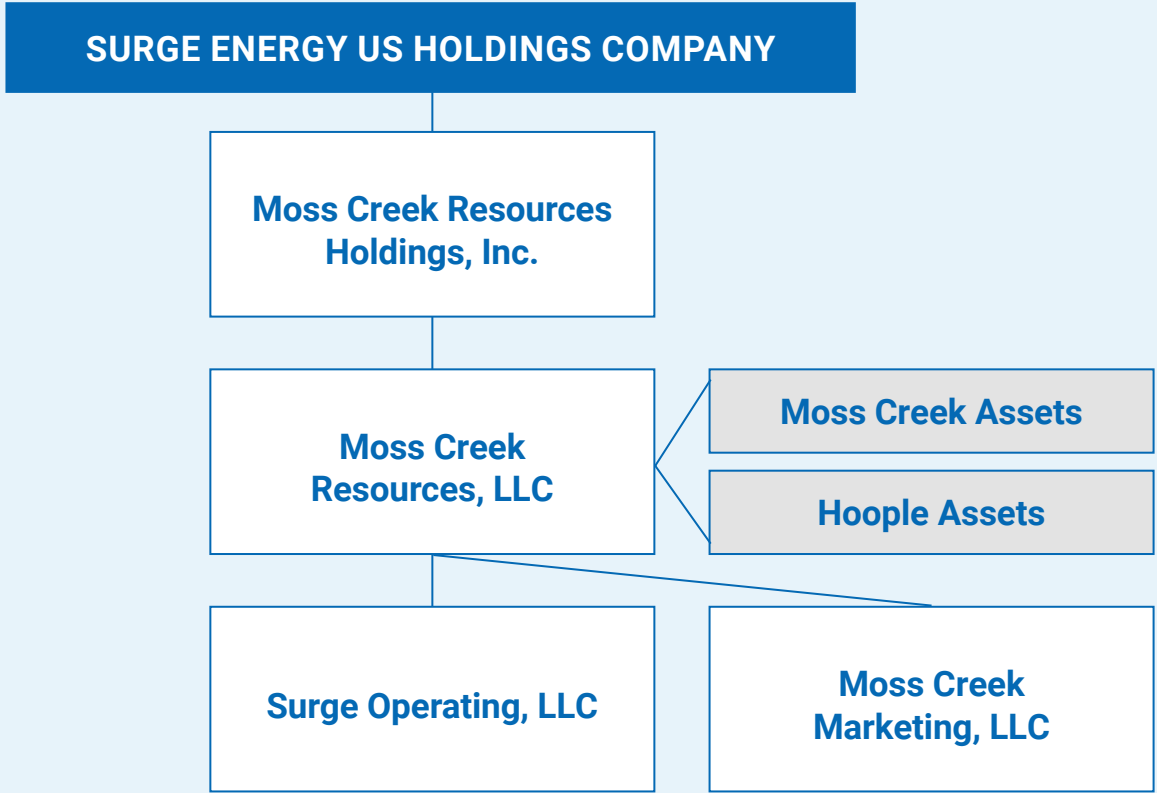
NEW PRODUCTION MILESTONE OF 100 MILLION GROSS BOE PRODUCED

- + Closed on two acquisitions, adding 22,000 net leasehold acres to our operations.
- + Achieved top quartile performance for water and methane intensity in a Permian Basin industry benchmarking survey.
- + Initiated first materiality assessment.



OWNERSHIP AND GOVERNANCE STRUCTURE

Surge’s Board of Directors (“Board”) is responsible for ensuring our governance practices effectively oversee our strategy, performance and key risks and opportunities. Our executive leadership oversees our operations with the support of the Surge Leadership Team (“SLT”). The SLT, with the guidance of the Board, undertakes responsibilities including overseeing our business strategy, risk management, corporate governance and compensation practices.



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.



Company Values

At our core, we are driven by our mission to provide energy through safe, sustainable practices that help people live better lives. These principles serve as the backbone of our Company. They have also led to consistent fundamental business growth and value creation for our stakeholders.

Our vision is to be a responsible energy producer committed to safety, our people, the environment and the communities in which we operate. We believe our stakeholders share our values around safety, environmental responsibility and accountability to the communities in which we operate. Our stakeholders' continued support enables us to operate and grow responsibly in the region.

Our core values that shape everything we do include:



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.



2022 SUSTAINABILITY HIGHLIGHTS



Environmental

- + Expanded Leak Detection and Repair (“LDAR”) program
- + Increased preparedness for extreme weather events
- + Brought fourth water recycle facility online and continued significant upgrades to support water transport and recycling
- + Conserved cumulatively over 4.46 billion gallons of fresh water through our produced water recycling system
- + Brought Phoenix substation online and continued to invest in electrical infrastructure
- + Continued utilization of dual fuel completion fleets led a reduction in GHG emissions of approximately 14,000 MT CO₂e through 2022
- + Completed corporate headquarters move to LEED Core & Shell Gold certified office building that undergoes annual Energy Star certification



Social

- + Achieved zero employee recordable injuries for the second consecutive year
- + Achieved a zero Motor Vehicle Accident (“MVA”) incident rate
- + Offered quarterly leadership development series to all employees
- + Introduced new financial wellness benefit to employees
- + Resumed internship program after a one-year pause



Governance

- + Updated company-wide mission and vision statements
- + Incorporated sustainability goals into annual compensation incentives
- + Provided weekly tracking report against key ESG metrics to SLT and HSER staff

OUR APPROACH TO ESG

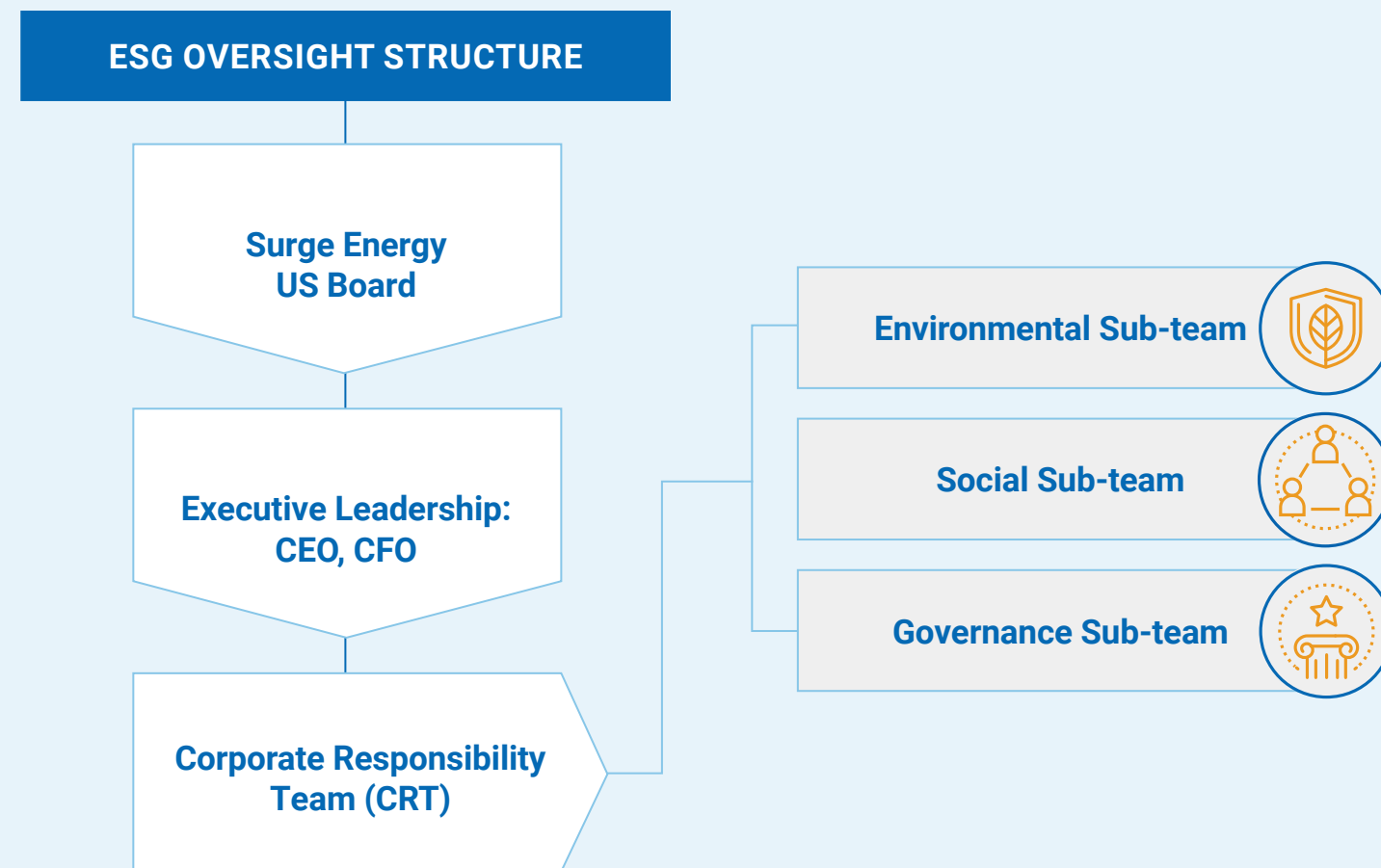
In line with our core values, we are committed to empowering our people, delivering value for our stakeholders and taking care of the communities and ecosystems in which we operate. We execute this commitment through our ESG program and strategy, which are informed by our material ESG topics. Our ESG program strategy is focused on improving our operational efficiencies through corporate investments, training and governance, efforts which we detail throughout this report.

Additionally, we have established four ESG targets that inform corporate decision-making and propel our ESG program forward. We provide our stakeholders with annual progress and corporate updates through Corporate Sustainability Reports. Our annual reports are an essential part of our ESG program as we are committed to transparency and accountability as we continue to deliver results for all our stakeholders by doing the right thing. Our ESG program reflects **Who We Are.**



ESG OVERSIGHT STRUCTURE

Surge established our Corporate Responsibility Team (“CRT”) in 2020 to guide our long-term ESG strategy and planning. The CRT — led by members of the Surge Leadership Team — oversees, sets goals, manages and tracks the performance of our ESG program. The CRT includes three sub-teams composed of additional cross-functional leaders within the respective ESG pillars. This structure ensures that our ESG strategy is integrated with the broader organizational efforts and with clear reporting lines to the Company’s leadership.



OUR PRIORITIES

Ahead of releasing our first Corporate Sustainability Report to the public in 2022, we engaged our stakeholders to conduct the Company's first comprehensive materiality assessment. We conducted in-depth interviews to identify the key topics most relevant to our key stakeholders and our business. A wide array of stakeholders were engaged during the process, including members of the investment community, Surge's executive leadership team and managers from Surge's environmental, safety, corporate governance, investor relations, human resources, supply chain, operations and community relations functions. This assessment provided valuable insights into the importance, maturity and potential materiality of sustainability issues most relevant to our business. The results enabled us to identify and prioritize key performance indicators ("KPI") related to ESG issues most critical to our business and unlocked our ability to set goals and ensure we hold ourselves accountable in the years to come. The results of our materiality assessment are presented on the right.

Surge's ESG Material Topics



High Importance High Maturity

- + Water Consumption, Recycling & Disposal
- + Fugitive Emissions

- + EHS Management & Safety Training

- + Regulatory Risk & Oversight

High Importance Medium Maturity

- + GHG Emissions
- + Leak & Spill Prevention
- + Induced Seismicity
- + Physical Climate Risk
- + Air Quality

- + Diversity, Equity & Inclusion
- + Supply Chain Resilience & Diversification

- + Climate Change Preparedness
- + Engagement with Stakeholders
- + Cybersecurity

Medium Importance High Maturity

- + Compensation & Benefits
- + Community Engagement, Philanthropy & Volunteering

- + Audit
- + Bribery & Corruption
- + Data and Information Privacy & Security

Medium Importance Medium Maturity

- + Biodiversity & Land Impacts
- + Solid Waste Management
- + Environmental Management System
- + License to Operate
- + Technological Innovation

- + Talent Attraction & Retention
- + Community Safety
- + Landowner Relations

OUR PRIORITIES

Materiality assessment process and impact:

- 1

Established a broad range of ESG issues faced by our industry.
- 2

Refined list of ESG topics through stakeholder engagement and in-depth interviews.
- 3

Segmented our material topics both by their importance to stakeholders and the relative maturity of our programs related to each topic.

As a result, this assessment focused 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 targets and KPIs which guide future ESG progress and reporting at Surge.

In addition to the formal materiality assessment process, we continue to consider and engage informally with our key external stakeholders on an ongoing basis to create shared value and foster long-term growth:

- + Shareholders

+ Investment community

+ Contractors

+ Customers
- + Business/midstream partners

+ Suppliers

+ Regulatory bodies

+ Local community
- + Landowners

+ Industry associations

SUSTAINABILITY GOALS

Our operational targets established in last year’s report were thoughtfully developed by our CRT 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 priority ESG topics identified through the Company’s materiality assessment.

Sustainability Goals & 2022 Progress

GOAL	STATUS	2022 PERFORMANCE
1. Maintain Scope 1 GHG intensity <i>under 10 MT CO₂e/MBOE</i>	In Progress	While our legacy assets saw a 21% reduction in GHG intensity compared to 2021 and continue to perform below our target GHG intensity (5.82 MT CO ₂ e/MBOE), midstream capacity constraints has led to elevated flaring such that work remains to bring our acquired assets, and thus our overall GHG intensity, below our target. See our Emissions section for more detail.
2. Reduce frac fleet diesel consumption <i>50% by 2025</i> from a 2019 baseline	In Progress	Through the end of 2022, we achieved a 18.7% reduction in frac fleet diesel consumption through use of dual fuel technology. See our Emissions section for more detail.
3. Maintain methane intensity <i>below 0.03 MT CH₄/MBOE</i>	In Progress	Similar to our overall GHG emissions from operations, challenges routing gas to midstream processing facilities from a portion of our operations must be addressed before we can reach our methane intensity goal. See our Flaring section for more detail.
4. Achieve <i>>95% recycled water for completions</i> by 2023	In Progress	We achieved 66.9% recycled water for completions in 2022, operating above our target July-December. We are tracking well to meet our target of >95% in 2023. See our Water Management section for more detail.

The pursuit of our targets has spurred significant progress over the past year. It also enabled us to evaluate our operations to identify areas of improvement.

In 2022, we encountered several challenges, particularly in meeting our Scope 1 GHG intensity and methane intensity targets. This is primarily attributed to the integration of newly acquired assets and the constraints around midstream capacity and infrastructure for that acreage. Notably, issues related to flaring emerged as a key focus area. Flaring is an industry-wide challenge that is constantly discussed within our value chain, and we are fully committed to addressing this issue within our own operations. Following the completion of our recent acquisitions in 2021, we are diligently assessing our new assets and collaborating with our third-party midstream partners to address flaring volumes. Our collective focus is to prevent venting and minimize flaring as well as ensuring our operations are safe, reliable and environmentally responsible. Read more about our GHG emissions and flaring reduction efforts in the [Emission section](#).

