# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d)**
**of the Securities Exchange Act of 1934**

**Date of Report: January 7, 2021**
*(Date of earliest event reported)*


# EARTHSTONE ENERGY, INC.
*(Exact name of registrant as specified in its charter)*

| **Delaware** | **001-35049** | **84-0592823** |
|---|---|---|
| *(State or other jurisdiction of incorporation)* | *(Commission File Number)* | *(IRS Employer Identification No.)* |

**1400 Woodloch Forest Drive, Suite 300**
**The Woodlands, Texas 77380**
*(Address of principal executive offices) (Zip Code)*

**(281) 298-4246**
*(Registrant's telephone number, including area code)*

*(Former name or former address, if changed since last report)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Class A Common Stock, $0.001 par value per share** | **ESTE** | **New York Stock Exchange** |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Introductory Note**

On January 7, 2021, Earthstone Energy, Inc. ("Earthstone" or the "Company"), Earthstone Energy Holdings, LLC, a subsidiary of the Company ("EEH" and collectively with Earthstone, the "Buyer"), Independence Resources Holdings, LLC ("Independence"), and Independence Resources Manager, LLC ("Independence Manager" and collectively with Independence, the "Seller") consummated the transactions contemplated in the Purchase and Sale Agreement dated December 17, 2020 (the "Purchase Agreement") that was previously reported on Form 8-K. The Seller was unaffiliated with the Company. At the closing of the Purchase Agreement, among other things, EEH acquired (the "Acquisition") all of the issued and outstanding limited liability company interests in certain wholly owned subsidiaries of Independence and Independence Manager (collectively, the "Acquired Entities") for aggregate consideration consisting of the following: (i) an aggregate amount of cash from EEH equal to approximately $131.2 million (the "Cash Consideration") and (ii) 12,719,594 shares of the Company's Class A common stock, $0.001 par value per share ("Class A Common Stock"), issued to Independence (such shares, the "Acquisition Shares," and such issuance, the "Stock Issuance").

**Item 1.01 Entry into a Material Definitive Agreement.**

Registration Rights Agreement

On January 7, 2021, in connection with the closing of the Purchase Agreement, the Company and Independence entered into a registration rights agreement (the "Registration Rights Agreement") relating to the Acquisition Shares and the shares of Class A Common Stock that Independence acquired from EnCap Investments L.P. and its affiliates ("EnCap") on January 7, 2021 (collectively, the "Registrable Securities"). The Registration Rights Agreement provides that, within 60 days after January 7, 2021, the Company will file a registration statement to permit the public resale of the Registrable Securities. The Company shall cause the registration statement to be continuously effective from its effective date until all of the Registrable Securities have been disposed of in the manner set forth in the registration statement or under Rule 144 of the Securities Act, until the distribution of the Class A Common Stock does not require registration under the Securities Act, or until there are no longer any Registrable Securities outstanding.

In addition, in the event that the Company proposes to engage in an underwritten offering in which shares of Class A Common Stock are to be sold to an underwriter on a firm commitment basis for reoffering to the public, or an offering that is a "bought deal" with one or more investment banks, the Company will provide at least ten business days' prior written notice of the proposed offering to the parties to the Registration Rights Agreement and giving such parties the right to include in the underwritten offering such number of shares of Class A Common Stock as they may request, subject to certain limitations.

Finally, in the event that holders of at least $10 million of shares of Class A Common Stock registrable under the Registration Rights Agreement elect to dispose of their Class A Common Stock under the shelf registration statement pursuant to an underwritten offering or overnight underwritten offering, the Company will notify the parties to the Registration Rights Agreement of the proposed underwritten offering or overnight underwritten offering and provide such parties the opportunity to include in the underwritten offering or underwritten overnight offering such number of shares of Class A Common Stock as they may request in writing.

The Company will pay all registration expenses incident to the performance of its obligations under the Registration Rights Agreement other than: (i) transfer taxes and fees of transfer agents and registrars; (ii) fees and expenses of counsel engaged by the selling stockholders other than certain minimal legal expenses related to the initial filing of the registration statement; and (iii) commissions and discounts of brokers, dealers and underwriters.

The foregoing description of the Registration Rights Agreement is qualified in its entirety by the terms of the Registration Rights Agreement, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated herein by reference.

Voting Agreement

On January 7, 2021, in connection with the closing of the Purchase Agreement, Warburg Pincus Private Equity (E&P) XI – A, L.P. ("WPXI-A"), Warburg Pincus XI (E&P) Partners – A, L.P. ("WPPXI"), WP IRH Holdings, L.P. ("WPIRH"), Warburg Pincus XI (E&P) Partners – B IRH, LLC ("WPXI-B"), Warburg Pincus Energy (E&P)-A, LP ("WPE-A"), Warburg Pincus Energy (E&P) Partners-A, LP ("WPEP-A"), Warburg Pincus Energy (E&P) Partners-B IRH, LLC ("WPEP-B"), WP Energy Partners IRH Holdings, L.P. ("WPEPIRH"), and WP Energy IRH Holdings, L.P. ("WPEIRH" and collectively with WPXI-A, WPPXI, WPIRH, WPXI-B, WPE-A, WPEP-A, WPEP-B and WPEPIRH, the "Warburg Parties"), EnCap and the Company entered into a voting agreement (the "Voting Agreement") containing provisions by which the Warburg Parties will have the

right to appoint one director to the Board of Directors (the "Board") of the Company. The Warburg Parties' right to appoint one director will terminate when the Warburg Parties, in the aggregate, no longer own: (i) 8% of the outstanding Class A Common Stock; or (ii) 10% or more of the outstanding Class A Common Stock as a result of a sale by the Warburg Parties.

The foregoing description of the Voting Agreement is qualified in its entirety by the terms of the Voting Agreement attached to this Current Report on Form 8-K as Exhibit 10.2 and is incorporated herein by reference.

Lock-Up Agreement

In connection with the closing of the Purchase Agreement, on January 7, 2021, the Company entered into a Lock-up Agreement (the "Lock-up Agreement") with the Warburg Parties, pursuant to which the Warburg Parties are restricted for a period of 120 days (the "Lock-up Period") after January 7, 2021 from offering, pledging, selling, contracting to sell, selling any option or contract to purchase, purchasing any option or contract to sell, granting any option, right or warrant to purchase, lending or otherwise transferring or disposing of any shares of Class A Common Stock or any other class of the Company's capital stock (collectively, "Capital Stock"), or enter into any swap or other agreement, arrangement or transaction that transfers to another any of the economic consequence of ownership of any Capital Stock or any securities convertible into or exercisable or exchangeable for any Capital Stock. The foregoing restrictions will not apply to certain other transfers customarily excepted and any shares of Class A Common Stock acquired by the Warburg Parties in the open market after January 7, 2021.

The foregoing description of the Lock-up Agreement is qualified in its entirety by the terms of the Lock-up Agreement attached to this Current Report on Form 8-K as Exhibit 10.3 and is incorporated herein by reference.

Indemnification Agreement

In connection with the appointment of David S. Habachy to the Board discussed below in Item 5.02, on January 7, 2021, the Company entered into an indemnification agreement with Mr. Habachy (the "Indemnification Agreement") pursuant to which the Company agreed to indemnify Mr. Habachy in connection with claims brought against him in his capacity as a director of the Company. The Indemnification Agreement also provides, among other things, certain expense advancement rights in legal proceedings so long as Mr. Habachy undertakes to repay the advancement if it is later determined that he is not entitled to be indemnified.

The foregoing description of the Indemnification Agreement is qualified in its entirety by the terms of the form of Indemnification Agreement included with this Current Report on Form 8-K as Exhibit 10.4 and is incorporated herein by reference.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On January 7, 2021, pursuant to the closing of the Purchase Agreement, among other things, EEH completed the Acquisition for the Cash Consideration and the Acquisition Shares.

**Item 3.02 Unregistered Sales of Equity Securities.**

The description of the Acquisition and the Acquisition Shares in Item 2.01 above is incorporated in this Item 3.02 by reference.

The shares of Class A Common Stock issued pursuant to the Purchase Agreement were issued in reliance upon an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), by virtue of Section 4(a)(2) and/or other exemptions thereunder, as promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Act.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers.**

Appointment of Class II Director

On January 7, 2021, in connection with the closing of the Purchase Agreement, the Company entered into the Voting Agreement, whereby the Warburg Parties have the right to nominate one director to the Board. The Warburg Parties nominated Mr. David S. Habachy to the Board. The Board appointed Mr. Habachy as a Class II director to hold office until the Company's annual meeting of stockholders in 2023 and the election of his successor.

David S. Habachy, age 45, has been a Managing Director at Warburg Pincus, LLC since August 2017 and is a member of the firm's energy team. From August 2008 through July 2017, Mr. Habachy was employed by Kayne Anderson and most recently served as a Managing Director and member of its Investment Committee. Additionally, while at Kayne Anderson, Mr. Habachy served on numerous boards of oil and gas upstream E&P and midstream companies in the U.S. and Canada from 2008 to 2017. Prior to 2008, Mr. Habachy spent 10 years in asset management, operations and consulting in the upstream E&P business, starting his petroleum engineering career at Arco/Vastar in 1998. He serves on the board of directors of Ridge Runner Resources, LLC; Stronghold Energy II Holdings, LLC; Trident Energy GP, Ltd.; and Tall City Exploration III LLC. Mr. Habachy currently serves on the Investment Committee Board for Memorial Hermann Health System and is a board member of the Houston Producers' Forum. Mr. Habachy holds a B.S. in chemical engineering and an MBA degree with George Kozmetsky highest honors distinction from The University of Texas at Austin.

**Item 5.05 Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics.**

On January 7, 2021, as part of the closing of the Purchase Agreement, the Board approved an amendment (the "Amendment") to Company's Code of Business Conduct and Ethics which provides Warburg Pincus, LLC and its affiliates ("Warburg") with a waiver of certain corporate opportunities in other investments by Warburg. The Amendment was agreed to in connection with the Voting Agreement.

The foregoing description of the Code is qualified in its entirety by reference to the full text of the Code included with this Current Report on Form 8-K as Exhibit 14 and is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

On January 7, 2021, the Company issued a press release announcing the consummation of the Purchase Agreement. A copy of the press release is furnished as Exhibit 99.1 hereto.

On January 7, 2021, the Company posted to its website a company presentation (the "Presentation Materials") that management intends to use from time to time. The Company may use the Presentation Materials, possibly with modifications, in presentations to current and potential investors, lenders, creditors, vendors, customers and others with an interest in the Company and its business.

The information contained in the Presentation Materials is summary information that should be considered in the context of the Company's filings with the SEC and other public announcements that the Company may make by press release or otherwise from time to time. The Presentation Materials speak as of the date of this Current Report on Form 8-K. While the Company may elect to update the Presentation Materials in the future or reflect events and circumstances occurring or existing after the date of this Current Report on Form 8-K, the Company specifically disclaims any obligation to do so. The Presentation Materials are furnished herewith as Exhibit 99.2 to this Current Report on Form 8-K and are incorporated herein by reference.

The information in this Current Report on Form 8-K furnished pursuant to Item 7.01, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section, and they shall not be deemed incorporated by reference in any filing under the Securities Act, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. By filing this Current Report on Form 8-K and furnishing this information pursuant to Item 7.01, the Company makes no admission as to the materiality of any information in this Current Report on Form 8-K furnished pursuant to Item 7.01, including Exhibit 99.1 and Exhibit 99.2, that is required to be disclosed solely by Regulation FD.

**Item 9.01 Financial Statements and Exhibits.**

(a) Financial statements of businesses acquired.

The financial statements required by this Item 9.01 and Regulation S-X will be filed by an amendment to this Form 8-K. The amendment will be filed with the SEC no later than 71 calendar days after the date this Form 8-K is required to be filed with the SEC.

(b) Pro forma financial information.

The pro forma financial information required by this Item 9.01 and Regulation S-X will be furnished by an amendment to this Form 8-K. The amendment will be filed with the SEC no later than 71 calendar days after the date this Form 8-K is required to be filed with the SEC.

(d) Exhibits.

