HSER Due Diligence Standard

1. PURPOSE

This Standard establishes a process to investigate, manage, and disclose HSER (Health, Safety, Environmental, and Regulatory) risks associated with the company's and third party's potential assets, and describes how Expand will evaluate potential HSER liabilities, constraints and defects associated with the acquisition of assets from third parties. During divestitures of assets Expand will review applicable records and site conditions and disclose known applicable HSER issues.

2. SCOPE

This Standard applies to employees of Expand Energy (EXE), its affiliates or subsidiaries involved in acquisition, divestiture, or trade of assets and other transactions.

3. DEFINITIONS

Asset - Real property, producing leases, right-of-way, or future production. The term also includes actual physical equipment that is subject to transactions including, but not limited to, wellhead, tubing, pipe, pipeline, casing, tanks, etc.

Due Diligence - Investigation into HSER risks associated with an asset prior to acquiring or divesting the asset in order to afford the company a level of HSER protection as well as advise the company of potential financial implications associated with the risks.

HSER Constraint – Physical, legal or regulatory conditions or limitations that may impact the use or development of an asset.

Initiating Entity - Any EXE department or subsidiary department initiating the purchase or sale of assets on behalf of the company.

Phase I Environmental Site Assessment (Phase I) - A Phase I is a non-intrusive survey of the environmental condition and history of a property that primarily involves visual observations, interviews, and records review.

Phase II Environmental Site Assessment (Phase II) - A follow up study to a Phase I that involves physical inspections and testing of the property. Soil, water, building material, and waste samples focused on the specific issues of concern identified in Phase I may be collected and analyzed. Depending on the extent and magnitude of potential contamination, further reporting, monitoring, investigation and/or remediation may be recommended in Phase II.

Shall – Denotes a minimum requirement to conform to the Standard. To aid the reader, "shall" requirements are identified in bold. Any deviation from a minimum requirement must be approved via the Standard Exception Form.

Should – Denotes a recommendation, or that which is advised, but not required to conform to the Standard.

Transactions - The process of purchasing or selling an ownership interest in assets as described in this document. There are various types of transactions that require some form of environmental due diligence. These include but are not limited to the following transactions:

- Volumetric Production Payment (VPP)
- Acquisitions and divestitures of production, leasehold, or pipeline
- Joint ventures
- Acquisition, divestiture, or lease of real property
- Acquisition or divesture of right-of-way, including midstream easement

4. ROLES & RESPONSIBILITIES

Initiating Entity	• Notify the HSER Lead of a pending transaction • Provide an IT data room for pending acquisitions / divestitures if applicable
Operations	• Provide assistance in coordinating site access to asset for due diligence which may include HSER, and prospective buyer/sellers and/or their consultants • Conduct field inspections when requested by the HSER Lead using the training provided in the HSER Due Diligence Procedure
HSER	• Conduct field inspections when requested • Facilitate communication and coordinate all site due diligence requests with Buyer/Seller, local Operations and appropriate HSER staff • Review and organize appropriate due diligence data requests for IT data room • Review all associated regulatory requirements for the acquiring asset list • Review field inspection documentation, regulatory records, permits, maps, sundries, and other information to prepare recommendations for Initiating Entity that include cost estimates for regulatory liabilities and/or defects

5. REQUIREMENTS

5.1 Initiation and Notification

The Initiating Entity **shall** notify HSER of the transaction pending. Notification should occur as soon as is practicable to allow adequate time for field visits, regulatory records review, cost estimation, etc. The following information should be included:

- scope of the transaction
- confidentiality requirements
- copy of the transaction agreement or contract, including any environmental representations
- anticipated closing date
- name, location, API number, well/pad number, legal description, and latitude/longitude of each asset; and
- buyer/seller's name and contact information

5.2 Level of Assessment

HSER **shall** review each acquisition and/or divesture for any HSER constraints.

Each acquisition transaction **shall** include the appropriate level of due diligence efforts and may include desktop reviews, field visits, Environmental/Regulatory compliance reviews and Phase I investigations as needed.

Each divestiture transaction **shall** include defect disclosures which meet the materiality thresholds outlined within the subject contractual agreement.

HSER will coordinate among the HSER Department and Operations to obtain and/or review information necessary for the due diligence process as outlined herein. Depending on the nature of the transaction or involved asset, field personnel from multiple departments may be called upon to assist in information gathering and production efforts.

The collection or development of information and documentation may be done by company personnel or by qualified consultants. All such information that is to be shared with the buyer/seller **shall** only be in or on the file/system developed for that transaction by the Initiating Entity. No information is to be shared with a prospective buyer/seller without authorization from, and copy to, the Initiating Entity.

5.3 Due Diligence Period

The timeframe for due diligence activities **shall** be determined by the terms of the transaction agreement. In the event that a timeframe is not outlined in the transaction agreement, the Initiating Entity **shall** work with the HSER Lead(s) to assess a reasonable timeframe. A reasonable timeframe must be granted to allow HSER to conduct a thorough due diligence review. The HSER Lead(s) will verify that activities can be completed in the timeframe allotted.

5.4 Close

At the completion of due diligence activities, HSER **shall** provide a summary of results to the Initiating Entity including cost estimates for environmental/regulatory liabilities and defects. These liabilities and defects will be taken into account for the transaction and HSER will be updated on the status of the transaction so that preparations can be made for any related obligations that may occur after closing.

5.5 New Leases and Joint Ventures

At the onset of new play or asset evaluation, the Initiating Entity **shall** engage HSER and Government and Regulatory Affairs, prior to finalizing lease negotiations or other contractual arrangements, to assess current regulatory conditions. Such review **shall** be done in a timely manner and the results reported to management for consideration in the evaluation process on whether to enter the play/asset.

6. TRAINING

Due Diligence Standard requirements **shall** be incorporated into HSER training as appropriate. Employees with roles and responsibilities related to the due diligence process **shall** be provided with specific training for this Standard.

7. AUDIT REQUIREMENTS

Transactions **shall** be audited as necessary for compliance with this Standard.

8. STANDARD EXCEPTIONS

Requirements outlined in this Standard **shall** be followed, unless a Standard Exception is filed on behalf of, and with the approval of the Operations Manager. The Company's Standard Exception Form is to be utilized to properly document any exceptions.

9. DOCUMENT CONTROL TABLE

Title: HSER Due Diligence Standard			**Document Number:** HSER-EXE-STD-006	
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