Over the past year, we have made significant progress in advancing our water and fuel consumption operations. We commissioned the Company’s second electrical substation – the Phoenix substation – in late 2022. This eliminated well-site generators and reduced GHG emissions by approximately 85 thousand MT CO₂e in 2023. Our utilization of dual fuel completion fleets also resulted in a GHG reduction of approximately 14 thousand MT CO₂e emissions through 2022. Read more about our environmental performance in the [Environment section](#).





ENVIRONMENT

At Surge, we aim to be a responsible operator in the Permian Basin. As such, environmental stewardship is integrated into every aspect of our operations. We prioritize minimizing our environmental impact and effectively managing associated risks, as it is essential to our long-term growth and ability to create value.

This commitment extends to controlling emissions, managing waste responsibly, conserving water resources, minimizing leaks and evaluating our impacts on biodiversity, among other similar initiatives. We have detailed our 2022 efforts and the progress we continue to make on such critical efforts in the following sections.



RESPONSIBLE STEWARDSHIP

Our culture remains focused on operational excellence and innovation, which drives our continued investment to improve our environmental practices. Our employees continue to take meaningful steps to innovate and design new and improved solutions by leveraging our advanced technical capabilities, such as those related to produced water management and the development of electrical infrastructure.

Through 2022, ***we invested approximately \$170 million*** to improve our environmental practices. In 2022, we invested in and focused on the following initiatives to continue the momentum, which included:

01

Bringing online our fourth produced water recycling facility to support water transport and recycling

02

Commissioning the Company's second electrical substation, the Phoenix substation to eliminate well-site generators and reduce GHG emissions

03

Expanding extreme weather preparedness efforts to ensure the reliability of our equipment and improve leak performance

04

Building gas and crude gathering lines to help expedite our gatherer's ability to receive our production volume

05

Expanding training around Optical Gas Imaging ("OGI") camera use—extending LDAR program above and beyond regulations through growth of in-house capabilities and increased survey scope and frequency

06

Conducting the *Pilot Light Performance Project* to monitor and optimize flaring performance and efficiency

07

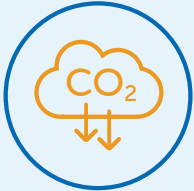
Expanding our LDAR program with two aerial monitoring demo projects to evaluate various monitoring technology options

08


Enhancing East Vealmoor Unit ("EVU") Water station infrastructure to better route water for recycling and reuse and ultimately reduce the likelihood of a large spill

EMISSIONS


At Surge, we are diligent in managing our environmental impact, which includes reducing our GHG emissions. To guide our company forward, we set formal goals to reduce our GHG emissions in late 2022.



1 Maintain Scope 1 GHG intensity ***under 10 MT CO₂e/MBOE***



2 Reduce frac fleet diesel consumption ***50% by 2025 from a 2019 baseline***



3 Maintain Scope 1 Methane intensity ***below 0.03 MT CH₄/MBOE***

In 2021, Surge completed a series of acquisitions that expanded our footprint and production capabilities. Notably, these investments influenced our ability to meet our targets as we work to integrate newly acquired assets into our operations. Asset integration is often dictated by existing contracts of the acquired assets. Our Scope 1 emissions amounted to 532,421 MT CO₂e, reflecting a 27% increase compared to our baseline year, 2019. Our comprehensive GHG intensity was 19.66 MT CO₂e/MBOE. Our 2022 emissions were largely influenced by the acquired assets' existing midstream capacity constraints. These midstream partners faced capacity constraints this year, which resulted in additional flaring. This situation has given us critical insight into the variables we can control as it relates to emissions reduction and underscores the importance of applying our expertise and proven emissions reduction measures to areas in which we have full operational control. We provide more detail on this in the [Flaring section](#).

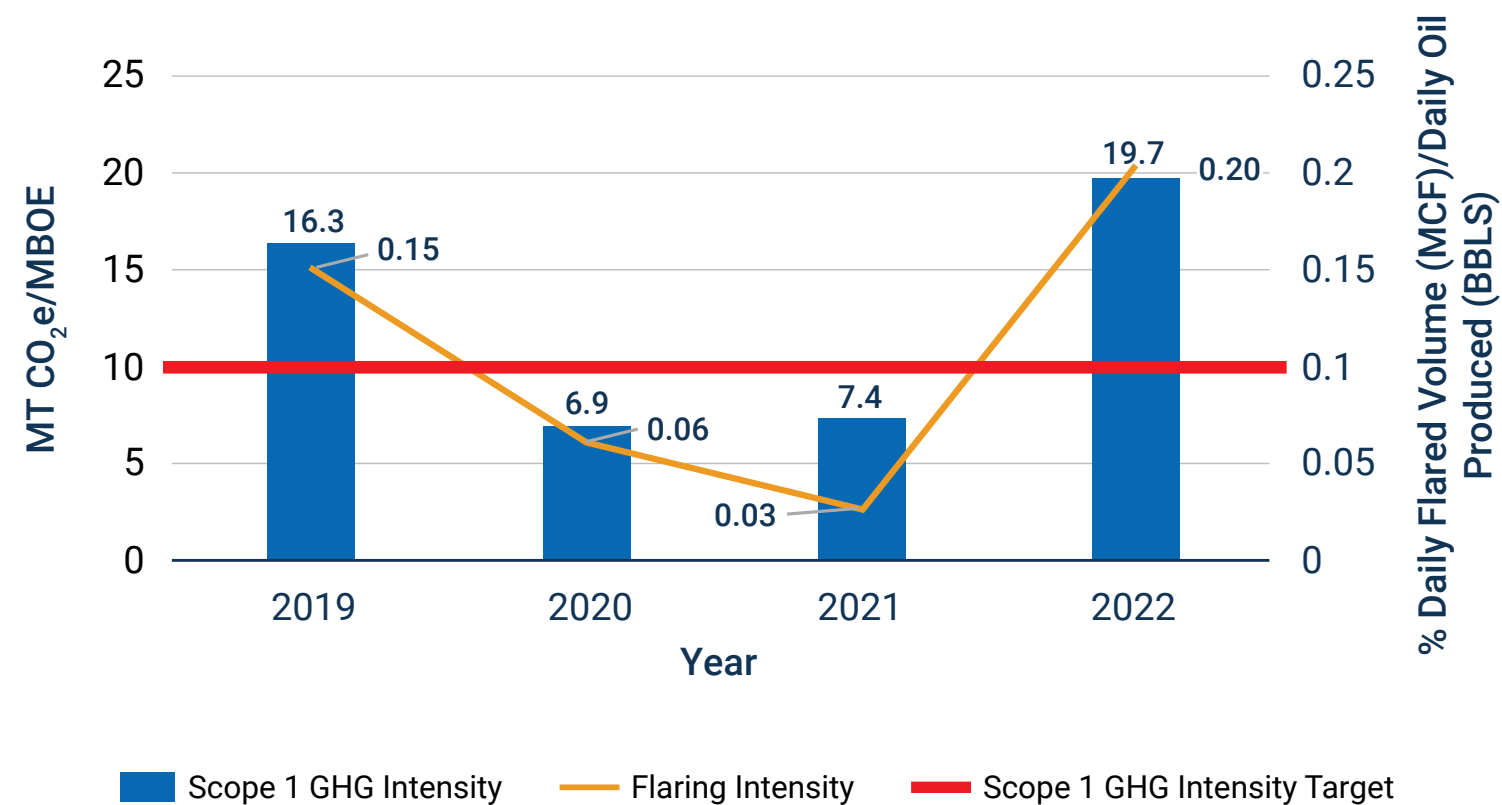
GHG Emissions

	UNIT	2019	2020	2021	2022
Scope 1 GHG Emissions	MT CO ₂ e	418,527	156,416	165,122	532,421
Scope 2 GHG Emissions	MT CO ₂ e	N/A	N/A	123,159	131,488
Scope 1 GHG Intensity	MT CO ₂ e/MBOE	16.25	6.93	7.38	19.66
Scope 1 Methane Intensity	MT CH ₄ /MBOE	0.03	0.02	0.02	0.04
Flaring Intensity	% Daily Flared Volume (MCF)/ Daily Oil Produced (BBLs)	0.15	0.06	0.03	0.20

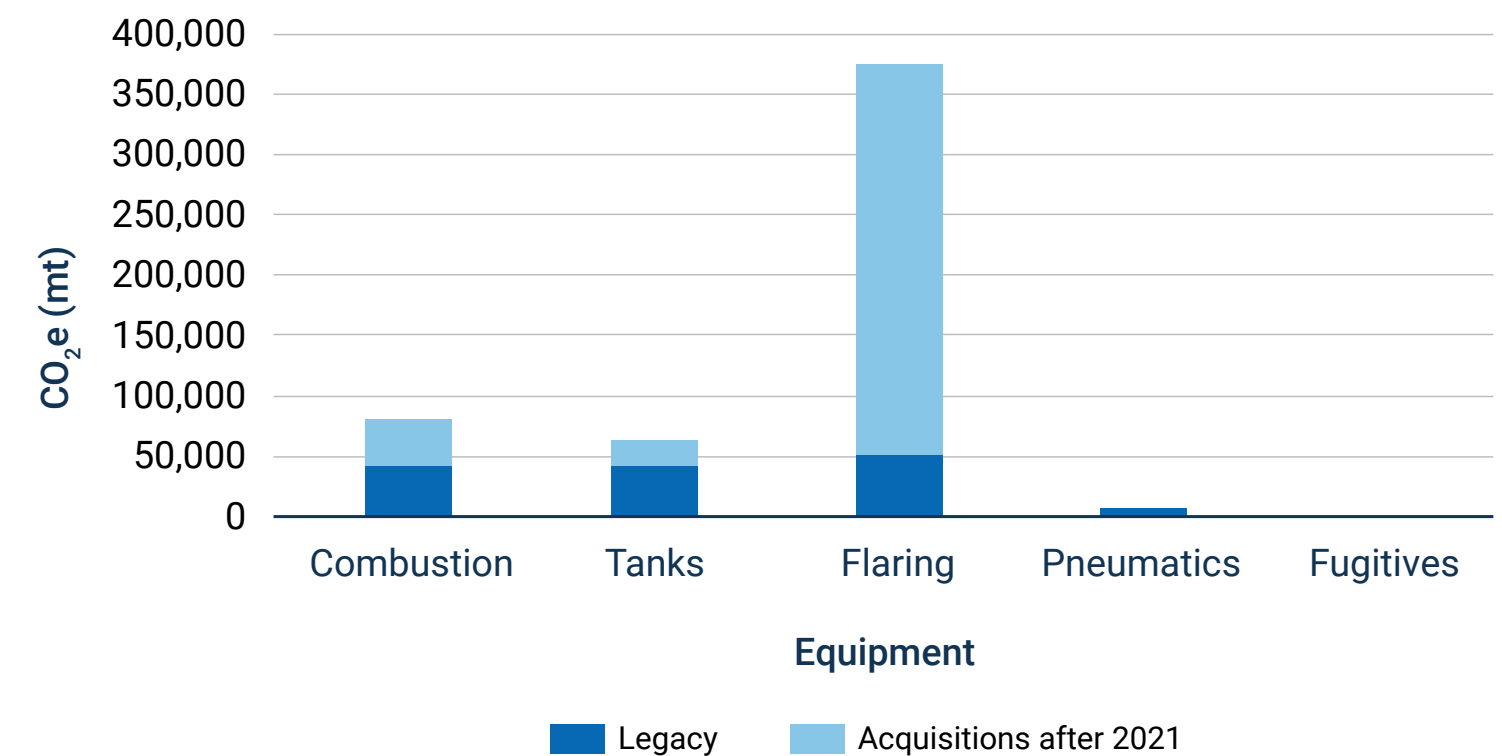
For our legacy assets – where we faced less infrastructure and capacity challenges with our midstream providers – **our GHG intensity decreased to 5.82 MT CO₂e/MBOE from 7.38 in 2021. Our legacy assets' GHG intensity achieved our target of maintaining intensity below 10 MT CO₂e/MBOE.** With our proven success in meeting our ambitious targets on our legacy assets, we are evaluating how to best optimize our newly acquired facilities to comprehensively meet our GHG-related targets. This evaluation and optimization of newly acquired assets is a key component of successfully integrating these assets to ultimately conform to our operational standards and to continue reducing our overall emissions across the Company.

To date, our investments in electrical infrastructure, water infrastructure, pipeline upgrades and the use of dual fuel engines have substantially reduced our emissions. We look forward to continuing to explore additional investment opportunities that allow for further reductions in our emissions profile.