The following exhibits are included with this Current Report on Form 8-K:

| Exhibit No. | Description |
|---|---|
| 2.1* | Purchase and Sale Agreement dated as of December 17, 2020, by and among Earthstone Energy, Inc., Earthstone Energy Holdings, LLC, Independence Resources Holdings, LLC and Independence Resources Manager, LLC (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed by the Registrant with the SEC on December 22, 2020). |
| 10.1 | Registration Rights Agreement dated January 7, 2021, by and among Earthstone Energy, Inc., Independence Resources Holdings, LLC and the Persons identified on Schedule I thereto. |
| 10.2 | Voting Agreement dated January 7, 2021, by and among Earthstone Energy, Inc., EnCap Investments L.P., Warburg Pincus Private Equity (E&P) XI – A, L.P., Warburg Pincus XI (E&P) Partners – A, L.P., WP IRH Holdings, L.P., Warburg Pincus XI (E&P) Partners – B IRH, LLC, Warburg Pincus Energy (E&P)-A, LP, Warburg Pincus Energy (E&P) Partners-A, LP, Warburg Pincus Energy (E&P) Partners-B IRH, LLC, WP Energy Partners IRH Holdings, L.P., and WP Energy IRH Holdings, L.P. |
| 10.3 | Lock-up Agreement dated January 7, 2021, by and among Earthstone Energy, Inc., Warburg Pincus Private Equity (E&P) XI – A, L.P., Warburg Pincus XI (E&P) Partners – A, L.P., WP IRH Holdings, L.P., Warburg Pincus XI (E&P) Partners – B IRH, LLC, Warburg Pincus Energy (E&P)-A, LP, Warburg Pincus Energy (E&P) Partners-A, LP, Warburg Pincus Energy (E&P) Partners-B IRH, LLC, WP Energy Partners IRH Holdings, L.P., and WP Energy IRH Holdings, L.P. |
| 10.4 | Form of Indemnification Agreement (incorporated by reference to Exhibit 10.5 to the Current Report on Form 8-K filed by the Registrant with the SEC on December 29, 2014). |
| 14 | Code of Business Conduct and Ethics. |
| 99.1 | Press Release dated January 7, 2021. |
| 99.2 | Presentation Materials dated January 7, 2021. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

* Certain schedules, annexes or exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K, but will be furnished supplementally to the SEC upon request.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**EARTHSTONE ENERGY, INC.**

Date: January 13, 2021

By: /s/ Tony Oviedo
Tony Oviedo
*Executive Vice President - Accounting and Administration*

**Exhibit 10.1**

# REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of January 7, 2021, by and among Earthstone Energy, Inc., a Delaware corporation ("Parent"), Independence Resources Holdings, LLC, a Delaware limited liability company ("Independence"), and the Persons identified on Schedule I hereto who become party to this Agreement from time to time upon the execution of a Joinder (as defined herein) in accordance with Section 2.10 of this Agreement (collectively, the "Independence Stockholders").

## RECITALS

WHEREAS, Parent, Earthstone Energy Holdings, LLC, a Delaware limited liability company ("EEH"), Independence and Independence Manager entered into a Purchase and Sale Agreement, dated as of December 17, 2020 (the "Purchase Agreement"), under which, among other things, EEH will acquire from Independence and Independence Manager 100% of the outstanding equity interests in certain wholly owned subsidiaries of Independence and Independence Manager;

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, Independence will receive shares of Class A Common Stock of Parent, par value $0.001 per share ("Class A Common Stock"); and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, Parent has agreed to grant to the Holders (as defined herein) certain rights with respect to the registration of the Registrable Securities (as defined herein) on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, the parties hereby agree as follows:

## ARTICLE I.
## DEFINITIONS

Section 1.01 Definitions. Capitalized terms used herein without definition shall have the meanings given to them in the Purchase Agreement, except that the terms set forth below are used herein as so defined:

"Agreement" has the meaning specified therefor in the introductory paragraph.

"Bold" has the meaning specified therefor in Section 2.02(e) of this Agreement.

"Bold Unitholders" has the meaning specified therefor in Section 2.02(e) of this Agreement.

"Class A Common Stock" has the meaning specified therefor in the recitals of this Agreement.

"Class A Common Stock Price" means, as of any date of determination, the volume weighted average closing price of Class A Common Stock (as reported by the New York Stock Exchange) for the ten trading days immediately preceding such date of determination.

"Class B Common Stock" means the Class B Common Stock of Parent, par value $0.001 per share.

"Effectiveness Deadline" has the meaning specified therefor in Section 2.01(a) of this Agreement.

"Effectiveness Period" has the meaning specified therefor in Section 2.01(b) of this Agreement.

"Equity Securities" means (i) with respect to any Person that is a corporation, any and all shares, interests or equivalents in capital stock of such corporation (whether voting or nonvoting and whether common or preferred), (ii) with respect to any Person that is not a corporation, individual or governmental entity, any and all partnership, membership, limited liability company or other equity interests of such Person that confer on the holder thereof the right to receive a share of the profits and losses of, or the distribution of assets of the issuing Person, and (iii) any and all warrants, rights (including conversion and exchange rights) and options to purchase any security described in the clause (i) or (ii) above. Unless otherwise indicated, the term "Equity Securities" refers to Equity Securities of Parent.

"EEH" has the meaning specified therefor in the recitals of this Agreement.

"EEH A&R LLC Agreement" means that certain First Amended and Restated Limited Liability Company Agreement of EEH, dated May 9, 2017.

"EEH Units" means units representing limited liability company interests in EEH.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and any successor statute thereto and the rules and regulations of the SEC promulgated thereunder.

"Holder" means a holder of any Registrable Securities.

"Included Registrable Securities" has the meaning specified therefor in Section 2.02(a) of this Agreement.

"Independence" has the meaning specified therefor in the introductory paragraph.

"Independence Manager" means Independence Resources Manager, LLC, a Delaware limited liability company.

"Independence Stockholder" has the meaning specified therefor in the introductory paragraph.

"Investor Holder" means a Holder that is not a natural person.

"Joinder" has the meaning specified therefor in Section 2.10 of this Agreement.

"Launch Date" has the meaning specified therefor in Section 2.02(b) of this Agreement.

"Losses" has the meaning specified therefor in Section 2.08(a) of this Agreement.

"Managing Underwriter(s)" means, with respect to any Underwritten Offering or Overnight Underwritten Offering, the book running lead manager or managers of such Underwritten Offering or Overnight Underwritten Offering.

"Maximum Number of Securities" has the meaning specified in Section 2.02(c).

"Member Distribution" has the meaning specified therefor in Section 2.01(b) of this Agreement.

"Offering Holders" has the meaning specified therefor in Section 2.03(a) of this Agreement.

"Opt-Out Notice" shall have the meaning provided in Section 2.02(a) of this Agreement.

"Overnight Underwritten Offering" has the meaning specified therefor in Section 2.02(b) of this Agreement.

"Parent" has the meaning specified therefor in the introductory paragraph.

"Parity Holders" has the meaning specified therefor in Section 2.02(c) of this Agreement.

"Person" shall mean an individual or any corporation, partnership, limited liability company, trust, unincorporated organization, association, joint venture or any other organization or entity, whether or not a legal entity.

"Piggyback Notice" has the meaning specified therefor in Section 2.02(a) of this Agreement.

"Piggyback Offering" has the meaning specified therefor in Section 2.02(a) of this Agreement.

"Purchase Agreement" has the meaning specified therefor in the recitals of this Agreement.

"Registrable Securities" means (i) any Class A Common Stock received by Independence in connection with the transactions contemplated by the Purchase Agreement, including any Class A Common Stock purchased by Independence from existing stockholders of

Parent on the Closing Date; (ii) any common Equity Securities of Parent or of any Subsidiary of Parent issued or issuable with respect to the securities referred to in clause (i) above by way of dividend, distribution, split or combination of securities, or any recapitalization, merger, consolidation or other reorganization; and (iii) any other shares of Class A Common Stock owned by Persons that are the registered holders of securities described in clauses (i) or (ii) above. For purposes of this Agreement, a Person shall be deemed to be a Holder, and the Registrable Securities shall be deemed to be in existence, whenever such Person has the right to acquire, directly or indirectly, such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected, and such Person shall be entitled to exercise the rights of a holder of Registrable Securities hereunder; *provided, however*, a holder of Registrable Securities may only request that Registrable Securities in the form of Equity Securities of Parent that are registered or to be registered as a class under Section 12 of the Exchange Act be registered pursuant to this Agreement.

"Registration Expenses" has the meaning specified therefor in Section 2.07(a) of this Agreement.

"Rule 144" shall mean Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933, as amended, and any successor statute thereto and the rules and regulations of the SEC promulgated thereunder.

"Selling Expenses" has the meaning specified therefor in Section 2.07(a) of this Agreement.

"Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement.

"Selling Holder Indemnified Person" has the meaning specified therefor in Section 2.08(a) of this Agreement.

"Selling Holder Underwriter Registration Statement" has the meaning specified therefor in Section 2.04(n) of this Agreement.

"Shelf Registration Statement" has the meaning specified therefor in Section 2.01(a) of this Agreement.

"Subsidiary" means, with respect to Parent, any corporation, limited liability company, partnership, association or other business entity of which (i) if a corporation, a majority of the total voting power of Equity Securities of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of directors is at the time

owned or controlled, directly or indirectly, by Parent, or (ii) if a limited liability company, partnership, association or other business entity, either (x) a majority of the Equity Securities of such Person entitled (without regard to the occurrence of any contingency) to vote in the election of managers, general partners or other oversight board vested with the authority to direct management of such Person is at the time owned or controlled, directly or indirectly, by Parent or (y) Parent or one of its Subsidiaries is the sole manager or general partner of such Person.

"Underwritten Offering" means an offering (including an offering pursuant to a Shelf Registration Statement) in which shares of Class A Common Stock are sold to an underwriter on a firm commitment basis for reoffering to the public or an offering that is a "bought deal" with one or more investment banks.

"Underwritten Offering Filing" has the meaning specified therefor in Section 2.02(a) of this Agreement.

Section 1.02 Registrable Securities. Any Registrable Security will cease to be a Registrable Security when (a) a registration statement covering such Registrable Security is effective and such Registrable Security has been sold or disposed of pursuant to such effective registration statement; (b) such Registrable Security has been disposed of pursuant to any section of Rule 144 (or any successor rule or regulation to Rule 144 then in force) under the Securities Act; (c) such securities shall have been otherwise transferred, new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by Parent and subsequent public distribution of such securities shall not require registration under the Securities Act or (d) such Registrable Security is held by Parent or one of its Subsidiaries.

Section 1.03 Effectiveness. This Agreement is effective as of the date of this Agreement and shall continue in full force and effect until there are no longer any Registrable Securities outstanding.

## ARTICLE II.
## REGISTRATION RIGHTS

Section 2.01 Shelf Registration.

(a) Shelf Registration. Parent shall (i) prepare and file by no later than the date that is 60 days after the Closing Date a registration statement under the Securities Act to permit the public resale of the Registrable Securities from time to time, including as permitted by Rule 415 under the Securities Act (or any similar provision then in force) with respect to all of the Registrable Securities (the "Shelf Registration Statement") and (ii) cause the Shelf Registration Statement to become effective as soon as reasonably practicable thereafter but in no event later than 120 days after the Closing Date (the "Effectiveness Deadline").

(b) The Shelf Registration Statement filed pursuant to Section 2.01(a) shall be on Form S-3 of the SEC if Parent is eligible to use Form S-3 or Form S-1 of the SEC if Parent is not eligible to use Form S-3; *provided*, *however,* that if a prospectus supplement will be used in

connection with the marketing of an Underwritten Offering or Overnight Underwritten Offering from the Shelf Registration Statement and the Managing Underwriter(s) at any time shall notify the Holders in writing that, in the reasonable judgment of such Managing Underwriter(s), inclusion of detailed information to be used in such prospectus supplement is of material importance to the success of the Underwritten Offering or Overnight Underwritten Offering of such Registrable Securities, Parent shall use its reasonable best efforts to include such information in such a prospectus supplement. Subject to Section 2.01(c), Parent will cause the Shelf Registration Statement pursuant to this Section 2.01(b) to be continuously effective under the Securities Act from and after the date it is first declared or becomes effective until all Registrable Securities covered by the Shelf Registration Statement have been distributed in the manner set forth and as contemplated in the Shelf Registration Statement or there are no longer any Registrable Securities outstanding (the "Effectiveness Period"). The Shelf Registration Statement when declared effective (including the documents incorporated therein by reference) shall comply as to form with all applicable requirements of the Securities Act and the Exchange Act and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As soon as practicable following the date of effectiveness of such Shelf Registration Statement, but in any event within three Business Days of such date, Parent will notify the Selling Holders of the effectiveness of such Shelf Registration Statement.

Notwithstanding anything contained herein to the contrary, Parent hereby agrees that (i) the Shelf Registration Statement filed pursuant to this Section 2.01(b) shall contain all language (including on the prospectus cover sheet, the principal stockholders' table and the plan of distribution) as may be reasonably requested by any Investor Holder to allow for a distribution to, and resale by, the direct and indirect members, stockholders or partners of such Investor Holder (each, a "Member Distribution") and (ii) Parent shall, at the reasonable request of such Investor Holder if seeking to effect a Member Distribution, file any prospectus supplement or post-effective amendments and otherwise take any action reasonably necessary to include such language, if such language was not included in the initial Registration Statement, or revise such language if deemed reasonably necessary by such Investor Holder to effect any such Member Distribution.

(c) Delay Rights. Notwithstanding anything to the contrary contained herein, Parent may, upon written notice to (x) all Holders, delay the filing of the Shelf Registration Statement or (y) any Selling Holder whose Registrable Securities are included in the Shelf Registration Statement, suspend such Selling Holder's use of any prospectus which is a part of the Shelf Registration Statement (in which event the Selling Holder shall discontinue sales of the Registrable Securities pursuant to the Shelf Registration Statement but such Selling Holder may settle any contracted sales of Registrable Securities) if Parent (i) is pursuing an acquisition, merger, reorganization, disposition or other similar transaction and the Board of Directors of Parent determines in good faith that its ability to pursue or consummate such a transaction would be materially adversely affected by any required disclosure of such transaction in the Shelf Registration Statement or (ii) has experienced some other material non-public event the disclosure of which at such time, in the good faith judgment of the Board of Directors of Parent would materially adversely affect Parent; *provided*, *however*, in no event shall (A) such filing of the Shelf Registration Statement be delayed under clauses (i) or (ii) of this Section 2.01(c) for a

period that exceeds 90 days or (B) such Selling Holders be suspended under clauses (i) or (ii) of this Section 2.01(c) from selling Registrable Securities pursuant to the Shelf Registration Statement for a period that exceeds an aggregate of 30 days in any 90-day period or 90 days in any 365-day period. Upon disclosure of such information or the termination of the condition described above, Parent shall provide prompt notice to the Selling Holders whose Registrable Securities are included in the Shelf Registration Statement, and shall promptly terminate any suspension of sales it has put into effect and shall take such other actions to permit registered sales of Registrable Securities as contemplated in this Agreement. Parent will only exercise its suspension rights under this Section 2.01(c) if it exercises similar suspension rights with respect to any Parity Holders. If Parent exercises its suspension rights under this Section 2.01(c), then during such suspension period Parent shall not engage in any transaction involving the offer, issuance, sale or purchase of Equity Securities (whether for the benefit of Parent or a third Person), except transactions involving (I) the issuance or purchase of Equity Securities as contemplated by the Parent's employee benefit plans or employee or director arrangements, (II) the issuance of unregistered Equity Securities to a seller as consideration for, or to a third party in order to finance or partially finance, the transaction specified under clause (i) of this Section 2.01(c) that was the basis for which the suspension rights under this Section 2.01(c) were exercised or (III) the issuance of Equity Securities to a member of EEH in connection with the redemption of Class B Common Stock and EEH Units pursuant to the EEH A&R LLC Agreement.

Section 2.02 Piggyback Rights.

(a) *Participation*. Except as provided in Section 2.02(b), if at any time during the Effectiveness Period, Parent proposes to file (i) a shelf registration statement other than the Shelf Registration Statement (in which event Parent covenants and agrees to include thereon a description of the transaction under which the Holders acquired the Registrable Securities), (ii) a prospectus supplement to an effective shelf registration statement, other than the Shelf Registration Statement contemplated by Section 2.01(a) of this Agreement, and Holders could be included without the filing of a post-effective amendment thereto (other than a post-effective amendment that is immediately effective), or (iii) a registration statement, other than a shelf registration statement, in the case of each of clause (i), (ii) or (iii), for the sale of Class A Common Stock in an Underwritten Offering or Overnight Underwritten Offering for its own account and/or the account of another Person, then as soon as practicable but not less than ten Business Days (or one Business Day in the case of an Overnight Underwritten Offering) prior to the filing of (A) any preliminary prospectus supplement relating to such Underwritten Offering pursuant to Rule 424(b) under the Securities Act, (B) the prospectus supplement relating to such Underwritten Offering pursuant to Rule 424(b) under the Securities Act (if no preliminary prospectus supplement is used) or (C) such registration statement (other than a Shelf Registration Statement), as the case may be (an "Underwritten Offering Filing"), then Parent shall give notice (including, but not limited to, notification by electronic mail) of such proposed Underwritten Offering (a "Piggyback Offering") to the Holders and such notice shall offer the Holders the opportunity to include in such Underwritten Offering such number of shares of Class A Common Stock (the "Included Registrable Securities") as each such Holder may request in writing; *provided*, *however*, that if Parent has been advised by the Managing Underwriter(s) that the

inclusion of Registrable Securities for sale for the benefit of the Selling Holders will have a material adverse effect on the price, timing or distribution of the Class A Common Stock in the Underwritten Offering, then the amount of Registrable Securities to be offered for the accounts of Selling Holders shall be determined based on the provisions of Section 2.02(c) of this Agreement. The notice required to be provided in this Section 2.02(a) to each Holder (the "Piggyback Notice") shall be provided on a Business Day pursuant to Section 3.01 hereof. Each Holder shall then have five Business Days (or one Business Day in the case of an Overnight Underwritten Offering) after the date on which the Holders received the Piggyback Notice to request inclusion of Registrable Securities in the Underwritten Offering. If no request for inclusion from a Holder is received within such period, such Holder shall have no further right to participate in such Underwritten Offering. If, at any time after giving written notice of its intention to undertake an Underwritten Offering and prior to the closing of such Underwritten Offering, the Board of Directors of Parent shall determine for any reason not to undertake or to delay such Underwritten Offering, Parent may, at its election, give written notice of such determination to the Selling Holders and (x) in the case of a determination not to undertake such Underwritten Offering, shall be relieved of its obligation to sell any Included Registrable Securities in connection with such terminated Underwritten Offering, and (y) in the case of a determination to delay such Underwritten Offering, shall be permitted to delay offering any Included Registrable Securities for the same period as the delay in the Underwritten Offering. Any Selling Holder shall have the right to withdraw such Selling Holder's request for inclusion of such Selling Holder's Registrable Securities in such offering by giving written notice to Parent of such withdrawal up to and including the time of pricing of such offering. Notwithstanding the foregoing, any Holder may deliver written notice (an "Opt-Out Notice") to Parent requesting that such Holder not receive notice from Parent of any proposed Underwritten Offering; *provided, however,* that such Holder may later revoke any such Opt-Out Notice in writing. Following receipt of an Opt-Out Notice from a Holder, Parent shall not deliver any notice to such Holder pursuant to this Section 2.02(a), unless such Opt-Out Notice is revoked by such Holder.

Notwithstanding anything contained herein to the contrary, Parent hereby agrees that (i) any shelf registration statement which includes Registrable Securities pursuant to this Section 2.02(a) shall contain all language (including on the prospectus cover sheet, the principal stockholders' table and the plan of distribution) as may be reasonably requested by such Holder to allow for a Member Distribution and (ii) Parent shall, at the reasonable request of the Holder seeking to effect a Member Distribution, file any prospectus supplement or post-effective amendments and otherwise take any action reasonably necessary to include such language, if such language was not included in the initial registration statement, or revise such language if deemed reasonably necessary by such Holder to effect such Member Distribution.

(b) *Overnight Underwritten Offering Piggyback Rights*. If, at any time during any Effectiveness Period, Parent proposes to file an Underwritten Offering Filing and such Underwritten Offering is expected to be launched (the "Launch Date") after the close of trading on one trading day and priced before the open of trading on the next succeeding trading day (such execution format, an "Overnight Underwritten Offering"), then no later than one Business Day after Parent engages one or more Managing Underwriter(s) for the proposed Overnight Underwritten Offering, Parent shall notify (including, but not limited to, notice by electronic

mail) the Holders of the pendency of the Overnight Underwritten Offering and such notice shall offer the Holders the opportunity to include in such Overnight Underwritten Offering such number of Registrable Securities as each such Holder may request in writing within two Business Days after such Holder receives such notice. Notwithstanding the foregoing, if Parent has been advised by the Managing Underwriter(s) that the inclusion of Registrable Securities in the Overnight Underwritten Offering for the accounts of the Selling Holders is likely to have a material adverse effect on the price, timing or distribution of the Class A Common Stock being offered in such Overnight Underwritten Offering, then the amount of Registrable Securities to be included in the Overnight Underwritten Offering for the accounts of Selling Holders shall be determined based on the provisions of Section 2.02(c) of this Agreement. If, at any time after giving written notice of its intention to execute an Overnight Underwritten Offering and prior to the closing of such Overnight Underwritten Offering, Parent determines for any reason not to undertake or to delay such Overnight Underwritten Offering, Parent shall give written notice of such determination to the Selling Holders and, (i) in the case of a determination not to undertake such Overnight Underwritten Offering, shall be relieved of its obligation to sell any Registrable Securities held by the Selling Holders in connection with such abandoned or delayed Overnight Underwritten Offering, and (ii) in the case of a determination to delay such Overnight Underwritten Offering, shall be permitted to delay offering any Registrable Securities held by the Selling Holders for the same period as the delay of the Overnight Underwritten Offering. Any Selling Holder shall have the right to withdraw such Selling Holder's request for inclusion of such Selling Holder's Registrable Securities in such Overnight Underwritten Offering by giving written notice to Parent of such withdrawal at least one Business Day prior to the expected Launch Date. Notwithstanding the foregoing, any Holder may deliver an Opt-Out Notice to Parent requesting that such Holder not receive notice from Parent of any proposed Overnight Underwritten Offering and, following receipt of such an Opt-Out Notice from a Holder, Parent shall not deliver any notice to such Holder pursuant to this Section 2.02(b), unless such Opt-Out Notice is revoked by such Holder.

(c) *Priority of Rights*. In connection with an Underwritten Offering and Overnight Underwritten Offering contemplated by Section 2.02(a) and Section 2.02(b), respectively, if the Managing Underwriter(s) of any such Underwritten Offering or Overnight Underwritten Offering, as the case may be, advises Parent that the total amount of Class A Common Stock that the Selling Holders and any other Persons intend to include in such Underwritten Offering or Overnight Underwritten Offering exceeds the number that can be sold in such Underwritten Offering or Overnight Underwritten Offering without being likely to have a material adverse effect on the price, timing or distribution of the Class A Common Stock offered in such Underwritten Offering or Overnight Underwritten Offering, as the case may be, or the market for the Class A Common Stock, then the Class A Common Stock to be included in such Underwritten Offering or Overnight Underwritten Offering shall include the number of shares of Class A Common Stock that such Managing Underwriter(s) advise Parent can be sold without having such adverse effect (such maximum number of shares of Class A Common Stock, the "Maximum Number of Securities"), with such number to be allocated (i) first, to Parent, (ii) second, pro rata among all Selling Holders and holders of any other securities of Parent having rights of registration on parity with the Registrable Securities ("Parity Holders") who have requested participation in such Underwritten Offering or Overnight Underwritten Offering. The

pro rata allocations for each such Selling Holder or Parity Holder shall be (A) based on the percentage derived by dividing (1) the number of shares of Class A Common Stock (or other securities) that such Selling Holder or such Parity Holder has requested be included in such Underwritten Offering or Overnight Underwritten Offering by (2) the aggregate number of shares of Class A Common Stock (or other securities) that all Selling Holders and all Parity Holders have requested be included in such Underwritten Offering or Overnight Underwritten Offering or (B) as otherwise agreed by such Selling Holder or Parity Holder, as applicable.

(d) Notwithstanding anything in this Section 2.02 to the contrary, no Holder shall have any right to include any Class A Common Stock in any offering by Parent of Class A Common Stock executed pursuant to any "at the market" program that Parent may have in effect from time to time on or after the date of this Agreement.

(e) The Parent, Independence, and the Independence Stockholders hereby agree that the rights of Bold Energy Holdings, LLC ("Bold") and its permitted assigns to register shares of Class A Common Stock under that certain Registration Rights Agreement, dated May 9, 2017, by and among the Parent, Bold and the Persons identified on Schedule I attached thereto (the "Bold Unitholders") shall rank *pari passu* with the rights of Independence and the Independence Stockholders to register shares of Class A Common Stock under this Agreement. For purposes of clarity and the avoidance of doubt, the Parent, Independence and the Independence Stockholders expressly agree that Bold and the Bold Unitholders shall be Parity Holders for purposes of this Section 2.02.

Section 2.03 Underwritten Offering.

(a) In the event that one or more Selling Holders holding at least $10 million (subject to adjustment pursuant to Section 3.04) of Registrable Securities (the "Offering Holders") notify Parent in writing of their election to dispose of Registrable Securities under the Shelf Registration Statement pursuant to an Underwritten Offering or Overnight Underwritten Offering, (i) Parent shall give notice (including, but not limited to, notification by electronic mail, with such notice given no later than one Business Day after the engagement by Parent of the Managing Underwriter(s) in the case of a proposed Overnight Underwritten Offering) of such proposed Underwritten Offering or Overnight Underwritten Offering to the other Holders on a Business Day and such notice shall offer such Holders the opportunity to include in such Underwritten Offering or Overnight Underwritten Offering such number of Registrable Securities as each such Holder may request in writing (within five Business Days in the case of an Underwritten Offering that is not an Overnight Underwritten Offering and within two Business Days after the Holder receives such notice in the case of an Overnight Underwritten Offering) and (ii) Parent will retain Underwriters selected by the Offering Holders holding a majority of the Registrable Securities to be disposed of pursuant to such Underwritten Offering or Overnight Underwritten Offering (which Underwriters shall be reasonably acceptable to the Company) subject to such sale through an Underwritten Offering or Overnight Underwritten Offering, including entering into an underwriting agreement in customary form with the Managing Underwriter(s), which underwriting agreement shall include, among other provisions, indemnities to the effect and to the extent provided in Section 2.08, and will take all reasonable

actions as are requested by the Managing Underwriter(s) in order to expedite or facilitate the registration and disposition of the Registrable Securities; *provided, however,* that Parent shall not be required to effect more than two Underwritten Offerings or Overnight Underwritten Offerings pursuant to this Section 2.03 in any 365-day period. Parent management shall participate in a roadshow or similar marketing effort on behalf of any such Holder or Holders if gross proceeds from such Underwritten Offering or Overnight Underwritten Offering are reasonably expected to exceed $20 million. No Selling Holder may participate in such Underwritten Offering or Overnight Underwritten Offering unless such Selling Holder agrees to sell its Registrable Securities on the basis provided in such underwriting agreement and completes and executes all questionnaires, powers of attorney, indemnities and other documents reasonably and customarily required under the terms of such underwriting agreement. No Selling Holder shall be required to make any representations or warranties to or agreements with Parent or the underwriters other than representations, warranties or agreements regarding such Selling Holder and its ownership of the securities being registered on its behalf and its intended method of distribution and any other representations required by law. If any Selling Holder disapproves of the terms of an Underwritten Offering or Overnight Underwritten Offering contemplated by this Section 2.03(a), such Selling Holder may elect to withdraw therefrom by notice to Parent and the Managing Underwriter(s); *provided*, *however*, that such notice of withdrawal must be made at a time up to and including the time of pricing of such offering in order to be effective. No such withdrawal or abandonment shall affect Parent's obligation to pay Registration Expenses.