Scope 1 GHG Intensity and Flaring Intensity



2022 Scope 1 GHG Emissions From Associated Equipment





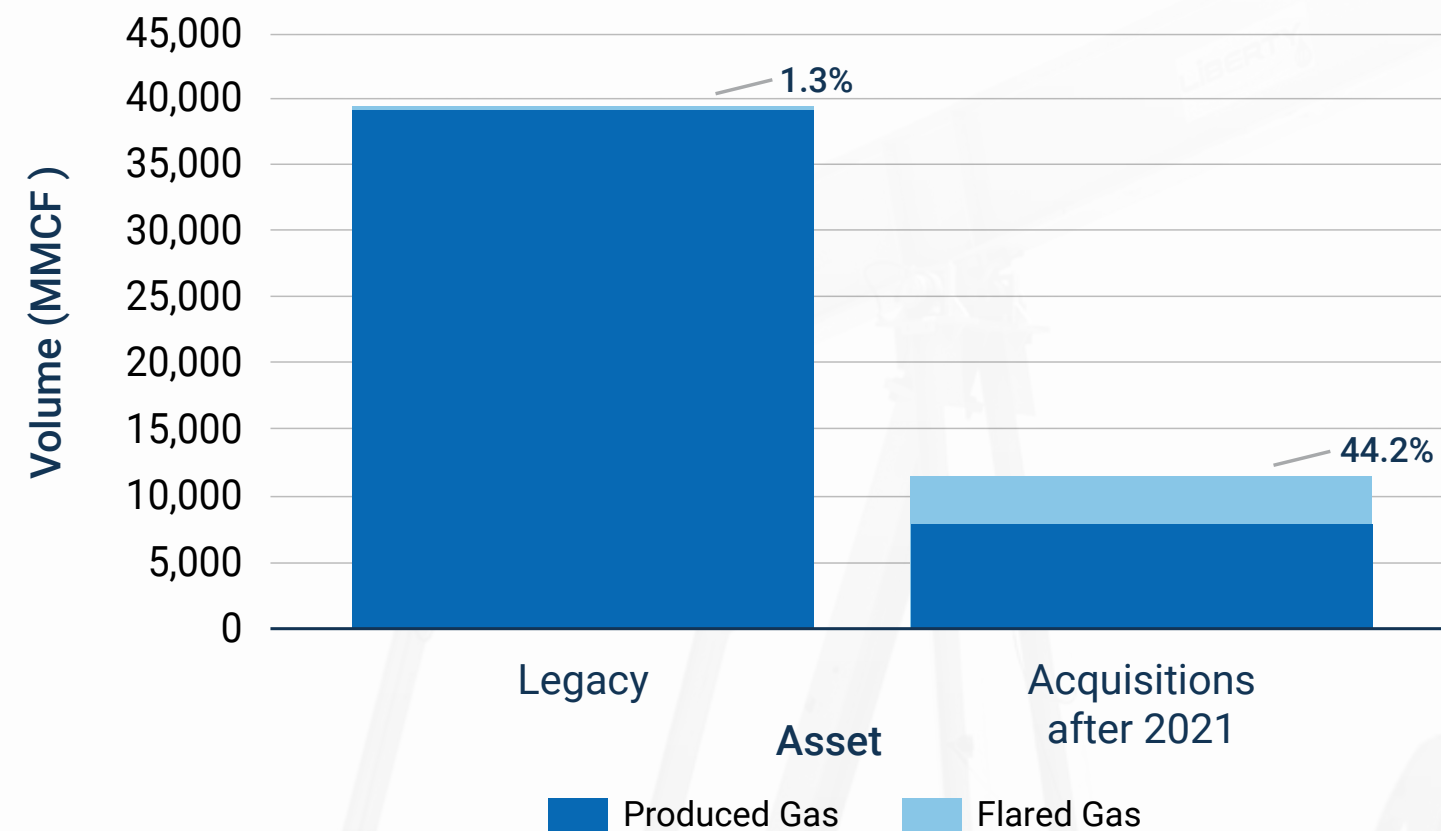
Flaring

Similar to many other upstream companies, flaring remains the main driver of our Scope 1 emissions, and we continue to take meaningful steps within our operational control to minimize our impact. To this end, we have set flaring and methane intensity targets to hold ourselves accountable and inform both our operational objectives and growth strategy.

While Surge is focused on minimizing flaring and our impact wherever we can, we are also required to operate within the current realities of the market, value chain and related infrastructure while still meeting current energy supply demands. Almost all our routine flaring is caused by the inability of our midstream partners to provide operational and commercial solutions. For example, midstream infrastructure and capacity constraints, alongside growing natural gas production in the Permian Basin, hinder our ability to route supply to other midstream providers. Flaring can be a consequence of midstream capacity limitations. While we always strive to keep flaring to a minimum, we have maintained our highest level of performance where we have full operational control.

After making several new acquisitions in 2021 and inheriting binding gathering contracts that cannot be terminated; as a result, we could not sell our gas to other midstream companies when capacity constraints were present. As a result excess gas was flared due to the lack of midstream capacity in these contract areas. We will continue to work with our midstream partners to help them find solutions that allow us to eliminate flaring across our recently or future acquired assets. This is important to achieve emissions goals and eliminate routine flaring on our newly acquired assets while meeting current energy supply demands.

2022 Flare Comparison by Asset

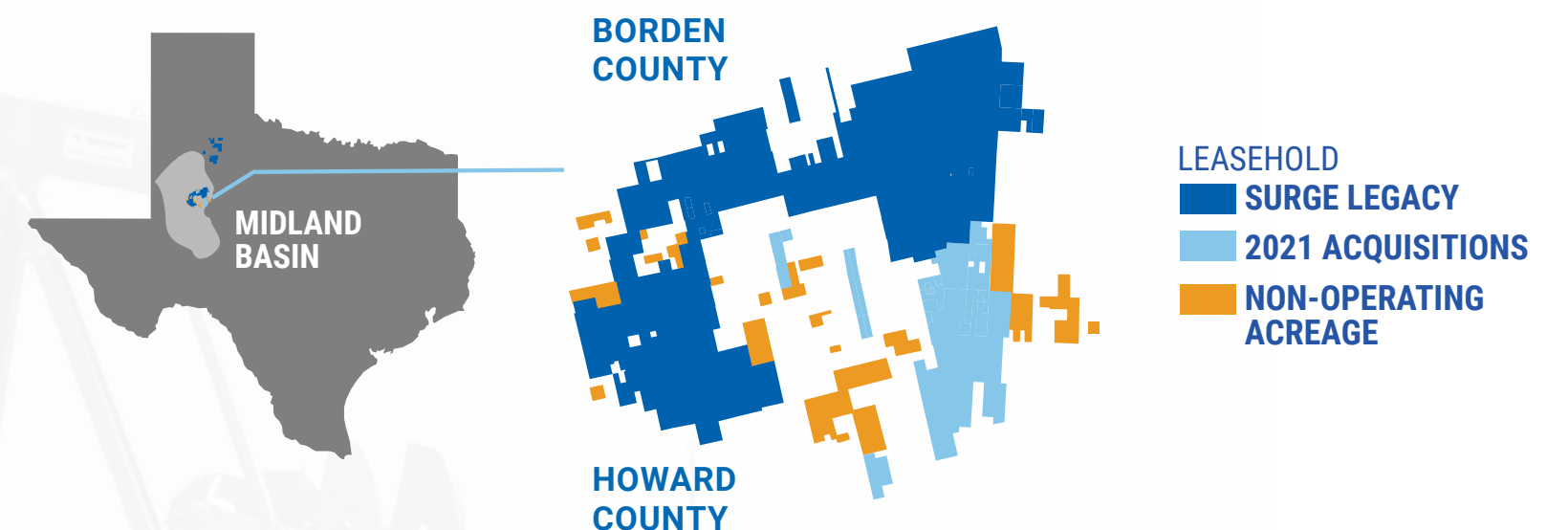


This year provided a collection of key learnings regarding flaring, gathering limitations and acquired assets. We are proud of the longstanding policies we have in place to address operational flaring where possible but also look forward to providing updates on changes made as we continue to evaluate how to best integrate newly acquired assets.

During this process, we identified a significant delta in the performance of our legacy and acquired assets in the context of flaring, largely driven by midstream capacity constraints related to contracted gathering limitations. **For reference, in 2022, Surge flared 1.3% of our total produced gas on our legacy acreage, whereas 44.2% of our total produced gas was flared on our acquired acreage.**

Our heightened focus on reducing flaring and optimizing efficiency is supported by several relevant efforts. For example, through our Pilot Light Performance Project, we have incorporated a number of procedures, including daily remote monitoring, regular management meetings, ongoing training for lease operators and monthly audio, visual, and olfactory (“AVO”) inspections by a third-party company to improve the reliability and efficiency of our flare equipment. We have also established a dedicated team to troubleshoot and repair issues and have performed an in-depth evaluation on how to best optimize flaring performance and efficiency in a manner compliant with the U.S. Environmental Protection Agency (“EPA”) and related standards.

Legacy vs. Newly Acquired Assets





GHG Reduction Efforts

We have identified both short- and long-term initiatives to reduce our GHG emissions. In the short term, we are focused on effective leak detection, preventative maintenance, flaring reductions and optimizing drilling and completion operations. Longer term, we will focus on targeted investments related to infrastructure and innovation, such as electrical infrastructure, completion optimization solutions and facilitating the use of alternative fuels within our frac fleet.

Surge continues to work with partners, regulators and employees to invest in infrastructure and explore innovative approaches to reduce operational emissions. We have gained insights through active engagement and collective problem-solving in managing our infrastructure networks on existing acreage. We plan to cascade these best practices to future acreage acquisitions.

Electrification

In late 2022, Surge commissioned the Company’s second electrical substation, the Phoenix substation. This substation builds on the success of our Dragon electrical substation, which was constructed and connected in late 2019. These substations deliver power from the Texas grid to our producing operations through our Surge-built and operated transmission lines. The Phoenix substation was built to electrify newly acquired acreage and add resiliency to our existing electrical infrastructure through a second substation and additional powerlines. Similar to the success of the Dragon substation, the Phoenix substation has demonstrated significant benefits in improving emissions, reducing costs and improving air quality. **The Phoenix electrical substation facilitated the removal of 25 well-site generators in 2022. Surge estimates this removal of generators results in a reduction of 150,000 MT of CO₂e per year.** The elimination of these well-site generators is estimated to reduce emissions by 85,000 MT CO₂e in 2023 alone.

By the end of 2022, Surge added over 27 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 power reduces the need for future generators, which reduces our GHG emissions. We expect to realize significant benefits from the second substation, which extends electrical access to a portion of recently acquired acreage that was not previously connected to electrical power. The second substation also helps to meet increased load demand from new wells using electrical submersible pumps (“ESP”). Surge’s investments in electrical infrastructure will continue to reduce the need for well-site generators and contribute to efficiencies and reductions in both emissions and cost.

Dragon Substation Highlights:

REMOVED
~45
Generators

ESTIMATED ANNUAL
EMISSIONS SAVINGS
150,000
MT of CO₂e

Phoenix Substation Highlights:

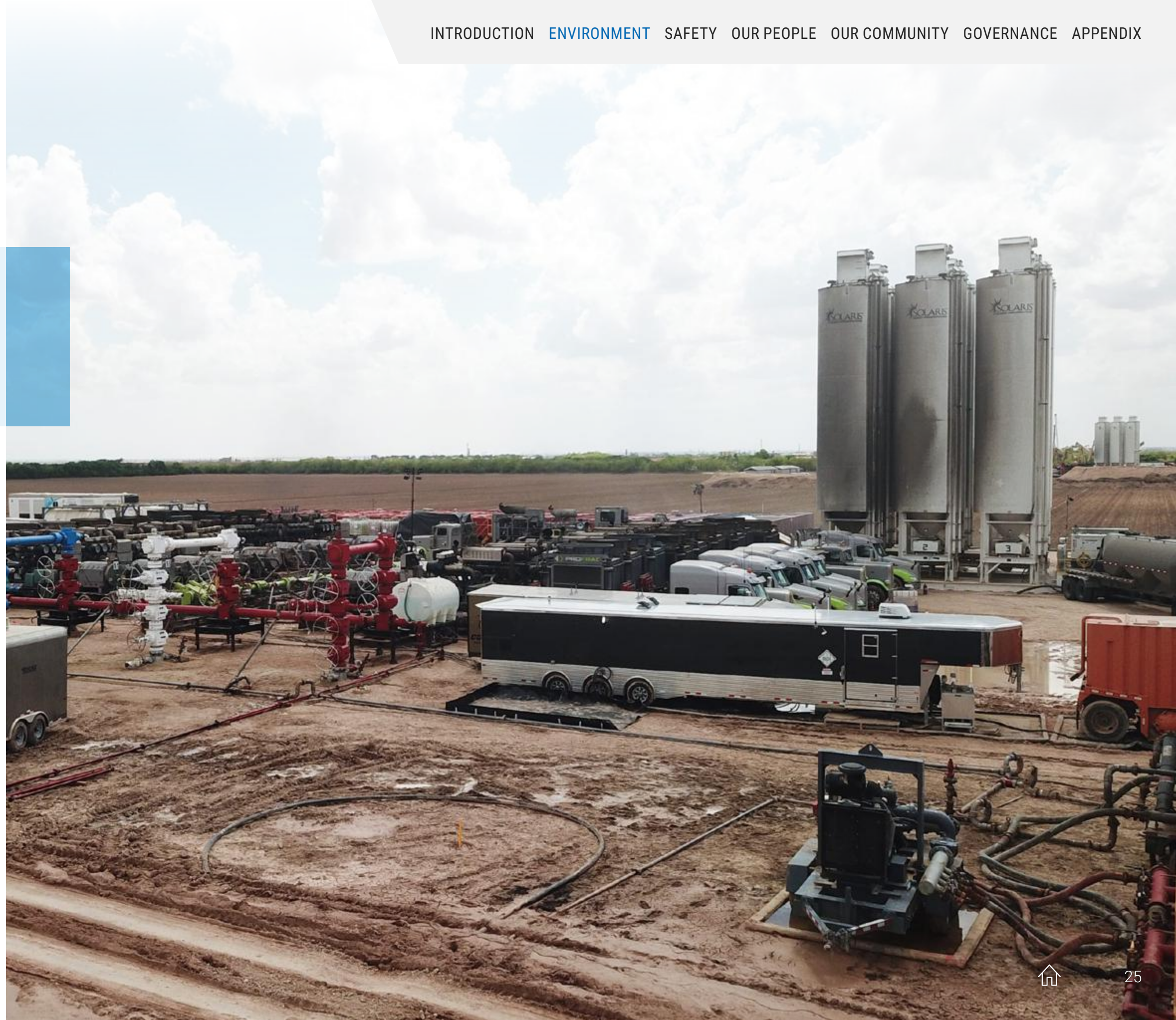
REMOVED
~25
Generators

ESTIMATED ANNUAL
EMISSIONS SAVINGS
85,000
MT of CO₂e

Completion Fleet Fuel Efficiency and Alternative Fuels

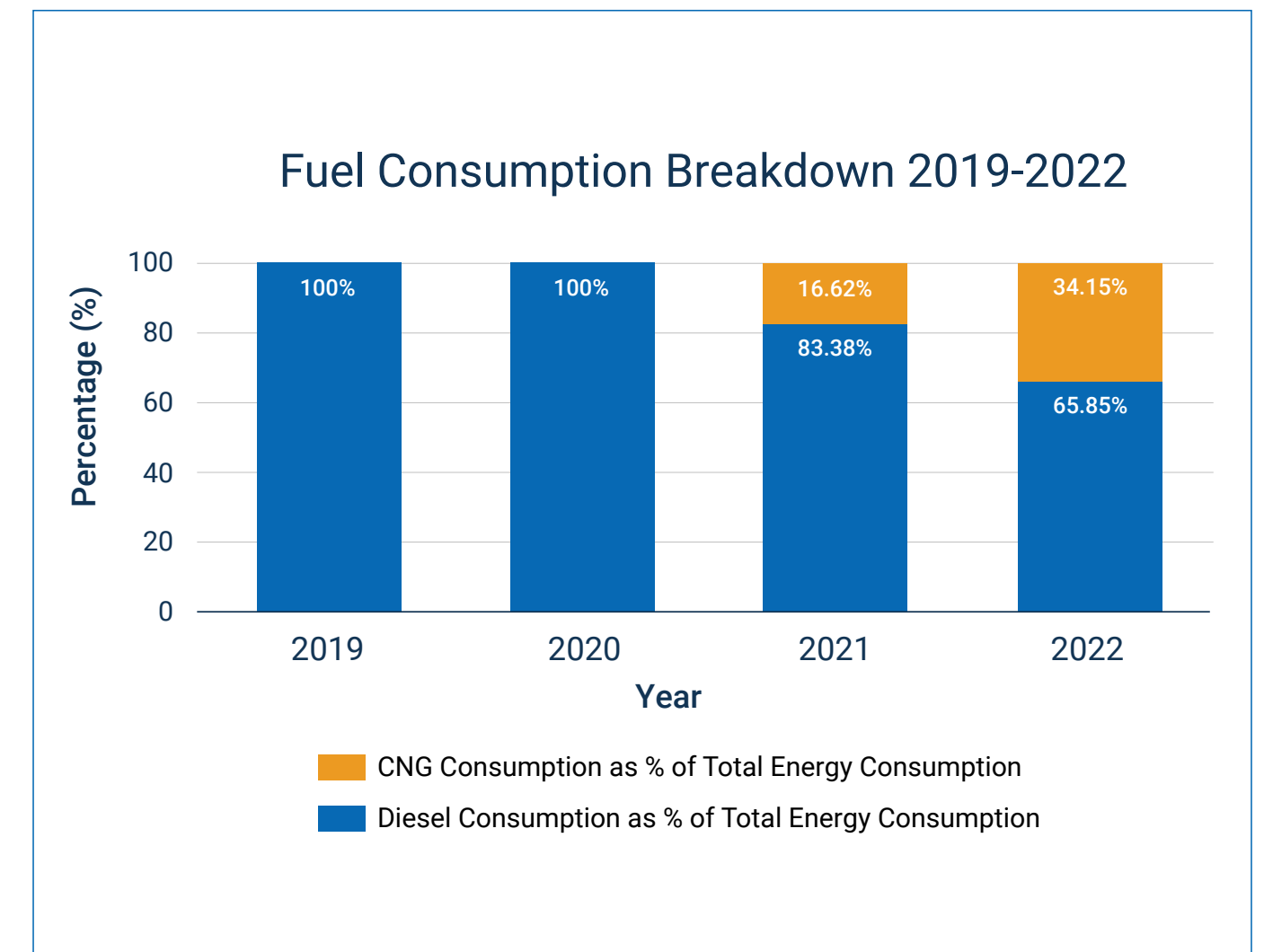
Utilization of dual fuel completion fleets led to **GHG emissions reduction of approximately 14,000 MT CO₂e through 2022.**

Surge has maintained our partnership with completion contractors that provide best-in-class emissions profiles by utilizing dual fuel completion equipment. Depending on usage and frac designs, frac pumps on a single frac spread can consume up to 20,000 gallons of diesel fuel per day, resulting in considerable expenses and inefficiencies. By incorporating dual fuel operations, we can potentially reduce diesel fuel consumption by as much as 50% while also reducing CO₂ and NOx emissions and eliminating the risk of fuel spills and soil contamination. A reduction in fuel consumption will also result in substantial fuel cost savings. These enhancements — in combination with Surge's electrical infrastructure — enable Surge to lower emissions intensity associated with completions and establish a foundation for continued innovation and improvement.



Fuel Data

	UNIT	2019	2020	2021	2022
Total Fuel Consumption	DGE–Gallons	5,841,100	2,154,000	4,705,442	7,208,566
Total Fleet Energy Consumption–CNG	DGE	0	0	782,117	2,461,643
Total Fleet Energy Consumption–Diesel	DGE–Gallons	5,841,100	2,154,000	3,923,325	4,746,923
Total Fleet Energy Consumption–Electricity	DGE	N/A	N/A	N/A	N/A
Diesel Consumption as % of Total Energy Consumption	Percentage (%)	100%	100%	83.38%	65.85%
CNG Consumption as % of Total Energy Consumption	Percentage (%)	0.00%	0.00%	16.62%	34.15%



Environmental Partnership Membership

2022 marked the fifth year since Surge joined 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 voluntary forum is industry-led. Surge, along with other members of the partnership, continues to share information and focus on solutions that are technically feasible and commercially proven.



WATER MANAGEMENT

Responsible water management is crucial to our operations, the health of our relationships with our communities and our overall environmental footprint. We have invested significantly in our water management in recent years. Water infrastructure investments – notably water recycling facilities – are key drivers of value within our business and growth strategy. A reliable and available supply of water remains imperative to effectively expanding operational capacity as we grow, particularly given heightened concerns and scrutiny around freshwater use.

Surge's freshwater intensity has been maintained at 0.4 MBBL/MBOE or below for the past four years, positioning Surge as a leader amongst peers.

In 2022, we commissioned our fourth recycling facility in partnership with Gravity Water Midstream, LLC. This new facility enhances our capacity to recycle water and reduces our reliance on freshwater withdrawals for our operations. In addition to this new facility, we also continued to incorporate the use of our East Vealmoor Unit – a water transportation system – into our operations. This infrastructure streamlines the transportation of produced water to our recycling facilities, improves the transfer of recycled water for operational purposes and ensures efficient movement of water for proper disposal or injection. This water system also reduces Surge's reliance on water transportation

by trucks, which also helps to minimize road congestion often caused by truck transportation and in turn related GHG emissions. By leveraging advanced technologies and strategic partnerships, Surge continues to prioritize sustainable water management practices, investing in reliable infrastructure to reduce the risk of spills and minimize our environmental impact.

We take pride in our commitment to responsible water management. Since our inception, **Surge has invested over \$140 million with the goal of consistently improving our water management practices.** Our investments largely focus on reducing freshwater usage, increasing the use of recycled produced water and minimizing the volume of disposed water. As a result of these investments and our operational commitment to water efficiency, Surge's freshwater intensity has been maintained at 0.4 MBBL/MBOE or below for the past four years, positioning Surge as a leader amongst peers. Through collaborative efforts internally and with our partners, we anticipate a reduction in water consumption as we further develop our water practices and infrastructure.



GOAL

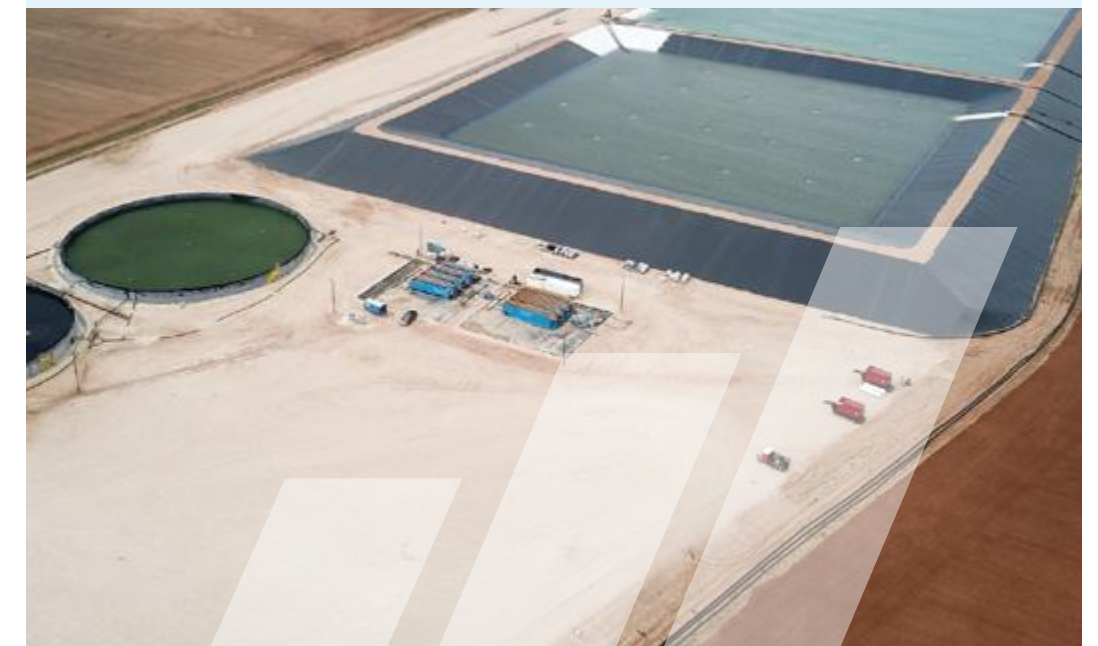
ACHIEVE >95%

Recycled Water for Completions by 2023



PROGRESS

67% up nearly 24% from the previous year



Water Performance Data

	UNIT	2019	2020	2021	2022
Total Water Used in Completions	BBLS	30,441,940	9,435,496	18,149,397	28,446,010
Recycled Water Used in Completions	BBLS	29,622,973	7,332,815	9,832,576	19,053,783
Freshwater Used in Completions	BBLS	818,967	2,102,681	8,316,821	9,392,227
Recycled Percentage	Percentage (%)	97.31%	77.72%	54.18%	66.98%
Freshwater Percentage	Percentage (%)	2.69%	22.28%	45.82%	33.02%
Total Water Intensity	MBBL/MBOE	1.18	0.42	0.81	1.05
Total Freshwater Intensity	MBBL/MBOE	0.03	0.09	0.37	0.35
% of Wells with Public Fracturing Disclosure	Percentage (%)	100%	100%	100%	100%

2022 Performance Highlights



99.9%

Produced Water Piped



17,096

MT CO₂e Emissions Avoided
from Use of Pipeline for Water



666,383

Truck Trips Avoided

WASTE MANAGEMENT

Similar to Surge's thoughtful and purposeful management of water, we remain committed to reducing waste and promoting recycling across our operations. Existing efforts are both broad and deep, spanning incremental impacts like encouraging refillable water bottles in our corporate offices to more robust waste management policies with material impacts.

Beyond scrap metal, approximately 98% of our waste consists of produced water, as outlined in the previous section. Despite Surge producing a minimal volume of hazardous waste, several ongoing initiatives are underway to source and substitute hazardous materials with safer alternatives whenever feasible. Our waste practices also ensure responsible handling and disposal practices for all forms of waste, which includes active treatment of any contaminated soil, which we store, treat and test monthly until remediated.

In addition to optimizing disposal practices, wherever feasible, we focus on reducing our overall waste and reusing resources. Two examples of this are our scrap metal recycle program and recycling of drill cuttings. We continue to evaluate how to broaden and improve our waste management practices as our business continues to grow and are committed to transparently reporting on related efforts as they ensue.

In Q4 of 2023, we plan to complete an audit of our field waste streams to identify any new sources of waste and to thoroughly review each waste stream cycle. This effort will allow us to further our understanding of waste generation and disposal and to identify opportunities for waste reduction and recycling across the Company.

LEAK AND SPILL PREVENTION

Effective leak and spill prevention and related remediation remain a core focus of our environmental stewardship efforts. Our comprehensive systems and procedures – supported by continued investments in our Preventative Maintenance (“PM”) program – enable us to quickly identify and address any leaks or spills. Our proactive approach to spill prevention includes piping upgrades, regular inspections and surveys. Additionally, we leverage Optical Gas Imaging (“OGI”) and Leak Detection and Repair (“LDAR”) survey data within our robust database to monitor and respond to potential issues.

To strengthen our leak prevention efforts, we have enhanced the frequency and rigor of our OGI surveys through collaboration with a trusted third-party partner and brought additional LDAR capacity in-house. We recently purchased our own OGI equipment, hired new team members and provided certification training to the newly hired staff to allow for more timely and accurate leak detection. We increased our survey coverage beyond regulatory requirements, performing surveys at all Moss Creek field sites quarterly. Additionally, two pilot projects related to aerial monitoring were undertaken to continue furthering our leak detection program.

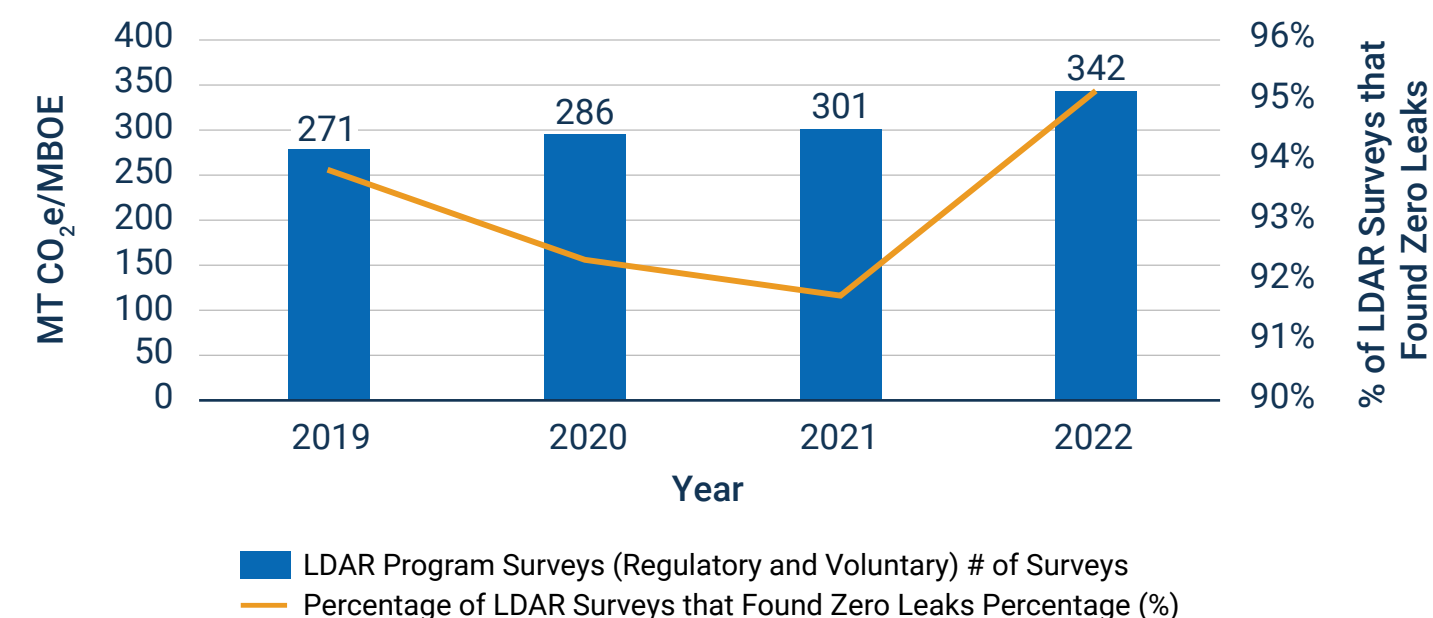
Our internal capabilities and our strategic partnership with our trusted third-party partner allow for thorough inspections and early detection of leaks, which enables prompt prioritization and subsequent corrective action where needed. These efforts are key to ensuring we maintain compliance with and exceed regulatory standards, such as the EPA’s New Source Performance Standard, while also minimizing leaks.