(b) In connection with an Underwritten Offering and Overnight Underwritten Offering contemplated by Section 2.03(a), respectively, if the Managing Underwriter(s) of any such Underwritten Offering or Overnight Underwritten Offering, as the case may be, advises the Selling Holders that the total amount of Registrable Securities that the Selling Holders intend to include in such Underwritten Offering or Overnight Underwritten Offering exceeds the Maximum Number of Securities, then the Registrable Securities to be included in such Underwritten Offering or Overnight Underwritten Offering shall include the Maximum Number of Securities, with such number to be allocated (i) first, pro rata among all Selling Holders and (ii) second, to the extent the number of securities proposed to be included in such Underwritten Offering or Overnight Underwritten Offering by the Selling Holders is less than the Maximum Number of Securities, pro rata among all Parity Holders who have requested participation in such Underwritten Offering or Overnight Underwritten Offering. The pro rata allocations for each such Selling Holder or Parity Holder, as applicable, shall be (A) (1) with respect to any Selling Holder, based on the percentage derived by dividing (aa) the number of shares of Class A Common Stock (or other securities) that such Selling Holder has requested be included in such Underwritten Offering or Overnight Underwritten Offering by (bb) the aggregate number of shares of Class A Common Stock (or other securities) that all Selling Holders have requested be included in such Underwritten Offering or Overnight Underwritten Offering, and (2) with respect to any Parity Holder, based on the percentage derived by dividing (aa) the number of shares of Class A Common Stock (or other securities) that such Parity Holder has requested be included in such Underwritten Offering or Overnight Underwritten Offering by (bb) the aggregate number of shares of Class A Common Stock (or other securities) that all Parity Holders have requested be included in such Underwritten Offering or Overnight Underwritten Offering, or (B) as otherwise agreed by such Selling Holder(s) or Parity Holder(s), as applicable.

Section 2.04 Registration Procedures. In connection with its obligations under this Article II, Parent or the applicable Selling Holder, as the case may be, will, as expeditiously as possible:

(a) prepare and file with the SEC such amendments and supplements to the Shelf Registration Statement and the prospectus used in connection therewith as may be necessary to cause the Shelf Registration Statement to be effective and to keep the Shelf Registration Statement effective for the Effectiveness Period and as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by the Shelf Registration Statement;

(b) if a prospectus supplement will be used in connection with the marketing of an Underwritten Offering under a Registration Statement and the Managing Underwriter(s) at any time shall notify Parent that, in the good faith judgment of such Managing Underwriter(s), inclusion of detailed information to be used in such prospectus supplement is of material importance to the success of such Underwritten Offering, Parent and the Selling Holder shall use their commercially reasonable efforts to include such information in such prospectus supplement;

(c) furnish to each Selling Holder (i) as far in advance as reasonably practicable before filing the Shelf Registration Statement or any other registration statement contemplated by this Agreement or any supplement or amendment thereto, upon request, copies of reasonably complete drafts of all such documents proposed to be filed (including furnishing or making available exhibits and each document incorporated by reference therein to the extent then required by the rules and regulations of the SEC), and provide each such Selling Holder the opportunity to object to any information pertaining to such Selling Holder and its plan of distribution that is contained therein and make the corrections reasonably requested by such Selling Holder with respect to such information prior to filing the Shelf Registration Statement or such other registration statement or supplement or amendment thereto, and (ii) such number of copies of the Shelf Registration Statement or such other registration statement and the prospectus included therein and any supplements and amendments thereto as such Persons may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities covered by the Shelf Registration Statement or such other registration statement;

(d) if applicable, use its reasonable best efforts to register or qualify the Registrable Securities covered by the Shelf Registration Statement or any other registration statement contemplated by this Agreement under the securities or blue sky laws of such jurisdictions as the Selling Holders or, in the case of an Underwritten Offering or Overnight Underwritten Offering, the Managing Underwriter(s) shall reasonably request, *provided* that Parent will not be required to qualify generally to transact business in any jurisdiction where it is not then required to so qualify or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

(e) promptly notify each Selling Holder and each underwriter of Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the filing of the Shelf Registration Statement or any other registration statement contemplated by this Agreement or any prospectus or prospectus supplement to be

used in connection therewith, or any amendment or supplement thereto, and, with respect to such Shelf Registration Statement or any other registration statement contemplated by this Agreement, when the same has become effective; and (ii) any written comments from the SEC with respect to any filing referred to in clause (i) and any written request by the SEC for amendments or supplements to the Shelf Registration Statement or any other registration statement contemplated by this Agreement or any prospectus or prospectus supplement thereto;

(f) immediately notify each Selling Holder and each underwriter of Registrable Securities, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the happening of any event as a result of which the prospectus or prospectus supplement contained in the Shelf Registration Statement or any other registration statement contemplated by this Agreement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, in the light of the circumstances then existing; (ii) the issuance or threat of issuance by the SEC of any stop order suspending the effectiveness of the Shelf Registration Statement or any other registration statement contemplated by this Agreement, or the initiation of any proceedings for that purpose; or (iii) the receipt by Parent of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction. Following the provision of such notice, Parent agrees to as promptly as practicable amend or supplement the prospectus or prospectus supplement or take other appropriate action so that the prospectus or prospectus supplement does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, in the light of the circumstances then existing, and to take such other action as is necessary to remove a stop order, suspension, threat thereof or proceedings related thereto;

(g) furnish to each Selling Holder copies of any and all transmittal letters or other correspondence with the SEC or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering of Registrable Securities;

(h) in the case of an Underwritten Offering or Overnight Underwritten Offering, furnish upon request and addressed to the underwriters and to the Selling Holders, (i) an opinion of counsel for Parent, dated the effective date of the applicable registration statement or the date of any amendment or supplement thereto, and a letter of like kind dated the date of the closing under the underwriting agreement, and (ii) a "comfort letter," dated the effective date of the applicable registration statement or the date of any amendment or supplement thereto and a letter of like kind dated the date of the closing under the underwriting agreement, in each case, signed by the independent public accountants (and, if applicable, independent reserve engineers) who have certified Parent's financial statements included or incorporated by reference into the applicable registration statement, and each of the opinion and the "comfort letter" shall be in customary form and cover substantially the same matters with respect to such registration statement (and the prospectus and any prospectus supplement included therein) as are customarily covered in opinions of issuer's counsel and in accountants' (and, if applicable, independent reserve engineers') letters delivered to the underwriters in Underwritten Offerings or

Overnight Underwritten Offerings of securities, and such other matters as such underwriters or Selling Holders may reasonably request;

(i) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least 12 months, but not more than 18 months, beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(j) make available to the appropriate representatives of the Managing Underwriter(s) and Selling Holders access to such information and Parent personnel as is reasonable and customary to enable such parties to establish a due diligence defense under the Securities Act; *provided* that Parent need not disclose any information to any such representative unless and until such representative has entered into a customary confidentiality agreement with Parent;

(k) cause all Registrable Securities registered pursuant to this Agreement to be listed on each securities exchange or nationally recognized quotation system on which similar securities issued by Parent are then listed or quoted;

(l) use its reasonable best efforts to cause the Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of Parent to enable the Selling Holders to consummate the disposition of such Registrable Securities;

(m) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(n) enter into customary agreements and take such other actions as are reasonably requested by the Selling Holders or the underwriters, if any, in order to expedite or facilitate the disposition of such Registrable Securities;

(o) if reasonably required by Parent's transfer agent, Parent shall promptly deliver any customary authorizations, certificates and directions required by the transfer agent (and use commercially reasonable efforts to promptly deliver any other such authorizations, certificates and directions reasonably required by the transfer agent) which authorize and direct the transfer agent to transfer such Registrable Securities without legend, in accordance with applicable law, upon sale by the Holder of such Registrable Securities under the Registration Statement;

(p) if any Selling Holder could reasonably be deemed to be an "underwriter," as defined in Section 2(a)(11) of the Securities Act, in connection with the registration statement in respect of any registration of Registrable Securities of such Selling Holder pursuant to this Agreement, and any amendment or supplement thereof (any such registration statement or amendment or supplement, a "Selling Holder Underwriter Registration Statement"), then, until the Effectiveness Period ends, (i) cooperate with such Selling Holder in allowing such Selling Holder to conduct customary "underwriter's due diligence" with respect to Parent and satisfy its

obligations in respect thereof; (ii) until the Effectiveness Period ends, at any Selling Holder request, furnish to such Selling Holder, on the date of the effectiveness of any Selling Holder Underwriter Registration Statement and thereafter no more often than on a quarterly basis, (A) a letter, dated such date, from Parent's independent certified public accountants (and, if applicable, independent reserve engineers) in form and substance as is customarily given by independent certified public accountants (and, if applicable, independent reserve engineers) to underwriters in an underwritten public offering, addressed to such Selling Holder, (B) an opinion, dated as of such date, of counsel representing Parent for purposes of such Selling Holder Underwriter Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, including a standard "10b-5" opinion for such offering, addressed to such Selling Holder and (C) a standard officer's certificate from the Chief Executive Officer and Chief Financial Officer of Parent addressed to such Selling Holder; and (iii) permit legal counsel of such Selling Holder to review and comment upon any Selling Holder Underwriter Registration Statement at least five Business Days prior to its filing with the SEC and all amendments and supplements to any such Selling Holder Underwriter Registration Statement within a reasonable number of days prior to their filing with the SEC and not file any Selling Holder Underwriter Registration Statement or amendment or supplement thereto in a form to which such Selling Holder's legal counsel reasonably objects;

(q) each Selling Holder, upon receipt of notice from Parent of the happening of any event of the kind described in subsection (e) of this Section 2.04, shall forthwith discontinue disposition of the Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by subsection (e) of this Section 2.04 or until it is advised in writing by Parent that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings incorporated by reference in the prospectus, and, if so directed by Parent, such Selling Holder will, or will request the Managing Underwriter(s), if any, to deliver to Parent (at Parent's expense) all copies in their possession or control, other than permanent file copies then in such Selling Holder's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice; and

(r) if requested by a Selling Holder, (i) as soon as practicable incorporate in a prospectus supplement or post-effective amendment such information as such Selling Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) as soon as practicable make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) as soon as practicable, supplement or make amendments to any Registration Statement.

Notwithstanding anything to the contrary in this Section 2.04, Parent will not name a Holder as an underwriter (as defined in Section 2(a)(11) of the Securities Act) in any Registration Statement or Selling Holder Underwriter Registration Statement, as applicable, without such Holder's consent. If the Parent determines, upon advice of counsel, that Parent is required to name any Holder as an underwriter (as defined in Section 2(a)(11) of the Securities

Act), and such Holder does not consent thereto, then such Holder's Registrable Securities shall not be included on the applicable Registration Statement and Parent shall have no further obligations hereunder with respect to Registrable Securities held by such Holder with respect to such Registration Statement or Selling Holder Registration Statement unless such Holder has not had an opportunity to conduct customary underwriter's due diligence as set forth in Section 2.04(o) with respect to Parent at the time such Holder's consent is sought.

Section 2.05 Cooperation by Holders. Parent shall have no obligation to include in the Shelf Registration Statement Class A Common Stock of a Holder who has failed to timely furnish such information which, in the opinion of counsel to Parent, is reasonably required to be furnished or confirmed in order for the registration statement or prospectus supplement thereto, as applicable, to comply with the Securities Act.

Section 2.06 Restrictions on Public Sale by Holders of Registrable Securities. Each Holder of Registrable Securities who is included in the Shelf Registration Statement agrees not to effect any public sale or distribution of the Registrable Securities for a period of up to 60 days following completion of an Underwritten Offering or Overnight Underwritten Offering of Equity Securities by Parent, *provided* that (i) Parent gives written notice to such Holder of the date of the commencement and termination of such period with respect to any such Underwritten Offering or Overnight Underwritten Offering and (ii) the duration of the foregoing restrictions shall be no longer than the duration of the shortest restriction generally imposed by the underwriters of such public sale or distribution on Parent or on the officers or directors or any other affiliate of Parent or unitholder of EEH on whom a restriction is imposed; *provided further*, that this Section 2.06 shall not apply to a Holder that holds less than $10 million of Registrable Securities, which value shall be determined by multiplying the number of Registrable Securities owned by the Class A Common Stock Price.

Section 2.07 Expenses.

(a) *Certain Definitions*. "Registration Expenses" means all expenses incident to Parent's performance under or compliance with this Agreement to effect the registration of Registrable Securities on the Shelf Registration Statement, an Underwritten Offering or Overnight Underwritten Offering covered under this Agreement, and/or the disposition of such securities, including, without limitation, all registration, filing, securities exchange listing and NYSE fees, all registration, filing, qualification and other fees and expenses of complying with securities or blue sky laws, fees of the Financial Industry Regulatory Authority, fees of transfer agents and registrars, all word processing, duplicating and printing expenses, and the fees and disbursements of counsel and independent public accountants for Parent, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, and fees and expenses of one counsel engaged by the Holders of a majority of the Registrable Securities, not to exceed $20,000, in connection with the registration of the Registrable Securities on the initial Shelf Registration Statement; *provided, however,* that "Registration Expenses" shall not include any Selling Expenses. "Selling Expenses" means all (i) transfer taxes allocable to the sale of the Registrable Securities; (ii) fees and expenses of counsel engaged by the Holders in excess of the amounts payable by Parent under the definition of

"Registration Expenses"; and (iii) commissions and discounts of brokers, dealers and underwriters.

(b) *Expenses*. Parent will pay all Registration Expenses as determined in good faith, including, in the case of an Underwritten Offering or Overnight Underwritten Offering, whether or not any sale is made pursuant to the Shelf Registration Statement. Each Selling Holder shall pay its pro rata share of all Selling Expenses in connection with any sale of Registrable Securities hereunder.

Section 2.08 Indemnification.

(a) *By Parent*. In the event of a registration of any Registrable Securities under the Securities Act pursuant to this Agreement, Parent will indemnify and hold harmless each Selling Holder thereunder, its affiliates that own Registrable Securities and their respective directors and officers and each underwriter pursuant to the applicable underwriting agreement with such underwriter and each Person, if any, who controls such Selling Holder or underwriter within the meaning of the Securities Act and the Exchange Act and its directors and officers (collectively, the "Selling Holder Indemnified Persons"), against any losses, claims, damages, expenses or liabilities (including reasonable attorneys', accountants' and experts' fees and expenses) (collectively, "Losses"), joint or several, to which such Selling Holder or underwriter or controlling Person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in (which, for the avoidance of doubt, includes documents incorporated by reference in) the Shelf Registration Statement or any other registration statement contemplated by this Agreement, any preliminary prospectus, free writing prospectus or final prospectus contained therein, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading or arise out of or are based upon a Selling Holder being deemed to be an "underwriter," as defined in Section 2(a)(11) of the Securities Act, in connection with the registration statement in respect of any registration of Parent's securities, and will reimburse each such Selling Holder Indemnified Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Loss or actions or proceedings; *provided*, *however,* that Parent will not be liable in any such case if and to the extent that any such Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in strict conformity with information furnished by such Selling Holder Indemnified Person in writing specifically for use in the Shelf Registration Statement or such other registration statement or any prospectus contained therein or any amendment or supplement thereof. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Selling Holder or any such director, officer or controlling Person, and shall survive the transfer of such securities by such Selling Holder.

(b) *By Each Selling Holder*. Each Selling Holder agrees severally and not jointly to indemnify and hold harmless Parent, its directors and officers, and each Person, if any, who controls Parent within the meaning of the Securities Act or of the Exchange Act against any Losses to the same extent as the foregoing indemnity from Parent to the Selling Holders, but only with respect to information regarding such Selling Holder furnished in writing by or on behalf of such Selling Holder expressly for inclusion in the Shelf Registration Statement or any prospectus contained therein or any amendment or supplement thereof relating to the Registrable Securities; *provided*, *however,* that the liability of each Selling Holder shall not be greater in amount than the dollar amount of the proceeds received by such Selling Holder (net of Selling Expenses) from the sale of the Registrable Securities giving rise to such indemnification.

(c) *Notice*. Promptly after receipt by an indemnified party hereunder of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party hereunder, notify the indemnifying party in writing thereof, but such indemnified party's failure to so notify the indemnifying party shall not relieve the indemnifying party from any liability which it may have to any indemnified party other than under this Section 2.08. The indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 2.08 for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation and of liaison with counsel so selected; *provided*, *however*, that, (i) if the indemnifying party has failed to assume the defense and employ counsel reasonably acceptable to the indemnified party or (ii) if the defendants in any such action include both the indemnified party and the indemnifying party and counsel to the indemnified party shall have concluded that there may be reasonable defenses available to the indemnified party that are different from or additional to those available to the indemnifying party, or if the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, then the indemnified party shall have the right to select a separate counsel and to assume such legal defense and otherwise to participate in the defense of such action, with the reasonable expenses and fees of one such separate counsel (firm) and other reasonable expenses related to such participation to be reimbursed by the indemnifying party as incurred. Notwithstanding any other provision of this Agreement, no indemnified party shall settle any action brought against it with respect to which it is entitled to indemnification hereunder without the consent of the indemnifying party, unless the settlement thereof imposes no liability or obligation on, and includes a complete and unconditional release from all liability of, the indemnifying party.

(d) *Contribution*. If the indemnification provided for in this Section 2.08 is held by a court or government agency of competent jurisdiction to be unavailable to Parent or any Selling Holder or is insufficient to hold it harmless in respect of any Losses, then each such indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses as between Parent, on the one hand, and such Selling Holder, on the other hand, in such proportion as is appropriate

to reflect the relative fault of Parent, on the one hand, and of such Selling Holder, on the other, in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations; *provided*, *however,* that in no event shall such Selling Holder be required to contribute an aggregate amount in excess of the dollar amount of proceeds (net of Selling Expenses) received by such Selling Holder from the sale of Registrable Securities giving rise to such indemnification. The relative fault of Parent, on the one hand, and each Selling Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact has been made by, or relates to, information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the first sentence of this paragraph. The amount paid by an indemnified party as a result of the Losses referred to in the first sentence of this paragraph shall be deemed to include any legal and other expenses reasonably incurred by such indemnified party in connection with investigating or defending any Loss which is the subject of this paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) *Other Indemnification*. The provisions of this Section 2.08 shall be in addition to any other rights to indemnification or contribution which an indemnified party may have pursuant to law, equity, contract or otherwise.

Section 2.09 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC that may permit the sale of the Registrable Securities to the public without registration, Parent agrees to use its reasonable best efforts to:

(a) make and keep public information regarding Parent available, as those terms are understood and defined in Rule 144 (or any successor rule or regulation to Rule 144 then in force) of the Securities Act, at all times from and after the date of this Agreement;

(b) file with the SEC in a timely manner all reports and other documents required of Parent under the Securities Act and the Exchange Act at all times from and after the date of this Agreement;

(c) so long as a Holder owns any Registrable Securities, furnish to such Holder forthwith upon request a copy of the most recent annual or quarterly report of Parent, and such other reports and documents so filed as such Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing such Holder to sell any such securities without registration; and

(d) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable the Holders to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144 (or any successor rule or regulation to Rule 144 then in force) under the Securities Act.

Section 2.10 Transfer or Assignment of Registration Rights. The rights to cause Parent to include Registrable Securities in a Shelf Registration Statement may be transferred or assigned by any Holder to one or more transferee(s) or assignee(s) of such Registrable Securities; *provided* that (a) Parent is given written notice prior to any said transfer or assignment, stating the name and address of each such transferee and identifying the securities with respect to which such registration rights are being transferred or assigned, (b) each such transferee or assignee assumes in writing responsibility for its portion of the obligations of such Holder under this Agreement by executing a Joinder in the form attached hereto as Exhibit A, and (c) unless any such transferee or assignee is (i) an Independence Stockholder or (ii) an affiliate of such Holder or any other Independence Stockholder and after such transfer or assignment continues to be an affiliate of such Holder or any other Independence Stockholder, the amount of Registrable Securities transferred or assigned to such transferee or assignee shall represent at least $10 million of Registrable Securities (determined by multiplying the number of Registrable Securities owned by the Class A Common Stock Price).

Section 2.11 Information by Holder. Any Holder or Holders of Registrable Securities included in any registration statement shall promptly furnish to Parent such information regarding such Holder or Holders and the distribution proposed by such Holder or Holders as Parent may reasonably request and as shall be required in connection with any registration, qualification or compliance referred to herein.

Section 2.12 Limitation on Subsequent Registration Rights. From and after the date of this Agreement, Parent shall not, without the prior written consent of the Holders, enter into any agreement with any current or future holder of any securities of Parent that would allow such current or future holder to require Parent to include securities in any Piggyback Offering by Parent for its own account on a basis that is superior in any material respect to the Piggyback Offering rights granted to the Holders pursuant to Section 2.02 of this Agreement.

## ARTICLE III.
## MISCELLANEOUS

Section 3.01 Communications. All notices and other communications provided for hereunder shall be in writing and shall be given by hand delivery, electronic mail, registered or certified mail, return receipt requested, regular mail, facsimile or air courier guaranteeing overnight delivery to the following addresses:

if to Parent to:

Earthstone Energy, Inc.
1400 Woodloch Forest Drive, Suite 300
The Woodlands, Texas 77380
Attention: Robert J. Anderson, President and Chief Executive Officer
Facsimile: (832) 823-0478
e-mail: robert@earthstoneenergy.com

with a copy to:

Jones & Keller, P.C.
1675 Broadway, 26th Floor
Denver, Colorado 80202
Attention: Reid A. Godbolt
Adam J. Fogoros
Facsimile: (303) 573-8133
e-mail: rgodbolt@joneskeller.com
adamf@joneskeller.com

if to Independence to:

11450 Compaq Center Drive West, Bldg. 10, Suite 470
Houston, Texas 77070
Attention: Chief Executive Officer
Facsimile: (832) 916-2310
e-mail: rod.steward@independenceresources.com

with copies to:

Warburg Pincus LLC
450 Lexington Ave.
New York, New York 10017
Attention:
e-mail: notices@warburgpincus.com

and

Latham & Watkins LLP
811 Main Street, Suite 3700
Houston, Texas 77002
Attention: Jeffrey Munoz
Thomas Brandt
Facsimile: (713) 546-5401
e-mail: jeff.munoz@lw.com
thomas.brandt@lw.com

or, if to (x) an Independence Stockholder, to the address for such Independence Stockholder provided to Parent in accordance with this Section 3.01, and (y) a transferee of a Holder, to the transferee at the addresses provided pursuant to Section 2.10 above. All notices and communications shall be deemed to have been duly given: (i) at the time delivered by hand, if personally delivered; (ii) when notice is sent to the sender that the recipient has read the message, if sent by electronic mail; (iii) upon actual receipt if sent by registered or certified mail, return receipt requested, or regular mail, if mailed; (iv) upon actual receipt if received during recipient's normal business hours, or at the beginning of the recipient's next Business Day if not received

during recipient's normal business hours, if sent by facsimile and confirmed by appropriate answer-back; and (v) upon actual receipt when delivered to an air courier guaranteeing overnight deliver.

Section 3.02 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties, including subsequent Holders of Registrable Securities to the extent permitted herein.

Section 3.03 Assignment of Rights. All or any portion of the rights and obligations of the Holders under this Agreement may be transferred or assigned by the Holders only in accordance with Section 2.10 of this Agreement. Parent may not transfer or assign any portion of its rights and obligations under this Agreement without the prior written consent of the Holders of at least a majority of the outstanding Registrable Securities.

Section 3.04 Recapitalization, Exchanges, etc. Affecting the Class A Common Stock. The provisions of this Agreement shall apply to the full extent set forth herein with respect to any and all shares of capital stock of Parent or any successor or assign of Parent (whether by merger, consolidation, sale of assets or otherwise) which may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, recapitalizations and the like occurring after the date of this Agreement.

Section 3.05 Change of Control. Parent shall not merge, consolidate or combine with any other Person unless the agreement providing for such merger, consolidation or combination expressly provides for the continuation of the registration rights specified in this Agreement with respect to the Registrable Securities or other Equity Securities issued pursuant to such merger, consolidation or combination.

Section 3.06 Specific Performance. Damages in the event of breach of this Agreement by a party hereto may be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each of the parties hereto hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity which such Person may have.

Section 3.07 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature or other electronic means and in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 3.08 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 3.09 Governing Law. This Agreement is governed by and construed and enforced in accordance with the Laws of the State of Delaware, without giving effect to any conflicts of law principles that would result in the application of any Law other than the Law of the State of Delaware.

Section 3.10 Jurisdiction. Each of the parties irrevocably agrees that any legal action or proceeding with respect to this Agreement and the rights and obligations arising hereunder shall be brought and determined exclusively in the Court of Chancery of the State of Delaware or, if such Court does not have subject matter jurisdiction, to the Superior Court of the State of Delaware or, if jurisdiction is vested exclusively in the Federal courts of the United States, the Federal courts of the United States sitting in the State of Delaware, and any appellate court from any such state or Federal court, and hereby irrevocably and unconditionally agree that all claims with respect to any such claim shall be heard and determined in such Delaware court or in such Federal court, as applicable. The parties agree that a final judgment in any such claim is conclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

Section 3.11 WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, EACH PARTY HEREBY IRREVOCABLY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING IN WHOLE OR IN PART UNDER, RELATED TO, BASED ON, OR IN CONNECTION WITH, THIS AGREEMENT OR THE SUBJECT MATTER HEREOF, WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN TORT OR CONTRACT OR OTHERWISE. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 3.11 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

Section 3.12 Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or impairing the validity or enforceability of such provision in any other jurisdiction.