As a result of these continued efforts, Surge experienced a **nearly 40% decrease in leak rate in 2022 as compared to 2021**. In 2022, 95% of our LDAR surveys found zero leaks, and all leaks that were discovered were repaired within 30 days of discovery.

Leak Detection and Repair Data

	UNIT	2019	2020	2021	2022
LDAR Program Surveys (Regulatory and Voluntary)	# of Surveys	271	286	301	342
Percentage of LDAR Surveys that Found Zero Leaks	Percentage (%)	94%	92%	92%	95%

LDAR Program Surveys and Percentage of Surveys that Found Zero Leaks



Spill Prevention

Our approach to spill management is outlined in and guided by our Spill Prevention Control and Countermeasure plans ("SPCC"). Detailed guidelines on effective spill prevention and response within our SPCC undergo regular professional engineer review, while our operators receive training annually on procedures, inspections and maintenance to prevent and respond to spills. Beyond the provision of clear guidance and training, our commitment to spill prevention is further demonstrated by our integration of spill performance factors into annual compensation plans for all employees, management and executives.

In the event of a spill, we have established processes and resources for prompt and efficient response, including safety shutdowns, remote monitoring and digital recordkeeping within our PM program. We also employ proactive measures, such as the use of solar-powered lighted signs with GPS locator information to aid responders and prevent delays. To promote industry-wide risk reduction, we have shared this design with other operators.

As we continue to handle large volumes of water through our extensive water recycling program, we remain focused on decreasing both oil and produced water spills. This commitment aligns with our goal of utilizing recycled water in our completion program and further highlights our dedication to responsible water management.

Spill Data

	UNIT	2019	2020	2021	2022
Spills to the Environment - Oil	Number	22	30	55	51
Spills to the Environment - Oil	BBLS	396	214	362	520
Spills to the Environment - PW*	Number	86	99	102	103
Spills to the Environment - PW	BBLS	3,987	1,346	2,134	5,817
Net Oil Spill Volume	BBLS	330	35	86	132
Net PW Spill Volume	BBLS	843	846	820	4,872
Oil Spill Rate	BBL/MBBL	0.02	0.01	0.02	0.03
PW Spill Rate	BBL/MBBL	0.06	0.02	0.03	0.08
Environmental Fines & Penalties	\$	0	0	0	0

*PW: Produced Water

BIODIVERSITY AND HABITAT CONSIDERATIONS

The preservation of biodiversity and protection of habitats are incorporated into our broader environmental strategy. Our ongoing commitments to Environmental Review and Planning as well as our Green Completions approach ensure that our operations adhere to the highest standards of environmental protection. For example, Surge's treatment of mud-based cuttings eliminates the need for landfarming and minimizes potential disruption or negative impacts on surface habitats and biodiversity.

For each of our locations, our HSER team conducts desktop analysis using GIS and satellite technologies, which provides valuable insights related to habitat preservation. As part of this analysis, HSER focuses on at-risk species, Waters of the United States ("WOTUS") considerations and other sensitive issues. Our Land Department then visits the location to confirm HSER's analysis. If an issue is detected at either stage of the review, the Land Department selects an alternate location to prevent any harmful impact. Further, the Land Department plays a crucial role in our surface use agreements, as they oversee the management of natural areas and monitor and manage reclamation efforts and commitments related to surface use agreements.

We regularly review federal and state endangered and threatened species lists using GIS overlay. This allows for continued assessment of potential biodiversity impacts and improvements in operational precaution practices to assess risks in the field. Furthermore, we follow the best practices and permitting guidelines established by the Army Corps and U.S. Fish and Wildlife Service. We have also implemented a migratory bird policy that includes flagging nests and employing net and flag practices to prevent harm to birds. As we strive to be a responsible operator in the Permian Basin, we prioritize protecting local biodiversity and habitats within our local communities.





SAFETY

2022 Performance Highlights

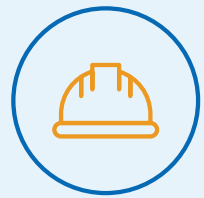
Employees achieved:



0 RECORDABLE INCIDENTS

for the Second Consecutive Year

Contractors achieved:



46 MONTHS

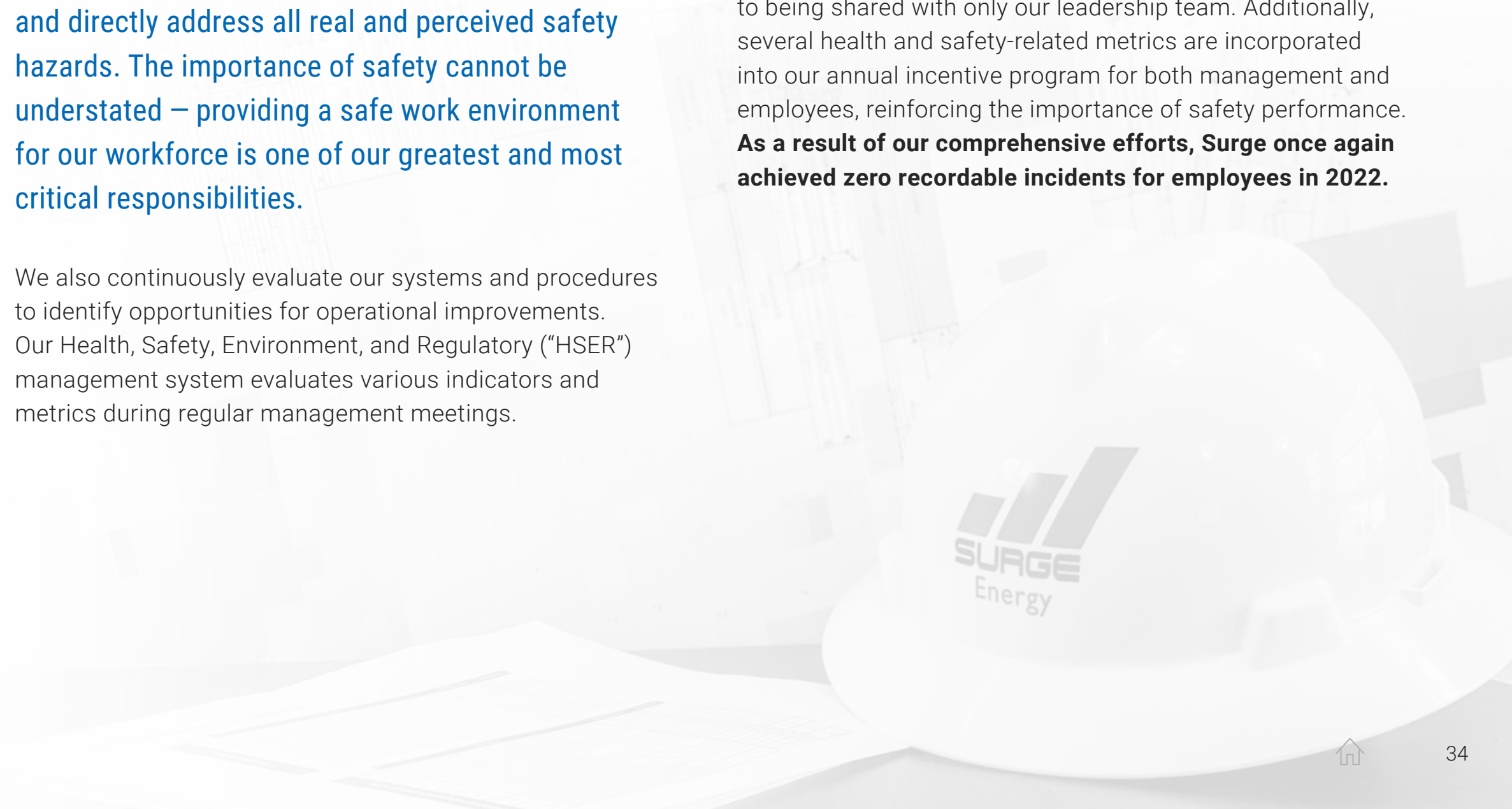
without a Recordable Injury
from **Construction Contractors**

SAFETY

Safety is one of five core values at Surge and is embedded into every aspect of our Company's operations. We continuously evaluate our operational systems and procedures to protect our workforce and directly address all real and perceived safety hazards. The importance of safety cannot be understated – providing a safe work environment for our workforce is one of our greatest and most critical responsibilities.

We also continuously evaluate our systems and procedures to identify opportunities for operational improvements. Our Health, Safety, Environment, and Regulatory ("HSER") management system evaluates various indicators and metrics during regular management meetings.

Our focus on our robust HSER management system is just one example of how we strive to embed the value of safety into our corporate culture. We also focus on promoting a culture of transparency and accountability. For example, our safety metrics are reported organization-wide, as opposed to being shared with only our leadership team. Additionally, several health and safety-related metrics are incorporated into our annual incentive program for both management and employees, reinforcing the importance of safety performance. **As a result of our comprehensive efforts, Surge once again achieved zero recordable incidents for employees in 2022.**



WORKFORCE SAFETY

Our comprehensive HSER management systems and trainings empower every member of our organization to identify safety-related risks and implement effective solutions. Our management team regularly engages with our workforce to learn more about their safety concerns and to help identify areas for improvement. As an example, nearly all field meetings include a central focus on safety. This active engagement informs our leadership with direct insight into our safety risks from those with direct exposure. By encouraging our workforce to proactively identify safety vulnerabilities and suggest opportunities for improvement, we have fostered an open culture of risk identification and solution implementation throughout the organization. This constant feedback loop allows us to improve our safety performance and contributes to our goal of being a leader in health and safety within our industry.

SITE Card Program

Playing a crucial role in our continuous improvement efforts, *Surge’s Safety, Integrity, Teamwork/ Transparency, Excellence Card Program (“SITE Card Program”)* allows employees to provide safety-related input and suggestions for improvement.



SAFETY



INTEGRITY



TEAMWORK /
TRANSPARENCY



EXCELLENCE

Employees are encouraged to provide feedback around safety, working conditions and team dynamics. Feedback is provided in the form of strengths that can be built upon, along with opportunities for improvement. Submissions made through the SITE Card Program are regularly reviewed by the HSE Field committee, which translates feedback into operational improvements as appropriate. To encourage ongoing participation, individuals with helpful observations are publicly recognized each quarter.

2022 Safety Metrics Spotlight:

0 Recordable Incidents
for Employees

1.17 Combined Employee and
Contractor TRIR

0.32 Combined Employee and
Contractor LTIR

Safety Data

	UNIT	2019	2020	2021	2022
OSHA Recordables - Employees	Number	0	1	0	0
Days Away from Work Cases - Employees	Number	0	0	0	0
Total recordable incident rate (TRIR) - Employees	Number	0	0.71	0	0
Lost Time Incident Rate (LTIR) - Employees	Number	0	0	0	0
Fatality Rate	Incidents per 200,000 Hours Worked	0	0	0	0
Near Miss Frequency Rate (NMFR)	Incidents per 200,000 Hours Worked	5.03	2.43	8.07	4.99

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

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



SAFETY TRAINING

All employees undergo comprehensive HSER training annually; these efforts remain critical to improving our safety performance. *In 2022, we achieved a 100% employee completion rate for the required HSER training, representing over 1,486 training hours across the organization.*

We also provide more frequent and role-specific trainings, as appropriate, to meet regulatory requirements, improve workplace safety and enhance role-specific safety performance. For example, CPR training was offered for our corporate office staff in 2022, with nine employees getting certified or re-certified.

Stop Work Authority

Named after the Meerkat, a creature known for its cooperative and vigilant nature, our Meerkat recognition program allows employees to halt work if they perceive unsafe conditions. This program rewards those who identify opportunities to enhance safety through peer-to-peer Meerkat coins, along with prizes that commemorate and acknowledge safety leadership. The pinnacle of recognition is the annual Meerkat Sentinel HSER Award, presented to an individual employee who exemplifies our HSER culture.

HSER 2022 Training Highlights



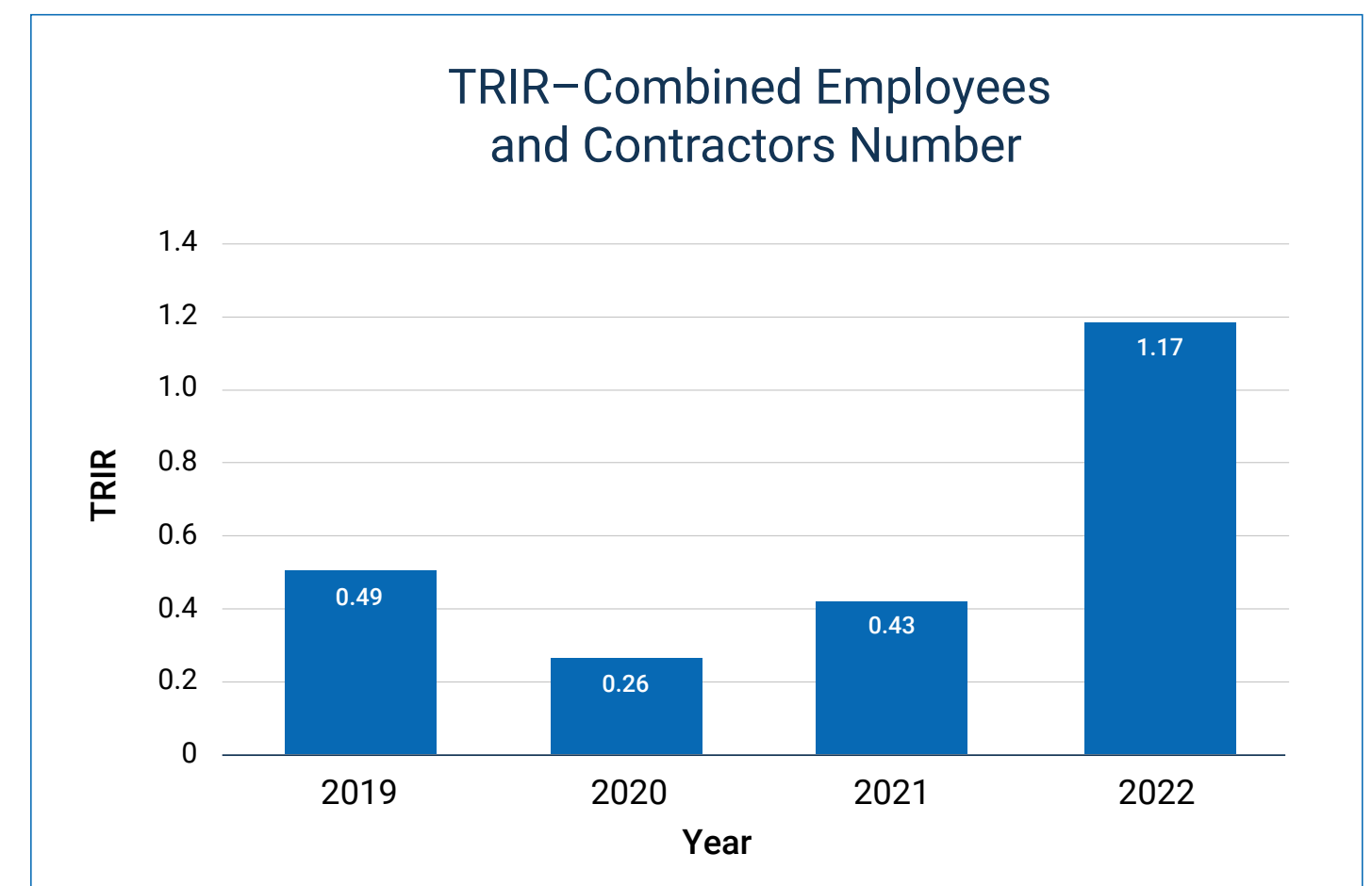
Contractor Management

Surge prioritizes the selection and monitoring of contractors that align with our HSER values and possess their own robust HSER management systems. To this end, we utilize ISNetworld to gather and maintain contractor HSER information, and we also conduct audits of contractors' management systems when necessary.