Section 3.13 Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the rights granted by Parent set forth herein. This Agreement and the Purchase Agreement supersede all prior agreements and understandings between the parties with respect to such subject matter.

Section 3.14 Amendment. This Agreement may be amended only by means of a written amendment signed by Parent and the Holders of a majority of the then outstanding Registrable

Securities; *provided*, *however,* that no such amendment shall materially and adversely affect the rights of any Holder hereunder without the consent of such Holder.

Section 3.15 No Presumption. In the event any claim is made by a party relating to any conflict, omission, or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular party or its counsel.

Section 3.16 Obligations Limited to Parties to Agreement. Each of the Parties hereto covenants, agrees and acknowledges that no Person other than the Holders (and their transferees or assignees) and Parent shall have any obligation hereunder and that, notwithstanding that one or more of the Holders may be a corporation, partnership or limited liability company, no recourse under this Agreement shall be had against any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or affiliate of any Holder or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or affiliate of any of the foregoing, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or affiliate of any Holder or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or affiliate of any of the foregoing, as such, for any obligations of a Holder under this Agreement or for any claim based on, in respect of or by reason of such obligation or its creation.

Section 3.17 Independent Nature of Each Holder's Obligations. The obligations of each Holder under this Agreement are several and not joint with the obligations of any other Holder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder under this Agreement. Nothing contained herein, and no action taken by any Holder pursuant thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Holder shall be entitled to independently protect and enforce its rights, including without limitation, the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose.

Section 3.18 Further Assurances. Parent and each of the Holders shall cooperate with each other and shall take such further action and shall execute and deliver such further documents as may be reasonably requested by any other party in order to carry out the provisions and purposes of this Agreement.

**[*Signature page follows*]**

IN WITNESS WHEREOF, the parties hereto execute this Agreement, effective as of the date first above written.

**EARTHSTONE ENERGY, INC.**

By: /s/ Robert J. Anderson
Name: Robert J. Anderson
Title: President and Chief Executive Officer

**INDEPENDENCE RESOURCES HOLDINGS, LLC**

By: /s/ Rodney L. Steward
Name: Rodney L. Steward
Title: Chief Executive Officer

**SCHEDULE 1**

1. Warburg Pincus Private Equity (E&P) XI - A, L.P.
2. Warburg Pincus Energy (E&P) Partners-B IRH, LLC
3. Warburg Pincus XI (E&P) Partners – A, L.P.
4. Warburg Pincus XI (E&P) Partners – B IRH, LLC
5. Warburg Pincus Energy (E&P)-A, L.P.
6. Warburg Pincus Energy (E&P) Partners-A, L.P.
7. WP Energy Partners IRH Holdings, L.P.
8. WP Energy IRH Holdings, L.P.
9. WP IRH Holdings, L.P.

**EXHIBIT A**

**FORM OF JOINDER AGREEMENT**

**[DATE]**

The undersigned hereby absolutely, unconditionally and irrevocably agrees to be bound by the terms and provisions of that certain Registration Rights Agreement, dated as of January 7, 2021, by and among Earthstone Energy, Inc., a Delaware corporation, Independence Resources Holdings, LLC, a Delaware limited liability company, and the Persons identified on Schedule I thereto who become party thereto from time to time (the "Registration Rights Agreement"), and to join in the Registration Rights Agreement as a Independence Stockholder with the same force and effect as if the undersigned were originally a party thereto.

***[Signature Page Follows]***

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement as of [DATE].

_____

Name:

**Exhibit 10.2**

**VOTING AGREEMENT**

This VOTING AGREEMENT (this "Agreement") is dated as of January 7, 2021, by and among Earthstone Energy, Inc., a Delaware corporation ("Earthstone"), Warburg Pincus Private Equity (E&P) XI – A, L.P., a Delaware limited partnership ("WPXI-A"), Warburg Pincus XI (E&P) Partners – A, L.P., a Delaware limited partnership ("WPPXI"), WP IRH Holdings, L.P., a Delaware limited partnership ("WPIRH"), Warburg Pincus XI (E&P) Partners – B IRH, LLC, a Delaware limited liability company ("WPXI-B"), Warburg Pincus Energy (E&P)-A, LP, a Delaware limited partnership ("WPE-A"), Warburg Pincus Energy (E&P) Partners-A, LP, a Delaware limited partnership ("WPEP-A"), Warburg Pincus Energy (E&P) Partners-B IRH, LLC, a Delaware limited liability company ("WPEP-B"), WP Energy Partners IRH Holdings, L.P., a Delaware limited partnership ("WPEPIRH"), and WP Energy IRH Holdings, L.P., a Delaware limited partnership (collectively with WPXI-A, WPPXI, WPIRH, WPXI-B, WPE-A, WPEP-A, WPEP-B and WPEPIRH, the "Warburg Parties"), and EnCap Investments L.P., a Delaware limited partnership ("EnCap" and, collectively with the Warburg Parties, the "Stockholders"). Earthstone, the Warburg Parties and EnCap are sometimes referred to herein individually as a "Party" and collectively as the "Parties". Capitalized terms used and not otherwise defined in this Agreement shall have the respective meanings given to such terms in the Purchase and Sale Agreement (as defined below).

WHEREAS, pursuant to that certain Purchase and Sale Agreement, dated as of December 17, 2020 (the "Purchase and Sale Agreement"), by and among Earthstone, Earthstone Energy Holdings, LLC, a Delaware limited liability company ("EEH"), Independence Resources Holdings, LLC, a Delaware limited liability company ("Independence") and Independence Resources Manager, LLC, a Delaware limited liability company ("Independence Manager"), EEH purchased certain assets of Independence and Independence Manager in exchange for (a) 12,719,594 newly issued shares (the "Primary Shares") of Class A common stock, par value $0.001 per share, of Earthstone ("Class A Common Stock"), and (b) the Cash Consideration (such transaction is referred to as the "Transaction");

WHEREAS, contemporaneously with the closing of the Transaction, Independence purchased, for an amount equal to the Per Share Price, an additional 638,744 shares of Class A Common Stock from certain affiliates of EnCap (the "Additional Shares");

WHEREAS, each of the Stockholders is, as of the execution of this Agreement, the record and/or beneficial owner of that number of shares of (i) Class A Common Stock and (ii) Class B Common Stock, par value $0.001 per share ("Class B Common Stock" and, together with Class A Common Stock, "Common Stock"), of Earthstone, in each case, as set forth opposite such Stockholder's name on Schedule A hereto;

WHEREAS, prior to the Closing, the board of directors of Earthstone (the "Board") was composed of nine directors, including three representatives of EnCap, two members of Earthstone management, three independent directors, and one vacancy entitled to be filled by EnCap;

WHEREAS, the Parties have determined to enter into this Agreement in order to, among other things, provide the Warburg Parties with the right to designate a director and to reflect certain agreements of the Parties with respect to the matters set forth herein.

NOW, THEREFORE, in consideration of the execution and delivery by Earthstone, EEH and Independence of the Purchase and Sale Agreement and the mutual representations, warranties, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Section 1. Representations and Warranties of the Stockholders. As of the date hereof, each of the Stockholders hereby represents and warrants to Earthstone, severally and not jointly, as follows:

(a) Such Stockholder is the beneficial owner (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), and unless otherwise indicated, the record owner of the shares of Common Stock (as may be adjusted from time to time pursuant to Section 4 hereof, the "Shares") set forth opposite such Stockholder's name on Schedule A to this Agreement, and such Shares represent all of the shares of Common Stock beneficially owned by such Stockholder as of the date hereof. For purposes of this Agreement, the term "Shares" shall include any shares of Common Stock issuable to such Stockholder upon exercise or conversion of any existing right, contract, option, or warrant to purchase, or securities convertible into or exchangeable for, Common Stock, as the case may be ("Stockholder Rights"), that are currently exercisable or convertible or become exercisable or convertible and any other shares of Common Stock such Stockholder may acquire or beneficially own during the term of this Agreement.

(b) Such Stockholder has all requisite organizational power and authority to execute and deliver this Agreement and to perform its obligations contemplated hereby. This Agreement has been validly executed and delivered by such Stockholder and, assuming that this Agreement constitutes the legal, valid and binding obligation of Earthstone and the other Parties, constitutes the legal, valid and binding obligation of such Stockholder, enforceable against such Stockholder in accordance with its terms (except insofar as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies).

(c) The execution and delivery of this Agreement by such Stockholder does not, and the performance of this Agreement by such Stockholder will not, (i) conflict with the certificate of formation, certificate of limited partnership, limited liability company agreement, partnership agreement or similar organizational documents of such Stockholder as presently in effect, (ii) conflict with or violate any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to such Stockholder or by which it is bound or affected, (iii) (A) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, (B) give to any other person any rights of termination, amendment, acceleration or cancellation of, or (C) result in the creation of any pledge, claim, lien, charge, encumbrance or security interest of any kind or nature whatsoever upon any of the properties or assets of the

Stockholder under, any agreement, contract, indenture, note or instrument to which such Stockholder is a party or by which it is bound or affected, except for such breaches, defaults or other occurrences that would not prevent or materially delay the performance by such Stockholder of any of such Stockholder's obligations under this Agreement, or (iv) except for applicable requirements, if any, of the Exchange Act, the Securities Act of 1933, as amended (the "Securities Act"), or the New York Stock Exchange (the "NYSE"), require any filing by such Stockholder with, or any permit, authorization, consent or approval of, any governmental or regulatory authority, except where the failure to make such filing or obtain such permit, authorization, consent or approval would not prevent or materially delay the performance by such Stockholder of any of such Stockholder's obligations under this Agreement.

(d) The Shares and any certificates representing the Shares owned by such Stockholder are held by such Stockholder, or by a nominee or custodian for the benefit of such Stockholder, free and clear of all pledges, liens, charges, claims, security interests, proxies, voting trusts or agreements, understandings or arrangements or any other encumbrances whatsoever, except for any such encumbrances or proxies arising hereunder or under applicable federal and state securities laws or under the agreements set forth on Schedule B hereto. Such Stockholder owns of record or beneficially no shares of Common Stock other than such Stockholder's Shares as set forth on Schedule A.

(e) As of the date hereof, neither such Stockholder nor any of its respective properties or assets is subject to any order, writ, judgment, injunction, decree, determination or award that would prevent or delay the consummation of the transactions contemplated hereby.

Section 2. Representations and Warranties of Earthstone. Earthstone hereby represents and warrants to the Stockholders as follows:

(a) Earthstone is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Earthstone has all requisite corporate power and authority to execute and deliver this Agreement, to perform its respective obligations hereunder and to consummate the transactions contemplated hereby, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement. This Agreement has been duly executed and delivered by Earthstone and, assuming that this Agreement constitutes the legal, valid and binding obligation of the other Parties, constitutes the legal, valid and binding obligation of Earthstone, enforceable against Earthstone in accordance with the terms of this Agreement (except insofar as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, or by principles governing the availability of equitable remedies).

(b) The execution and delivery of this Agreement by Earthstone does not, and the performance of this Agreement by Earthstone will not, (i) conflict with the certificate of incorporation or bylaws or similar organizational documents of Earthstone as presently in effect, or that certain Voting Agreement, dated as of May 9, 2017 (as amended), by and among Earthstone and the other parties thereto, (ii) conflict with or violate any judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Earthstone or by which it is bound or affected, (iii) (A) result in any breach of or constitute a default (or an event that with notice or

lapse of time or both would become a default) under, (B) give to any other person any rights of termination, amendment, acceleration or cancellation of, or (C) result in the creation of any pledge, claim, lien, charge, encumbrance or security interest of any kind or nature whatsoever upon any of the properties or assets of Earthstone or any of its subsidiaries under, any agreement, contract, indenture, note or instrument to which Earthstone or any of its subsidiaries is a party or by which Earthstone or any of its subsidiaries is bound or affected, except for such breaches, defaults or other occurrences that would not prevent or materially delay the performance by Earthstone of its obligations under this Agreement, or (iv) except for applicable requirements, if any, of the Exchange Act, the Securities Act or the NYSE, require any filing by Earthstone with, or any permit, authorization, consent or approval of, any governmental or regulatory authority, except where the failure to make such filing or obtain such permit, authorization, consent or approval would not prevent or materially delay the performance by Earthstone of its obligations under this Agreement.

(c) As of the date hereof, none of Earthstone, its subsidiaries or any of their respective properties or assets are subject to any order, writ, judgment, injunction, decree, determination or award that would prevent or delay the consummation of the transactions contemplated hereby.

Section 3. Board Designation Rights. The Stockholders, severally and not jointly, agree as follows:

(a) Subject to the other provisions of this Section 3, commencing on the date hereof, the Warburg Parties shall have the option and right (but not the obligation) to designate one (1) nominee to be nominated by the Company at each applicable annual (or special) meeting of stockholders of the Company (adjusted as appropriate to take into account the classified Board structure) to serve as a director on the Board (the "Designated Director") in accordance with this Section 3. The Designated Director shall in the reasonable determination of the Board or any nominating and governance committee of the Board established from time to time ("Nominating and Governance Committee") (i) be suitable to serve on the Board in accordance with the customary standards of suitability for directors of NYSE-listed companies and (ii) not be prohibited from serving as a director pursuant to any rule or regulation of the U.S. Securities and Exchange Commission or any national securities exchange on which the Class A Common Stock is listed or admitted to trading.

(b) Earthstone, EnCap and the Board shall take all actions necessary or advisable to effect the provisions of Section 3(a), including, effective as of the Closing, validly appointing the director designated by the Warburg Parties in writing to the Board no later than the Closing (the "Initial Director"). The Initial Director shall serve an initial term that will expire no earlier than the annual meeting of the stockholders of the Company (the "Public Stockholders") to be held in 2023.

(c) The Warburg Parties agree (i) upon Earthstone's request, to, and to cause the Designated Director designated by them to, timely provide Earthstone with accurate and complete information relating to such Designated Director as may be required to be disclosed by Earthstone under the Exchange Act and (ii) to cause the Designated Director designated by them

to comply with the Section 16 filing obligations under the Exchange Act. At each applicable election of Directors, the Board shall nominate the Designated Director, which designee must meet the standards set forth in Section 3(a) above, as part of the slate of directors nominated by the Board for election by the Public Stockholders and shall recommend that the Public Stockholders vote for such Designated Director. Additionally, in the event of the resignation, death, or removal (for cause or otherwise) of the Designated Director, the Warburg Parties shall have the right for the ensuing sixty (60) days, subject to the other provisions of this Section 3, to designate in writing furnished to the Board or to the Nominating and Governance Committee, if applicable, the person to be appointed by the Board as the Designated Director to fill the resulting vacancy (subject to such designee meeting the standards set forth in Section 3(a) above).

(d) At all times while a Designated Director is serving as a member of the Board, and following any such Designated Director's death, resignation, removal or other cessation as a Director in such former Designated Director's capacity as a former Director, such Designated Director shall be entitled to all rights to indemnification and exculpation, in each case, as are then made available to any other member of the Board or any former Director, as the case may be. While serving as a Designated Director, such Designated Director shall be entitled to reimbursement for reasonable expenses consistent with Earthstone's policies applicable to other similarly situated Directors. Earthstone shall purchase and maintain (or reimburse the Designated Director for the cost of) insurance ("D&O Insurance"), on behalf of the Designated Director, against any liability that may be asserted against, or expense that may be incurred by, such Designated Director in connection with the activities of Earthstone and its subsidiaries or such Designated Director's activities on behalf of Earthstone and its subsidiaries, regardless of whether Earthstone or any of its subsidiaries would have the power to indemnify such Designated Director against such liability under the provisions of the organizational documents of Earthstone (as they may be amended from time to time). Such D&O Insurance shall provide coverage commensurate with that provided to independent directors of the Board and the Designated Director shall be entitled to all rights to insurance as are then made available to any other member (or former member, as applicable) of the Board by Earthstone and its subsidiaries.

(e) The option and right of the Warburg Parties to appoint a Designated Director under this Section 3 may not be transferred or assigned, in whole or in part, by the Warburg Parties without the prior written consent of Earthstone and the execution by such transferee of a joinder agreement in the form of Exhibit A hereto (a "Joinder"), provided that such option and right may be transferred or assigned, without the consent of Earthstone, to an Affiliate of any of the Warburg Parties so long as such transferee executes a Joinder.

(f) The Warburg Holders shall take all necessary action to cause the Designated Director to resign promptly from the Board if such Designated Director, as determined by the Board in good faith after consultation with outside legal counsel, (i) is prohibited or disqualified from serving as a director of the Company under any rule or regulation of the SEC, NYSE, or by applicable law, (ii) has engaged in acts or omissions constituting a breach of the Designated Director's fiduciary duties to the Company and the Public Stockholders, (iii) has engaged in acts or omissions that involve intentional misconduct or an intentional violation of law or (iv) has

engaged in any transaction involving the Company from which the Designated Director derived an improper personal benefit that was not disclosed to the Board prior to the authorization of such transaction; *provided*, *however*, that the Warburg Parties shall have the right to replace such resigning Designated Director with a new Designated Director, such newly named Designated Director to be appointed promptly to the Board in place of the resigning Designated Director in the manner set forth in the Company's governing documents for filling vacancies on the Board. Nothing in this Section 3(f) or elsewhere in this Agreement shall confer any third-party beneficiary or other rights upon any person designated hereunder as a Designated Director, whether during or after such person's service on the Board.

(g) The Board shall not designate an executive committee or any other committee which has been delegated authority substantially similar to the authority of the Board unless the then serving Designated Director is also appointed as a member of such committee.

Section 4. Additional Covenants of the Stockholders. The Stockholders, severally and not jointly, agree as follows:

(a) *Voting Agreement*: For so long as this Agreement is in effect:

(i) each of the Parties (other than Earthstone) agrees that, provided that Earthstone is not in breach of its obligations under this Agreement (including Section 3), at any meeting of the Public Stockholders, however called, or at any adjournment or postponement thereof, or in connection with any written consent of the Public Stockholders or in any other circumstances upon which a vote, consent or other approval of all or some of the Public Stockholders is sought solely with respect to the matters described in this Section 4, such Party shall vote (or cause to be voted) or execute (or cause to be executed) consents with respect to, as applicable, all of the Common Stock (or other equity securities of Earthstone) owned (beneficially or of record) by such Party (or its Affiliates) as of the applicable record date in favor of (FOR) the election of the persons named in the Company's proxy statement as the Board's nominees for election as Directors, and against any other nominees;

(ii) with respect to any vote of the Public Stockholders held with respect to the matters set forth in Section 4(a), each of the Parties (other than Earthstone) shall, and shall cause its Affiliates which hold shares of Common Stock or other securities of Earthstone on any applicable record date to, appear at such meeting (in person or by proxy) or otherwise cause all of the shares of Common Stock or other securities of Earthstone held by such Party (or such Affiliates) to be counted as present thereat for purposes of establishing a quorum. Any vote required to be cast or consent required to be executed pursuant to this Section 4 shall be cast or executed in accordance with the applicable procedures relating thereto so as to ensure that it is duly counted for purposes of recording the results of that vote or consent; and

(iii) for so long as this Agreement is in effect, such Stockholder shall not, except as contemplated by the terms of this Agreement, take any action that would in any

way restrict, limit or interfere with the performance of his, her or its obligations hereunder or the transactions contemplated hereby.

(b) *Future Sales of Common Stock*. Notwithstanding anything to the contrary in that certain Registration Rights Agreement, dated as of the date hereof, by and among Earthstone, Independence and the persons identified on Schedule I thereto (the "Independence RRA") or that certain Registration Rights Agreement, dated as of May 9, 2017, by and among Earthstone, Bold Energy Holdings, LLC, a Texas limited liability company ("Bold"), and the persons identified on Schedule I thereto (the "EnCap RRA" and, together with the Independence RRA, the "Registration Rights Agreements"):

(i) In the event that one or more Warburg Parties, in their respective capacities as a "Holder" under the Independence RRA (each, an "Independence Holder"), elects to participate in an Underwritten Offering or Overnight Underwritten Offering (as each such term is defined in the Independence RRA) that is for the account of one or more EnCap Holders (as defined below) and the total amount of Class A Common Stock proposed to be included in such Underwritten Offering or Overnight Underwritten Offering exceeds the Maximum Number of Securities (as defined in the Independence RRA for purposes of this Section 4(b)(i)), then the "pro rata allocations" of the Maximum Number of Securities that the Independence Holder(s) and the EnCap Holders will include in such offering will be adjusted such that (A) the EnCap Holders will be entitled to 75% of the Total Sponsor Shares and (B) the Independence Holders will be entitled to 25% of the Total Sponsor Shares.

(ii) In the event that Bold, EnCap Energy Capital Fund VII, L.P. or EnCap Energy Capital Fund IX, L.P., in their respective capacities as a "Holder" under the EnCap RRA (each, an "EnCap Holder"), elects to participate in an Underwritten Offering or Overnight Underwritten Offering (as each such term is defined in the EnCap RRA) that is for the account of one or more Independence Holders and the total amount of Class A Common Stock proposed to be included in such Underwritten Offering or Overnight Underwritten Offering exceeds the Maximum Number of Securities (as defined in the EnCap RRA for purposes of this Section 4(b)(ii)), then the "pro rata allocations" of the Maximum Number of Securities that the EnCap Holders and the Independence Holders will include in such offering will be adjusted such that (A) the Independence Holders will be entitled to 75% of the Total Sponsor Shares and (B) the EnCap Holders will be entitled to 25% of the Total Sponsor Shares.

(iii) In the event that both (A) one or more Independence Holders, on the one hand, and (B) one or more EnCap Holders, on the other hand, elect to participate in an Underwritten Offering or Overnight Underwritten Offering (as each such term is defined in the applicable Registration Rights Agreement) that is for the account of Earthstone or a Person other than the EnCap Holders or the Independence Holders and the total amount of Class A Common Stock proposed to be included in such Underwritten Offering or Overnight Underwritten Offering exceeds the Maximum Number of Securities (as defined in the applicable Registration Rights Agreement), then the Total Sponsor Shares

that will be allocated to the EnCap Holders and the Independence Holders pursuant to the Registration Rights Agreements will be based on each such holder's respective proportionate share of the Class A Common Stock proposed to be offered by such holder in such offering compared to the total number of shares proposed to be included by all of the EnCap Holders and Independence Holders in such offering.

(iv) Notwithstanding subsections (i) through (iii) above, the Total Sponsor shares in any applicable offering may be allocated in any different manner as mutually agreed by the EnCap Holders and the Independence Holders.

(v) For purposes of this Section 4(b), "Total Sponsor Shares" means, with respect to any Underwritten Offering or Overnight Underwritten Offering (as such terms are defined in the applicable Registration Rights Agreement), the total number of the Maximum Number of Securities (as defined in the applicable Registration Rights Agreement) that may be included by the Independence Holders and the EnCap Holders in such offering.

Section 5. Additional Covenants of Earthstone. Earthstone agrees as follows:

(a) Contemporaneously with the execution of this Agreement, the Board has duly approved resolutions (the "Board Resolution") (i) renouncing any interest or expectancy of Earthstone in, or in being offered an opportunity to participate in, any business opportunities that are presented to the Designated Director or to any of the Warburg Parties or any of their respective Affiliates (the "Warburg Entities"), (ii) waiving any obligation on the part of any Designated Director to present any such business opportunity to Earthstone, in each case pursuant to Section 122(17) of the Delaware General Corporation Law and (iii) approving an amendment to the Code of Business Conduct and Ethics of Earthstone to include the Warburg Parties and their respective Affiliates as "Investor Parties" thereunder. For the avoidance of doubt, the Warburg Entities and the Designated Director shall be entitled to and may have business interests and engage in business activities in addition to those relating to Earthstone and its subsidiaries, including business interests and activities in direct competition with Earthstone and its subsidiaries. Neither Earthstone nor any of its subsidiaries shall have any rights by virtue of this Agreement in any business ventures of any Warburg Entity or any Designated Director. For so long as this Agreement is in effect, Earthstone shall not, and shall not permit the Board to, rescind or retract the Board Resolution, or take any other action that would reduce or eliminate the renunciation or waivers included in the Board Resolution with respect to the Warburg Entities or the Designated Director or to which "Investor Parties" are entitled under Earthstone's Code of Business Conduct and Ethics.

(b) For so long as this Agreement is in effect, without the prior written approval of the Warburg Parties, Earthstone shall not, and shall cause each of its subsidiaries (including EEH) not to, amend or modify any organizational documents of Earthstone or any of its subsidiaries in a way that materially, adversely and disproportionately affects the rights or privileges of the Warburg Parties or any of their respective Affiliates that owns Common Stock or other equity interests in Earthstone in relation to any other owner of equity interests of Earthstone or any of its subsidiaries.

Section 6. Adjustments Upon Share Issuances, Changes in Capitalization. In the event of any change in Common Stock or in the number of outstanding shares of Common Stock by reason of a stock dividend, subdivision, reclassification, recapitalization, split, combination, exchange of shares or other similar event or transaction or any other change in the corporate or capital structure of Earthstone (including, without limitation, the declaration or payment of an extraordinary dividend of cash, securities or other property), and consequently the number of Shares changes or is otherwise adjusted, this Agreement and the obligations hereunder shall attach to any additional shares of Common Stock, stockholder rights or other securities or rights of Earthstone issued to or acquired by Stockholders.

Section 7. Further Assurances. Each Stockholder will, from time to time, execute and deliver, or cause to be executed and delivered, such additional or further endorsements, consents and other instruments as Earthstone may reasonably request for the purpose of effectively carrying out the transactions contemplated by this Agreement.

Section 8. Termination. This Agreement, and all rights and obligations of the Parties, shall terminate upon the earliest to occur of (a) the first date on which the Warburg Parties collectively beneficially own less than 8% of Earthstone's outstanding Class A Common Stock; (b) the first date on which the Warburg Parties collectively beneficially own less than 10% of Earthstone's outstanding Class A Common Stock as a result of a sale by the Warburg Parties of shares of Class A Common Stock (other than sales or transfers to one or more Affiliates of any of the Warburg Parties); and (c) the date on which the Warburg Parties deliver written notice to each of the other Parties terminating this Agreement in its entirety with respect to the Warburg Parties. Notwithstanding the foregoing, Section 10 hereof shall survive any termination of this Agreement.