Building upon the 24 audits conducted in 2021, 21 pre-qualification and selection audits were completed in 2022 to ensure alignment on safety between Surge and our contractors. Biannual safety meetings are also held with our contractors to promote collaboration and the sharing of HSER performance, concerns, and best practices.

Contractor Safety Metrics

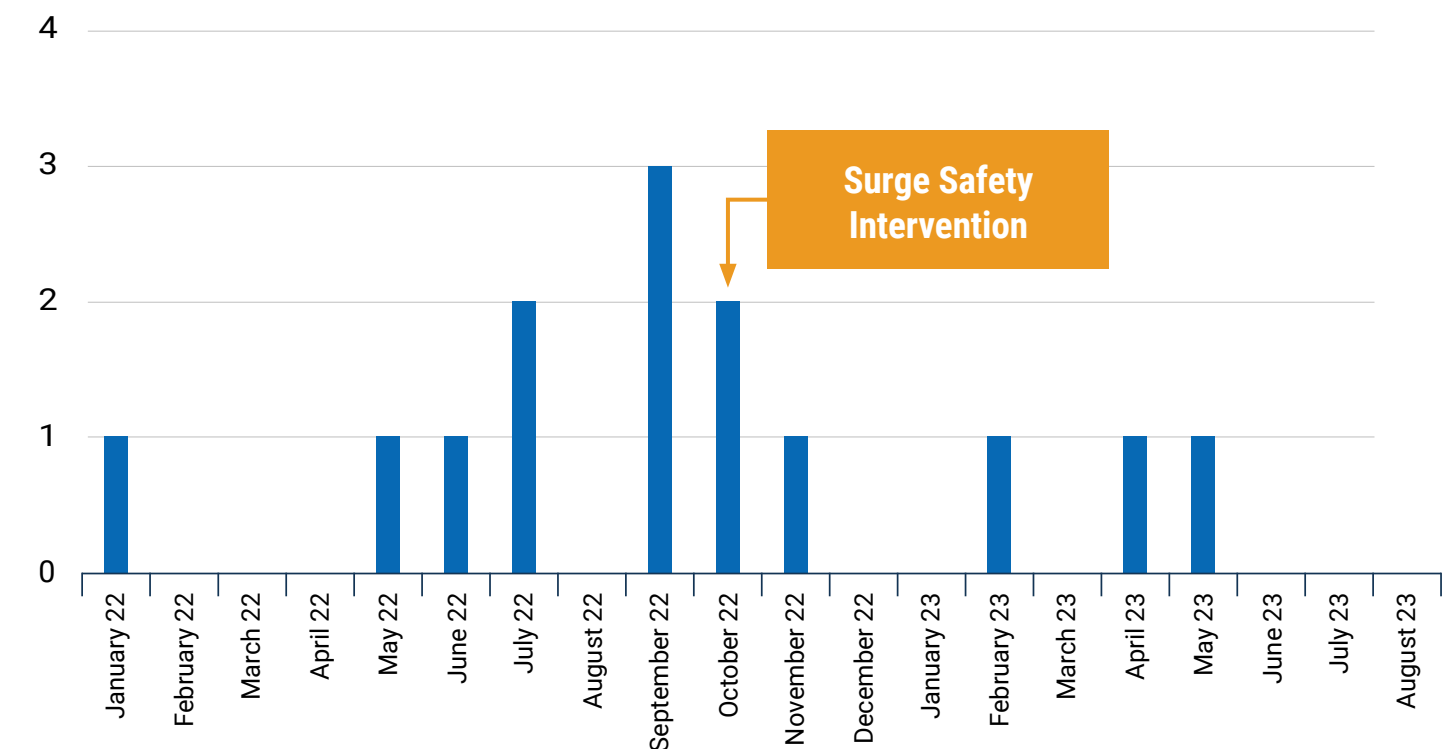
	UNIT	2019	2020	2021	2022
OSHA Recordables - Contractor	Number	9	2	3	11
Days Away from Work Cases - Contractor	Number	3	1	1	3
TRIR - Contractor	Number	0.53	0.20	0.53	1.36
LTIR - Contractor	Number	0.16	0.00	0.18	0.37
Contractor Hours	Number	3,426,231	1,990,997	1,131,818	1,620,333





In line with an industry-wide trend, Surge observed an increase in contractor incidents in early 2022. As activity rebounded post-pandemic, a trend of increased injuries among short-service employees emerged. In response, Surge assembled HSER and SLT members to intervene and began working closely with contractors to confirm there was appropriate oversight, mentoring and training in place. ***Following this intervention in October 2022, Surge was pleased to witness an improvement in contractor safety performance.***

Contractor Recordable Injuries



VEHICLE SAFETY

Recognizing the significance of motor vehicle safety in the oil and gas industry, we have implemented a comprehensive vehicle safety program to reduce vehicle accidents. This program includes proactive and preventative measures including training, driver evaluations and vehicle maintenance and inspections.

In 2022, we are proud to report zero preventable vehicle accidents, demonstrating that our efforts are yielding positive results.

Our prioritization of vehicle safety not only keeps our workforce safe but also allows us to foster positive relationships with our stakeholders. One example includes our ongoing collaboration with the U.S. Department of Transportation on road repairs. This collaboration prevents operational interruptions and betters the infrastructure of our local communities. Furthermore, our use of pipelines for produced water transportation has significantly contributed to reducing traffic, accident risk and operational emissions.

Pipeline System Highlights:



Reduced truck trips on local roads by nearly **695,524** and saved nearly **6.9M** truck miles.



EXTREME WEATHER PREPAREDNESS

We have established policies and procedures to prepare for extreme weather emergencies, including cold temperatures. Our efforts to replace key components and maintain critical piping and valves, have helped to safeguard equipment, prevent cold weather-related challenges and avoid operational disruptions.

We also recognize the importance of other potential climate-related risks like droughts, floods and tornadoes. Additional measures and equipment such as our MediaAlert system, satellite phones and at-home technology contribute to broader, overall resilience, business continuity and emergency preparedness.

Moving forward, we will continue to explore opportunities to expand our preparedness measures to encompass a wider range of climate-related hazards and scenarios. By taking a comprehensive approach to emergency preparedness and climate resilience, we aim to ensure uninterrupted operations and enhance the safety of our equipment operators.



OUR PEOPLE

2022 Highlights:



Increased portion of variable pay linked to ESG performance to 45% for all employees



Conducted comprehensive focus groups to garner employee feedback and inform future initiatives related to employee engagement



Reactivated our internship program with redesigned and improved programming following a one-year pause

We believe keeping our employees engaged will improve our ability to achieve our ESG targets and ambitions. To this end, we further incorporated ESG metrics into our Short-Term Incentive Plan ("STIP") and Long-Term Incentive Plan ("LTIP") in 2022, making ESG-related performance 45% of our total variable compensation for all employees. We pride ourselves on our ability to customize employee development, engagement and benefits to meet the needs and facilitate the invaluable contribution of our nearly 200 hardworking staff members. **We attribute our dynamic employee programming and competitive compensation package to our low annual attrition rate which consistently remained below 10% since our inception, reaching 6.9% in 2022.**

EMPLOYEES BY AREA



4.1% HOOPLE ON-SITE EMPLOYEES



27.4% MOSS CREEK ON-SITE EMPLOYEES

68.5% CORPORATE EMPLOYEES HOUSTON



EMPLOYEE ENGAGEMENT

Our commitment to attracting and retaining top talent drives our performance and ability to remain competitive. As such, we prioritize on our employees' feedback, growth, well-being and overall satisfaction.

In 2022, following the Houston Business Journal's Best Places to Work survey, we conducted three focus groups with our employees. These focus groups included two groups of in-office Houston employees and one group of field employees. Discussions were centered around internal communication, leadership and employee recognition and awards. Key findings from these focus groups have helped us identify areas for improvement and continue to inform our actions into 2023. Based on the feedback received, we have already started distributing a regular newsletter to improve the flow of information between management and employees.

Compensation and Benefits

Providing industry-leading compensation and benefits to our employees is something we take pride in. Our Human Resources department regularly evaluates our compensation programs to ensure they are best-in-class. In line with our commitment to continuously assess and improve our compensation and benefits, we piloted additional remote work flexibility and introduced new resources, such as a flu shot clinic and the Your Money Line financial wellness program, which offers financial coaching and tools. As discussed above, we also further integrated ESG performance into our incentive structure, emphasizing ESG metrics in both our short-term and long-term compensation plans.

Wellness Month at Surge

*In October of 2022, Surge encouraged employees to participate in a **Company-wide Wellness Month**.* Programming for the month included a holistic approach to wellness, with modules related to financial and physical wellness, along with mental health. As part of Wellness Month's activities, Surge organized a fitness challenge that encouraged activity and collaboration between employees.

2022 Surge Workplace Awards

HOUSTON BUSINESS JOURNAL

Honoree

Houston Business Journal's 2022 Innovation

HOUSTON★CHRONICLE

Ranked within the top 20 for Houston Chronicle's Top 100 Private Companies Headquartered in Houston, Texas

Employee Learning and Development

Given our relatively small workforce, we have the advantage of providing tailored educational and professional development opportunities to our employees. Our incentive programs, company initiatives and avenues for providing feedback continue to foster a culture of openness, integrity, celebration and inclusion. We offer coaching, mentoring and training, along with formal professional development plans and career guidance in collaboration with our learning management platform, UKG and content providers Petroskills, SafetySkills and Franklin Covey.

To guide our employees' continued growth, we utilize our tailored career development framework, Career Maps, for each core business function in our Company. Career Maps provide our employees with a professional development roadmap as they progress through the Company. Additionally, we offer education reimbursement to support employees in seeking additional, relevant certifications and degrees to further develop their skillsets.

In 2022, we offered a quarterly leadership development program that featured a speaker series alternating between business acumen and leadership skills. We also piloted executive coaching for senior leaders, with plans to expand the program to the next level of management.

Reinstated Surge Internship Program

After a one year break in our Internship Program due to the ramifications of COVID-19, we were incredibly excited to host six interns in 2022. In bringing back the program, we incorporated several strategic programming updates and improvements. For example, we implemented a buddy program to allow interns to partner with an additional direct resource beyond their managers. New interdepartmental programming also allowed interns to gain exposure to a broader view of the organization along with new learning opportunities.



Employee Recognition

We make a conscious effort to recognize the accomplishments of our employees at all levels. Exceptional performance and leadership are highlighted through various recognition programs.

One of our primary recognition programs is our annual Surge Awards, which honor achievements in safety, innovation and leadership. Surge Awards include the [Meerkat Sentinel Award for Safety](#), three Bronze Compass Awards for Innovation and the Golden Dragon President's Award for Leadership. These awards involve peer nominations and culminate in a celebration dinner and awards ceremony.

"What can I say, winning the 2022 Golden Dragon award was the absolute greatest honor for me. The fact that my coworkers nominated me and recognized my achievements, lets me know I am exactly where I belong in my career."

— **NOEL OLIVAS, SR. SURFACE LAND MANAGER**

Recipient of Surge's 2022 Golden Dragon President's Award

Our Special Recognition Award ("SRA") Program enables managers to award spot cash rewards to deserving individuals. Through these recognition programs, Surge ensures that the exceptional efforts and achievements of our employees are acknowledged and celebrated while motivating our workforce to continue driving the Company's success.

Noel Olivas & Linhua Guan

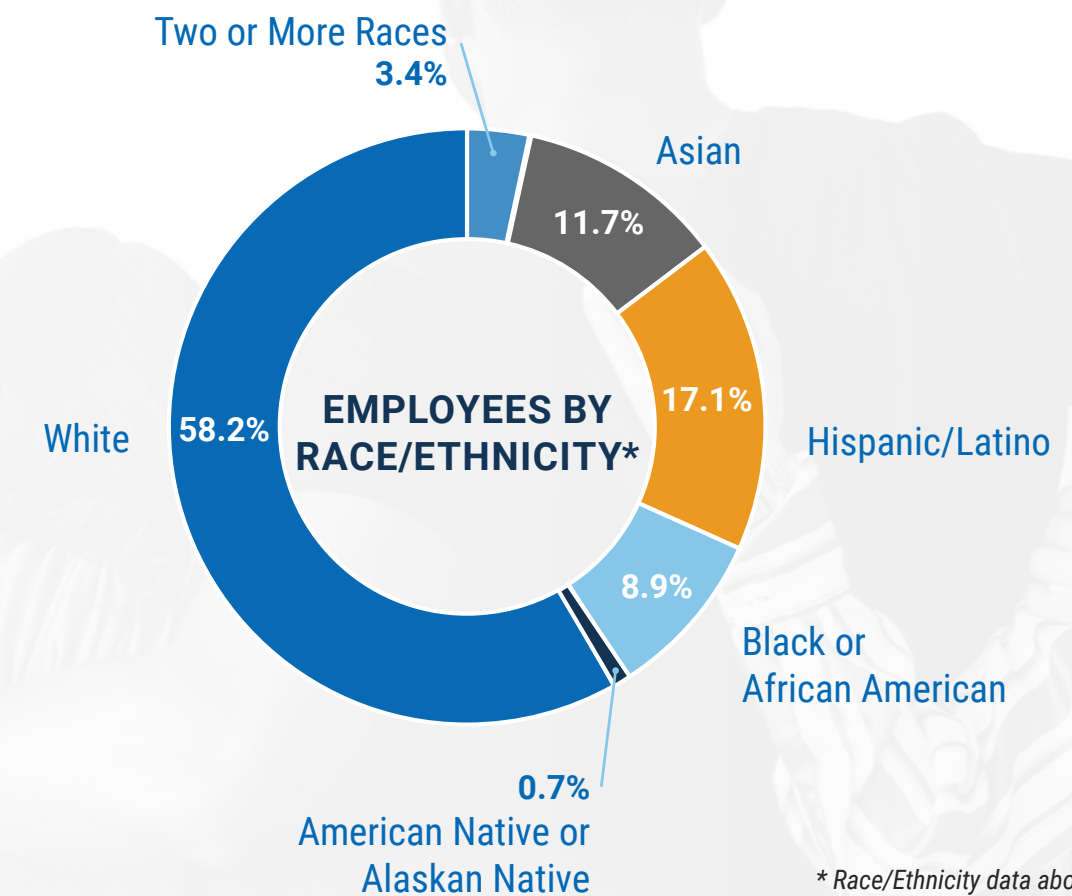
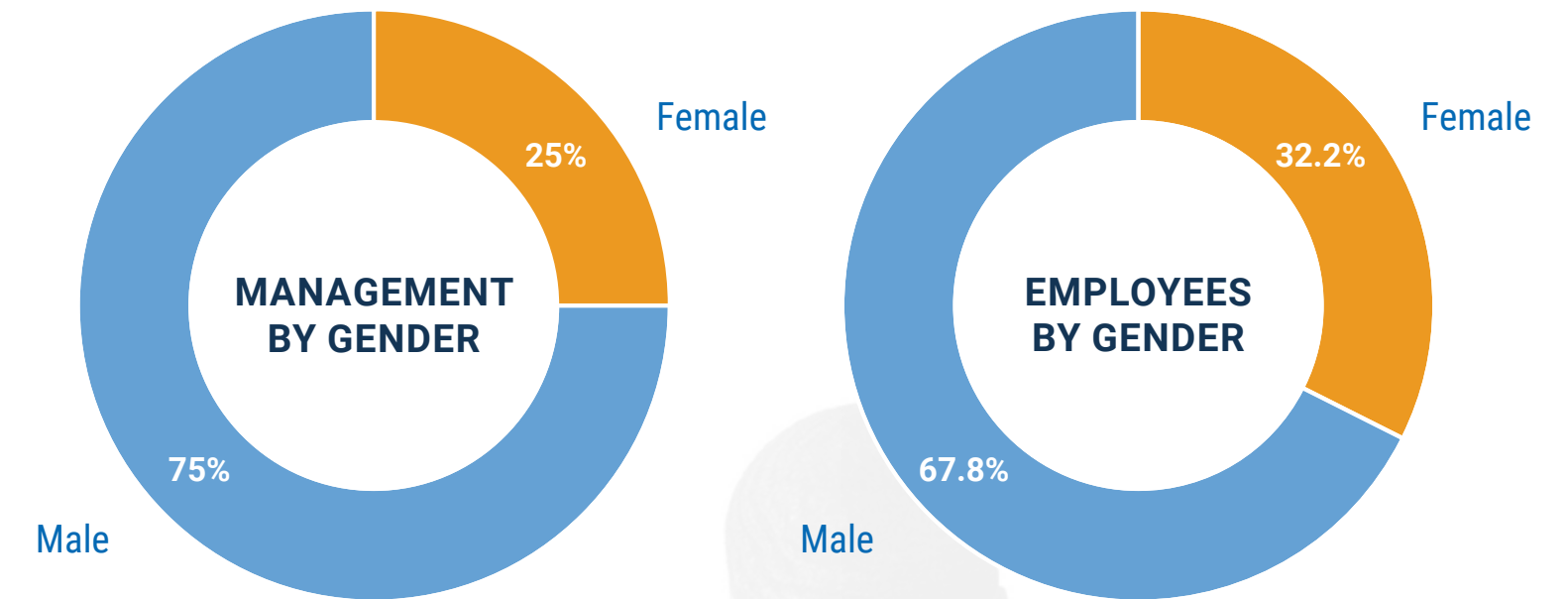
DIVERSITY, EQUITY AND INCLUSION

Surge is committed to embracing a diverse workforce and fostering an equitable and inclusive work environment. By creating an inclusive culture, we are better able to identify commercial opportunities, minimize risks and empower employees to contribute to our goals. We organize initiatives and programs to promote diversity, equity, and inclusion, including open dialogue sessions on relevant topics to spur discussion.



Guest Speaker Series: Generational Differences in the Workforce

Surge held a quarterly leadership development guest speaker series that focused on business, leadership, and diversity topics. These sessions are available to all employees and help Surge create a shared culture of continuous learning and understanding. One guest speaker was Jamie Belinne, Assistant Dean at the University of Houston. Belinne spoke on her years of research on the value of the difference between generations, how different generations can work together, communicate with each other and the value we all bring to the workplace.



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



OUR COMMUNITY



2022 Highlights:



\$7.3B

Contributed to the Texas
economy since the Company's
founding in 2015*



~\$60,000

Donated through monetary contributions,
the donation of goods and professional
society sponsorship

Surge remains committed to supporting the communities in which we operate and our employees live and work. We understand that our success is interconnected with the well-being and prosperity of our local communities. In line with that understanding, Surge actively engages in initiatives that contribute to the social and economic development of our communities. We strive to make a positive impact through various community programs, partnerships and philanthropic efforts.

* As of December 31, 2022.

COMMUNITY ENGAGEMENT, PHILANTHROPY AND VOLUNTEERING

Our employees actively participate in our communities, embodying our Company's values both inside and outside of the workplace. Employees are encouraged to engage with our communities, and we regularly provide opportunities for our team to do so throughout the year.



Night at the Ballpark

At our Night at the Ballpark community event, approximately 170 employees and their family members attended a local minor league baseball game, representing nearly half of our Houston office. It was a great opportunity for our team to come together and enjoy a fun-filled evening in the community.



Houston Food Bank Volunteering

In July of 2022, 30 volunteers from Surge volunteered their time at the Houston Food Bank.

In addition to providing opportunities for our team to engage with our communities, we encourage community engagement by way of our Volunteer Time Off ("VTO") program. Through this program, Surge offers employees paid time off to volunteer with local organizations, empowering employees to contribute to community initiatives they are passionate about.

In total, Surge donated nearly \$60,000 through monetary contributions, the donation of goods and professional society sponsorships in 2022.

In addition to these monetary contributions, Surge also worked to maintain key community partnerships. We continued to partner with local first responders and Department of Transportation agencies to promote vehicle safety and highway response efforts. We are also proud of our continued, annual involvement in the Big Spring Cowboy Reunion and Rodeo, where we have contributed as a sponsor since 2018.



Star of Hope

We're proud to be partners of Star of Hope, a nonprofit working to help end homelessness in the Houston area.

This year we contributed a donation of essential items, such as coats, blankets and baby wipes. We also provided a monetary donation to support the positive work that the organization is doing for our community.

SUPPORTING THE COMMUNITIES IN WHICH WE LIVE AND WORK

In 2022, Surge Energy supported the following organizations:

- + Howard County Fire Department
- + Ackerly Fire Department
- + Big Spring Cowboy Reunion and Rodeo
- + Howard County Fair Association
- + Howard County Jr. Livestock Association
- + Borden County Jr. Livestock Association
- + American Cancer Society – Cattle Baron's Ball
- + Camp Hope – PTSD Foundation of America
- + Star of Hope – Houston, TX
- + Big Spring United Way



GOVERNANCE

CORPORATE GOVERNANCE

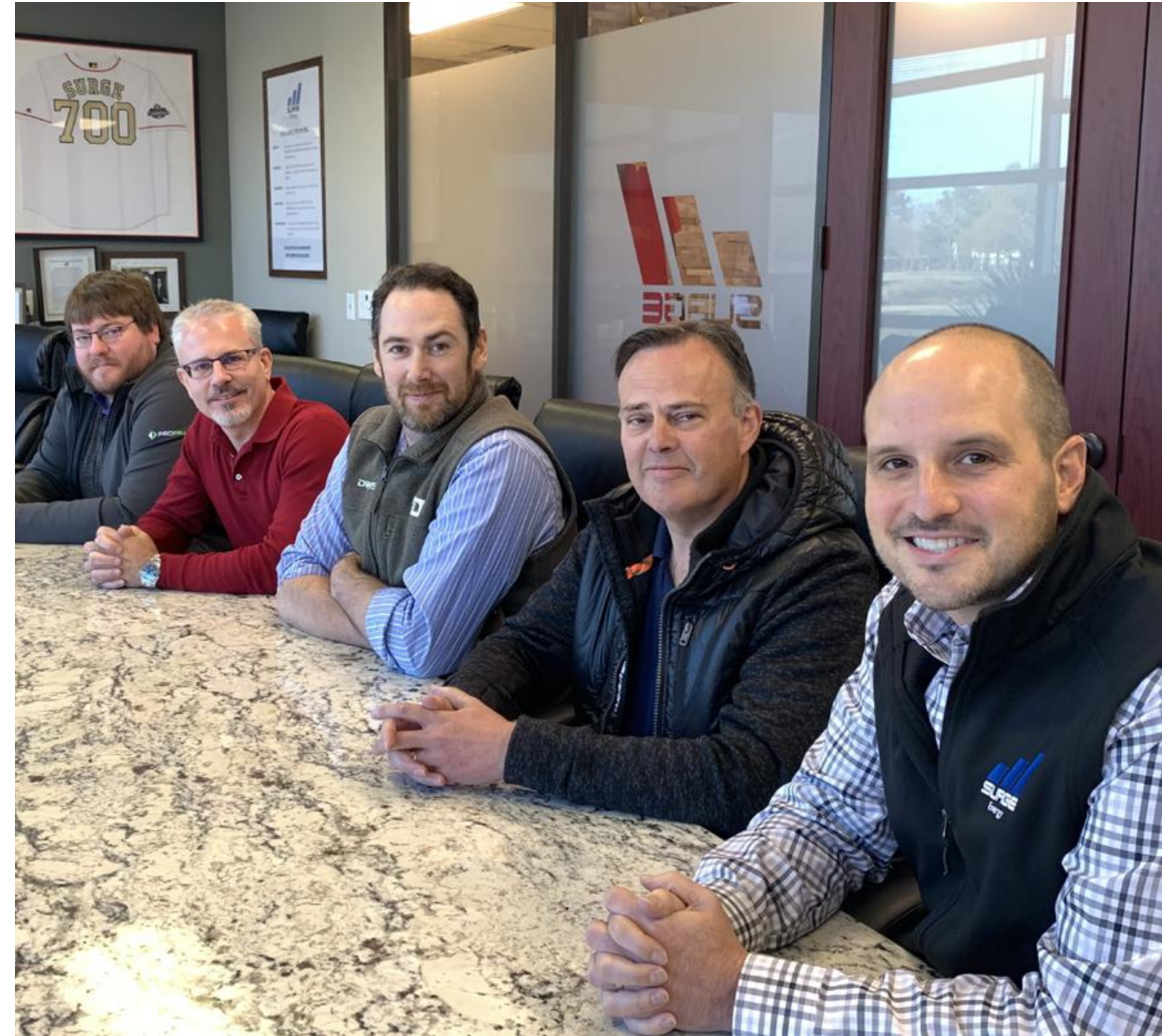
Who We Are

We are a top-down approach in which our leadership team provides strategic direction for our ESG program. We employ a comprehensive ESG oversight, which facilitates bidirectional feedback between our Board of Directors, senior leadership, CRT and relevant external stakeholders including our banks and bondholders. This approach establishes streamlined corporate governance to reduce risk, guide business strategy and improve operations.

Board of Directors and Governance Structure

Our corporate governance structure allows for effective oversight and enables clear lines of accountability, underpinning our responsible operations and long-term business growth.

Surge's Board of Directors oversees our governance practices to support strategy implementation, performance improvement and decision-making on key risks and opportunities which includes our ESG program. In cooperation with our Board, our Chief Executive Officer and Chief Financial Officer manage Surge's business strategy, risk management, governance and compensation practices. Our Executive Leadership directs the operations of Surge Energy with the support of the Senior Leadership Team ("SLT"), which allows for effective organizational oversight and execution of business strategy. The SLT manages Surge's major business divisions and is comprised of business leads across Finance, HSER, Operations/ Development, Supply Chain, HR, IT and Legal departments.



LANDOWNER RELATIONS

We are committed to creating mutually beneficial relationships with the communities in which we operate. One of the ways we do this is by engaging with the landowners to better understand their priorities and needs. This ongoing engagement ensures the Company creates long-lasting and positive impact, protects the best interests of communities near our operations and demonstrates our ongoing commitment to stakeholder engagement.

Our proactive approach to initiating, managing and deepening relationships with key stakeholders near our sites enables us to effectively correspond with the mineral owners central to our success. Among other related efforts, our core owner relations group responds to inbound inquiries and engages with stakeholders on an ongoing, regular basis. We also constantly evaluate the areas of opportunity with landowners — including continued investment in resources, staff and communications — to continue to build trust with mineral owners and strengthen our license to operate.



ENTERPRISE RISK MANAGEMENT

Surge is committed to ensuring sound risk management practices that are imperative to the Company's resilience and long-lasting success. Our risk management strategy is informed by our Surge Operating Essentials, our management system for delivering business objectives through a risk-based approach. Our SLT reviews our management approach annually to ensure risk management is incorporated throughout our organization. SLT receives regular updates on enterprise risk to analyze and mitigate as appropriate. Furthermore, our CRT monitors several initiatives to support ongoing safe and responsible operations across the company.

Surge Operating Essential Principles

Surge's Operating Essentials (SOE) is an integrated operating management system encompassing health, safety, sustainability, environmental and operational aspects. It is a tool that provides a systematic, structured approach to achieving our goals.

Regulatory Compliance

Surge conducts its business in compliance with applicable regulations, agency rules, acts and laws and monitors legislative changes to confirm our operations comply.

REGULATORY COMPLIANCE

RISK BASED DECISION MAKING

Risk Based Decision Making

The scope, priority and pace of SOE implementation should be consistent with the potential safety, health and environmental risks inherent to the oil and gas extraction industry.

Recognized Industry Practices and Learnings

The SOE incorporates acceptable industry practices, standards, processes and learnings which are deemed fit for purpose by the practices and procedures team.

RECOGNIZED INDUSTRY PRACTICES AND LEARNINGS

Regulatory Risk and Oversight

Surge's regulatory oversight is key to ensuring compliance and that the company can maintain its competitive position. Our regulatory oversight function monitors national, state and local level policy developments, anticipates the effects of any potential regulations on our business and operations and integrates appropriate solutions accordingly. Surge continues to have a strong track record of regulatory compliance.

Surge is also committed to participating in organizations that advocate on behalf of the industry by educating policymakers with the goal of developing realistic policies to drive forward realistic, responsible operations. This proactive engagement reduces corporate risk by staying abreast of developing policies, shaping industry best practices and commenting on regulations with the potential to affect our operations and the industry at large. As such, Surge is an active member of [Texas Oil and Gas Association](#), [The Environmental Partnership](#), the [Texas Alliance of Energy Producers](#) and the [Permian Basin Petroleum Association](#). Our membership gives Surge a voice within the industry as we proudly contribute to the U.S.'s energy independence by working with industry partners to sustain our country's energy self-sufficiency.



PERMIAN BASIN
PETROLEUM ASSOCIATION



Business Planning Risk and Oversight

Surge believes oil and gas are a key part of the economy and will be for decades to come. As it relates to Surge's long-term budgeting and scenario planning efforts, the Company is focused on potential regulatory changes as we monitor potential pricing effects and market dynamics on our business strategy. Accordingly, we're focused on long-term business objectives while managing day-to-day business planning to optimize our activities in both a low- and high-cost environment. Surge consistently tests its proven, probable and possible 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. We perform price sensitivity analyses using published strip and low-price scenarios to determine the resiliency of our reserves against these variable prices.

Climate Preparedness

Surge is committed to providing long-term business growth. We recognize that our business may be critically impacted by both physical risks due to changing weather patterns, as well as transitional risks related to changing regulatory and market demands. To continue to build a sustainable and resilient business, we actively monitor and assess these risks and opportunities posed by the changing climate.

We have conducted extreme weather planning and emergency preparedness efforts to keep our employees, the communities in which we operate and our business assets and operations safe. Additionally, the Company continues to assess climate-related risks and opportunities to strengthen our systematic approach through the normal course of doing business and regular stakeholder engagement. Examples of related efforts include our investment in key infrastructure to minimize controllable flaring, expand electrical pole power to support the majority of our operations, increase dual-fuel completions and conserve water through transport and recycling infrastructure. We continue to track and report our annual GHG emissions, spill performance and water use while striving to meet reduction targets across key environmental metrics.





Supply Chain Resilience & Diversification

At Surge Energy, we take a comprehensive view of our operations in relation to supply chain resilience and diversification. We have always prioritized this, but resilience and diversification have become more essential in recent years given new and incremental pressures on global supply chains. To date, we have been successful in managing supplier relationships and diversification efforts. We continue to incorporate solutions to alleviate supply chain pressures and safeguard against supplier interruptions; for instance, we increased the number of suppliers for key materials and investment in our supply chain. To build on our progress, we continue to improve our processes and decision-making frameworks around pre-purchasing activities to minimize impacts from potential supply chain disruptions with the ability to adversely impact our business.

Cybersecurity

Surge maintains a proactive and fit-for-purpose approach to our cybersecurity and data privacy practices to mitigate risk. We monitor the volume of data flowing in and out of the organization to proactively root out any misconduct or flag any unusual activity. To this end, we also continue to mature our preparedness and education efforts, leveraging a formal system to train and educate employees on comprehensive data management practices and policies.

In 2022, Surge adapted to trends in the industry such as increased phishing-related activities and ongoing brute force attempts to gain access to the network. For example, we implemented dual-factor authentication for remote access and alert monitoring to strengthen our system's security. Looking ahead, we have ambitious goals around specific areas of improvement and will continue to layer in redundancy as cybersecurity threats and risks continue to evolve. We continue to monitor and update the Company's related technology capabilities and protocols to ensure adequate defense against a variety of threats.

ETHICS AND COMPLIANCE

Surge’s Code of Business Conduct (“Code”) is in place to promote a culture of honest and ethical conduct. The Code also informs our corporate compliance with laws and regulations, aims to deter wrongdoing and fosters a culture of integrity and accountability. As a core corporate value, Integrity is foundational to how Surge and our employees conduct business.

The Code outlines expectations for Directors, officers, employees and contractors on various topics, including anti-corruption and anti-bribery, gift policies, vendor relationships and the prohibition of violence and inappropriate behavior. The Code is reviewed by our Ethics Committee on a regular basis and updated as needed. Similarly, all employees are required to acknowledge receipt of and agree to comply with the Code. Annual training on the Code is administered for all employees, which includes a focus on workplace harassment, insider trading, conflicts of interest and risks related to bribery and corruption when dealing with vendors. Additionally, we have established mechanisms for reporting and reviewing conflicts of interests to ensure active monitoring around any internal ethical issues. We also require all contractors and vendors to comply with the Code.

To foster a safe and inclusive environment for our employees, Surge has 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 investigated appropriately by our Human Resources department. Executive leadership will review all material and/or significant violations. All reports are addressed following the findings of the Human Resource team’s investigation. 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.

As a core corporate value, integrity is foundational to how Surge and our employees conduct business.





APPENDIX

PERFORMANCE DATA

	UNIT	2019	2020	2021	2022
Emissions					
Total GHG Emissions – Scope 1*	MT CO ₂ e	418,527	156,416	165,122	532,420
Scope 1 GHG Intensity	MT CO ₂ e/MBOE	16.25	6.93	7.38	19.66
Gross Scope 2 GHG Emissions	MT CO ₂ e	N/A	N/A	123,159	131,488
% of Renewable Energy from Purchased Electricity**	Percentage (%)	21	25	29	31
Flaring Intensity	Daily Flared Volume (MCF)/Daily Oil Produced (BBLS)	0.15	0.06	0.03	0.20
Flared Gas as a % Gross Gas Production	% Flared Volume (MCF)/Gas Produced (MCF)	10.59	3.31	1.19	8.40
Total Gross Flared Volumes	MCF	3,060,406	1,071,478	439,930	3,942,720
Gross Flared Volumes (3rd party caused)	MCF	2,852,604	473,058	418,939	3,809,690
Gross Flared Volumes (controlled by Surge)	MCF	207,802	598,420	20,991	133,030
Gross Scope 1 Methane Emissions	MT CH ₄	901	525	418	1,154
Scope 1 Methane Intensity	MT CH ₄ /MBOE	0.03	0.02	0.02	0.04
LDAR Program Surveys (Regulatory and Voluntary)	# of Surveys	271	286	301	342
Total Fuel Consumption for Completions	Gallons	5,841,100	2,154,000	4,705,442	7,208,566
Total Completions Fleet Energy Consumption – CNG	DGE	0	0	782,117	2,461,643
Total Completions Fleet Energy Consumption – Diesel	Gallons	5,841,100	2,154,000	3,923,325	4,746,923
Total Completions Fleet Energy Consumption – Electricity	DGE	N/A	N/A	N/A	N/A

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

**Renewable energy data updated to reflect most recent ERCOT data.



	UNIT	2019	2020	2021	2022
Emissions					
Diesel Consumption as % of Total Energy Consumption	Percentage (%)	100	100	83.38	65.85
Total Avoided Emissions through Dual Fuel	MT CO ₂ e	N/A	N/A	3,370	10,890
Produced Water Piped Volume	BBLS	62,192,597	50,017,958	64,100,278	76,448,955
Produced Water Trucked Volume	BBLS	1,992,189	194,353	78,674	52,577
Produced Water Piped Percentage	Percentage (%)	96.90	99.61	99.88	99.93
Produced Water Hauled Percentage	Percentage (%)	3.10	0.39	0.12	0.07
Oil Piped Volume	BBLS	16,493,949	15,775,646	14,150,004	16,018,394
Oil Hauled Volume	BBLS	4,123,488	1,153,664	1,975,169	3,248,777
Oil Piped Percentage	Percentage (%)	80.0	93.2	87.8	83.1
Oil Hauled Percentage	Percentage (%)	20.0	6.8	12.3	16.9
Total Avoided Emissions through Use of Pipeline (vs. Hauling) – Water	MT CO ₂ e	13,897	11,177	14,323	17,096
Total Avoided Emissions through Use of Pipeline (vs. Hauling) – Oil	MT CO ₂ e	2,317	2,216	1,987	2,250
Water					
Recycled Water Used in Completions	BBLS	29,622,973	7,332,815	9,832,576	19,053,783
Freshwater Used in Completions	BBLS	818,967	2,102,681	8,316,821	9,392,227
Total Water Used in Completions	BBLS	30,441,940	9,435,496	18,149,397	28,446,010
Recycled Percentage	Percentage (%)	97.31	77.72	54.18	66.98

	UNIT	2019	2020	2021	2022
Water					
Freshwater Percentage	Percentage (%)	2.69*	22.28	45.82	33.02
Total Water Intensity	MBBL/MBOE	1.18	0.42	0.81	1.05
Total FW Intensity	MBBL/MBOE	0.03	0.09	0.37	0.35
Percentage of Wells with Public Fracturing Disclosure	Percentage (%)	100	100	100	100
Total Freshwater Consumed**	BBLS	818,967	2,316,681	9,524,821	10,524,227
Total Volume of Non Fresh Water Consumed	BBLS	D/R	D/R	D/R	D/R
Total Volume of Produced Water	BBLS	64,184,786	57,229,140	67,067,238	76,508,457
Total Volume of Produced Water Sent to Recycle	BBLS	31,346,072	9,923,968	12,818,376	21,069,319
% of Produced Water Injected	Percentage (%)	51.16	82.66	80.89	72.46
% of Produced Water Recycled	Percentage (%)	48.84	17.34	19.11	27.54
Spill Prevention					
Spills to the Environment – Oil	Number	22	30	55	51
Spills to the Environment – Oil	BBLS	396	214	362	520
Spills to the Environment – PW	Number	85	99	102	103
Spills to the Environment – PW	BBLS	3,987	1,346	2,134	5,817
Net Oil Spill Volume	BBLS	330	179	86	132
Net PW Spill Volume	BBLS	843	842	820	4,872

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

** D&C Operations.



	UNIT	2019	2020	2021	2022
Spill Prevention					
Oil Spill Rate	BBL/MBBL	0.02	0.01	0.02	0.03
PW Spill Rate	BBL/MBBL	0.06	0.02	0.03	0.08
Environmental Fines & Penalties	\$	0	0	0	0
Safety					
Fatality Rate	Incidents Per 200,000 Hours Worked	0	0	0	0
Near Miss Reporting Rate (NMRR)	Incidents Per 200,000 Hours Worked	5.03	2.43	8.07	4.99
EH&S Training Rate – Employees	Percentage (%)	100	100	100	100
OSHA Recordables – Employees	Number	0	1	0	0
Days Away from Work Cases – Employees	Number	0	0	0	0
TRIR – Employees	Number	0	0.71	0	0
LTIR – Employees	Number	0	0	0	0
OSHA Recordables – Contractor	Number	9	2	3	11
Days Away from Work Cases – Contractor	Number	3	1	1	0.86
TRIR – Contractor	Number	0.53	0.20	0.53	1.36
LTIR – Contractor	Number	0.18	0	0.18	0.37
TRIR – Combined Employees and Contractors	Number	0.49	0.26	0.43	1.17
LTIR – Combined Employees and Contractors	Number	0.16	0	0.14	0.32

	UNIT	2019	2020	2021	2022
Safety					
Vehicle Incidents	Number	1	2	1	0
Vehicle Incident Rate	% Per Million Miles	0.64	2.83	1.44	0
Employee Engagement & Culture					
Employees by Gender					
Female	Percentage (%)		36.4	35.0	32.2
Male	Percentage (%)		63.6	65.0	67.8
Other/Not Reported	Percentage (%)				
Management by Gender					
Female	Percentage (%)		21.4	25.7	25.0
Male	Percentage (%)		78.6	74.3	75.0
Other/Not Reported	Percentage (%)				
Employees by Age					
Under 30	Percentage (%)	8.5	9.8	8.4	4.1
30 – 49	Percentage (%)	62.7	62.9	56.6	60.3
Over 50	Percentage (%)	28.8	27.3	35.0	35.6



	UNIT	2019	2020	2021	2022
Employee Engagement & Culture					
Employees by Race/Ethnicity					
White	Percentage (%)			58.7	58.2
Black or African American	Percentage (%)			7.7	8.9
Hispanic/Latino	Percentage (%)			17.5	17.1
Asian	Percentage (%)			11.9	11.7
American Indian or Alaska Native	Percentage (%)			0.7	0.7
Two or More Races	Percentage (%)			3.5	3.4
Exploration & Production					
Net Oil Production	MBBL	15,463	13,249	11,966	14,716
Net Gas Production	MMCF	18,157	24,370	28,931	32,629
Net BOE	MBOE	18,849	17,311	16,788	20,154
Gross Operated Oil Production	MBBL	20,942	17,190	16,178	19,261
Gross Operated Gas Production	MMCF	28,890	32,356	37,123	46,962
Gross Operated BOE	MBOE	25,757	22,582	22,365	27,088
Gross Operated Average Daily Production	MBOE/day	71	62	61	74
Proved Oil Reserves	MMBBL	215	175	221	203

	UNIT	2019	2020	2021	2022
Exploration & Production					
Proved Gas Reserves	BCF	359	401	552	567
Total Proved Reserves	MMBOE	275	242	315	297
Number of Wells*				730	1,035

* Net well count as of YE 2022.



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 ₂ -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 ₂ -e	Gross Scope 1 GHG emissions from flared hydrocarbons: 376,113.4 Gross Scope 1 GHG emissions from other combustion: 83,544.9 Gross Scope 1 GHG emissions from process emissions: 65,164.5 Gross Scope 1 GHG emissions from other vented emissions: 6,860.2 Gross Scope 1 GHG emissions from fugitive emissions: 737.8
	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 Environment > Emissions
Air Quality	EM-EP-120a.1	Air emissions of the following pollutants: (1) NO _x (excluding N ₂ O), (2) SO _x , (3) volatile organic compounds (VOCs), and (4) particulate matter (PM ₁₀)	Quantitative	Metric tons (t)	Data not currently tracked.

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 (m³), 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 (m³), 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 Environment
	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 Governance > Ethics and Compliance
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 Our People
	EM-EP-210b.2	Number and duration of non-technical delays	Quantitative	Numbers, Days	In 2022, 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)	<p>Total recordable incident rate (TRIR) for full-time employees, contract employees, and short-service employees: See Performance Table</p> <p>Fatality rate for full-time employees, contract employees, and short-service employees: See Performance Table</p> <p>Near miss frequency rate (NMFR) for full-time employees, contract employees, and short-service employees: See Performance Table</p> <p>Average hours of health, safety, and emergency response training for full-time employees, contract employees and short-service employees: See Report Section Safety > Safety Training</p>
	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 Safety



TOPIC	CODE	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	RESPONSE
Reserves Valuation & Capital Expenditures	EM-EP-420a.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 > Enterprise Risk Management
	EM-EP-420a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Quantitative	Metric tons (t) CO ₂ -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 > Enterprise 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 not currently tracked.
	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 Safety

CODE	ACCOUNTING 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 (Mbbl/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: 1,035*

* Net well count as of YE 2022.