Section 9. Action in Stockholder Capacity Only. Each Stockholder signs solely in its capacity as the record holder or beneficial owner of, or as the trustee of a trust whose beneficiaries are the beneficial owners of, such Stockholder's Shares and nothing herein shall limit or affect any actions or omissions taken by or fiduciary duties of, a Stockholder or any of its affiliates, in such Stockholder's capacity as an officer or director of Earthstone to the extent permitted by applicable law.

Section 10. Miscellaneous.

(a) *Assignment*. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties without the prior written consent of the other Parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

(b) *Expenses*. All costs and expenses incurred in connection with this Agreement and the transactions contemplated thereby shall be paid by the Party incurring such expenses.

(c) *Amendments*. This Agreement may not be amended except by Earthstone and all Stockholders by an instrument in writing signed by Earthstone and the Stockholders and in compliance with applicable law.

(d) *Notice*. All notices and other communications hereunder shall be in writing and shall be deemed duly given if delivered personally, mailed by registered or certified mail (return receipt requested), delivered by Federal Express or other nationally recognized overnight courier service or sent via facsimile to the Parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(i) if to any of the Warburg Parties, to the address set forth under the name of such Warburg Party on Schedule A hereto with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
811 Main Street, Suite 3700
Houston, Texas 77002
Attention: Jeff Munoz
Thomas Brandt

Facsimile: (713) 546-5401
Email: jeff.munoz@lw.com
thomas.brandt@lw.com

(ii) if to EnCap, to the address set forth under the name of EnCap on Schedule A hereto with a copy (which shall not constitute notice) to:

Vinson & Elkins L.L.P.
1001 Fannin Street
Suite 2500
Houston, Texas 77002
Attention: Matt Strock
Facsimile: (713) 615-5650
Email: mstrock@velaw.com

(iii) if to Earthstone:

Earthstone Energy, Inc.

1400 Woodloch Forest Drive, Suite 300
The Woodlands, Texas 77380
Attention: Robert J. Anderson
Facsimile: (832) 823-0478
Email: robert@earthstoneenergy.com

with a copy (which shall not constitute notice) to:

Jones & Keller, P.C.
1675 Broadway, 26th Floor
Denver, CO 80202

Attention: Reid A. Godbolt
Adam J. Fogoros
Facsimile: (303) 573-8133
Email: rgodbolt@joneskeller.com
adamf@joneskeller.com

(e) *Interpretation*. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. In this Agreement, unless a contrary intention appears, (i) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision and (ii) reference to any Section means such Section hereof. No provision of this Agreement shall be interpreted or construed against any Party solely because such Party or its legal representative drafted such provision.

(f) *Counterparts*. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall be considered one and the same agreement. Delivery of an executed counterpart signature page of this Agreement by facsimile or by e-mail of a PDF document is as effective as executing and delivering this Agreement in the presence of the other Parties.

(g) *Entire Agreement*. This Agreement constitutes the entire agreement of the Parties and supersedes all prior agreements and undertakings, both written and oral, among the Parties, or between any of them, with respect to the subject matter hereof, and except as otherwise expressly provided herein, is not intended to confer upon any other person any rights or remedies hereunder.

(h) *Governing Law; Consent to Jurisdiction; Waiver of Trial by Jury*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to laws that may be applicable under conflicts of laws principles. Each of the Parties irrevocably and unconditionally (i) agrees that any suit, action or other legal proceeding arising out of or relating to this Agreement or any of the agreements delivered in connection herewith or the transactions contemplated hereby or thereby shall be brought in the state courts of the State of Delaware (or, if such courts do not have jurisdiction or do not accept jurisdiction, in the United States District Court located in the State of Delaware), (ii) consents to the jurisdiction of any such court in any such suit, action or proceeding, and (iii) waives any objection that such Party may have to the laying of venue of any such suit, action or proceeding in any such court. Each of the Parties agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each Party irrevocably consents to service of process in the manner provided for notices in Section 10(d). Nothing in this Agreement will affect the right of any Party to serve process in any other manner permitted by law.

**EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE**

**TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (B) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (C) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (D) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10(h).**

(i) *Specific Performance*. The Parties agree that irreparable damage may occur in the event that any provision of this Agreement is not performed in accordance with the terms of this Agreement and that each Party shall be entitled to seek specific performance of the terms of this Agreement without the posting of any bond or security in addition to any other remedy at law or equity.

(j) *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

(k) *Several Liability*. Each Party enters into this Agreement solely on its own behalf, each such Party shall solely be severally liable for any breaches of this Agreement by such Party and in no event shall any Party be liable for breaches of this Agreement by any other Party.

(l) *Non-Recourse*. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, agent, attorney, representative or affiliate of any Stockholder hereto or of any of their respective affiliates shall have any liability (whether in contract or in tort) for any obligations or liabilities of such party arising under, in connection with or related to this Agreement or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby; *provided*, *however*, that nothing in this Section 10(l) shall limit any liability of any Stockholder hereto for its breaches of the terms and conditions of this Agreement.

(m) *Ownership Interest*. Nothing contained in this Agreement shall be deemed to vest in Earthstone any direct or indirect ownership or incidence of ownership of or with respect to any Stockholder's Shares. All rights, ownership and economic benefits of and relating to each Stockholder's Shares shall remain vested in and belong to such Stockholder, and Earthstone shall have no authority to direct any Stockholder in the voting or disposition of any of such Stockholder's Shares, except as otherwise provided in this Agreement.

(n) *Waiver*. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by applicable law.

(o) *Director Resignation*. Upon termination of this Agreement, the Warburg Parties shall take all necessary action to cause the Designated Director to offer to promptly tender his or her resignation.

***[Signature Pages Follow]***

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be signed by its officer thereunto duly authorized, all as of the date first written above.

**EARTHSTONE:**

EARTHSTONE ENERGY, INC.

By: /s/ Robert J. Anderson
Name: Robert J. Anderson
Title: President and Chief Executive Officer

## WARBURG PARTIES:

**WARBURG PINCUS PRIVATE EQUITY (E&P) XI - A, L.P.**

By: Warburg Pincus (E&P) XI, L.P.,
its general partner

By: Warburg Pincus (E&P) XI LLC,
its general partner

By: Warburg Pincus Partners (E&P) XI LLC,
its sole member

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS XI (E&P) PARTNERS - A, L.P.**

By: Warburg Pincus (E&P) XI, L.P.,
its general partner

By: Warburg Pincus (E&P) XI LLC,
its general partner

By: Warburg Pincus Partners (E&P) XI LLC,
its sole member

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS ENERGY (E&P) PARTNERS-B IRH, LLC**

By: Warburg Pincus Energy (E&P) Partners-B, L.P.,
its managing member

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS XI (E&P) PARTNERS - B IRH, LLC**

By: Warburg Pincus XI (E&P) Partners - B, L.P.,
its managing member

By: Warburg Pincus (E&P) XI, L.P.,
its general partner

By: Warburg Pincus (E&P) XI LLC,
its general partner

By: Warburg Pincus Partners (E&P) XI LLC,
its sole member

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS ENERGY (E&P)-A, L.P.**

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS ENERGY (E&P) PARTNERS-A, L.P.**

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WP ENERGY PARTNERS IRH HOLDINGS, L.P.**

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WP ENERGY IRH HOLDINGS, L.P.**

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WP IRH HOLDINGS, L.P.**

By: Warburg Pincus (E&P) XI, L.P.,
its general partner

By: Warburg Pincus (E&P) XI LLC,
its general partner

By: Warburg Pincus Partners (E&P) XI LLC,
its sole member

By: Warburg Pincus Partners II (US), L.P.,
its managing member

By: Warburg Pincus & Company US, LLC,
its general partner

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**ENCAP:**

ENCAP INVESTMENTS, L.P.

By: EnCap Investments GP, L.L.C.,
its general partner

By: /s/ Craig Friou
Name: Craig Friou
Title: Chief Financial Officer

SCHEDULE A

OWNERSHIP OF SHARES

| Name and Address of Stockholder | Number of Shares of Class A Common Stock Beneficially Owned | Number of Shares of Class B Common Stock Beneficially Owned |
|---|---|---|
| **EnCap Investments L.P.**<br>1100 Louisiana Street, Suite 4900<br>Houston, Texas 77002 | 4,611,808 | 33,956,524 |
| **Warburg Pincus Private Equity (E&P) XI - A, L.P.**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 2,123,393 | -0- |
| **Warburg Pincus XI (E&P) Partners – A, L.P.**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 163,270 | -0- |
| **WP IRH Holdings, L.P.**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 2,068,675 | -0- |
| **Warburg Pincus XI (E&P) Partners – B IRH, LLC**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 57,365 | -0- |
| **Warburg Pincus Energy (E&P)-A, L.P.**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 4,982,825 | -0- |
| **Warburg Pincus Energy (E&P) Partners-A, L.P.**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 300,946 | -0- |
| **Warburg Pincus Energy (E&P) Partners-B IRH, LLC**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 101,492 | -0- |
| **WP Energy Partners IRH Holdings, L.P.**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 260,350 | -0- |
| **WP Energy IRH Holdings, L.P.**<br>c/o Warburg Pincus LLC<br>450 Lexington Ave.<br>New York, New York 10017 | 3,179,794 | -0- |

SCHEDULE B

LIST OF AGREEMENTS

Voting Agreement, dated as of May 9, 2017, by and among Earthstone, EnCap, Oak Valley Resources, LLC and Bold Energy Holdings, LLC ("Bold"), as amended by that certain First Amendment to the Voting Agreement, dated as of April 22, 2020, by and among Earthstone, EnCap and Bold.

Lock-up Agreement, dated as of January 7, 2021, among Earthstone Energy, Inc., Warburg Pincus Private Equity (E&P) XI - A, L.P., Warburg Pincus Energy (E&P) Partners-B IRH, LLC, Warburg Pincus XI (E&P) Partners – A, L.P., Warburg Pincus XI (E&P) Partners – B IRH, LLC, Warburg Pincus Energy (E&P)-A, L.P., Warburg Pincus Energy (E&P) Partners-A, L.P., WP Energy Partners IRH Holdings, L.P., WP Energy IRH Holdings, L.P. and WP IRH Holdings, L.P.

**EXHIBIT A**

**FORM OF JOINDER AGREEMENT**
**[DATE]**

The undersigned hereby absolutely, unconditionally and irrevocably agrees to be bound by the terms and provisions of that certain Voting Agreement, dated as of January 7, 2021, by and among Earthstone Energy, Inc., a Delaware corporation, Warburg Pincus Private Equity (E&P) XI – A, L.P., a Delaware limited partnership, Warburg Pincus XI (E&P) Partners – A, L.P., a Delaware limited partnership, WP IRH Holdings, L.P., a Delaware limited partnership, Warburg Pincus XI (E&P) Partners – B IRH, LLC, a Delaware limited liability company, Warburg Pincus Energy (E&P)-A, LP, a Delaware limited partnership, Warburg Pincus Energy (E&P) Partners-A, LP, a Delaware limited partnership, Warburg Pincus Energy (E&P) Partners-B IRH, LLC, a Delaware limited liability company, WP Energy Partners IRH Holdings, L.P., a Delaware limited partnership, WP Energy IRH Holdings, L.P., a Delaware limited partnership, and EnCap Investments L.P., a Delaware limited partnership (the "Voting Agreement"), and to join in the Voting Agreement as a Stockholder (as defined in the Voting Agreement) with the same force and effect as if the undersigned were originally a party thereto.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement as of [DATE].

Name:

**Exhibit 10.3**

**LOCK-UP AGREEMENT**

January 7, 2021

Earthstone Energy, Inc.
1400 Woodloch Forest Drive, Suite 300
The Woodlands, Texas 77380

Ladies and Gentlemen:

This agreement is being delivered to Earthstone Energy, Inc., a Delaware corporation ("Earthstone"), in connection with the consummation of the transactions contemplated by that certain Purchase and Sale Agreement, dated as of December 17, 2020 (the "Purchase Agreement"), by and among Independence Resources Holdings, LLC ("Independence"), Independence Resources Manager, LLC, Earthstone and Earthstone Energy Holdings, LLC. Capitalized terms not defined herein shall have the meanings set forth in the Purchase Agreement.

In order to induce Earthstone to consummate the transactions contemplated by the Purchase Agreement, and in light of the benefits that the Purchase Agreement will confer upon each of the undersigned (each, an "Investor") in its capacity as a securityholder of Independence, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Investor agrees with Earthstone that, during the period beginning on and including the Closing Date through and including the date that is the 120th day after the Closing Date (the "Lock-Up Period"), such Investor will not, without the prior written consent of Earthstone, directly or indirectly:

(i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of any shares of Class A common stock, par value $0.001 per share of Earthstone (the "Class A Common Stock"), or any other class of Earthstone capital stock (collectively, "Capital Stock") or any other securities convertible into or exercisable or exchangeable for any Capital Stock, whether now owned or hereafter acquired by such Investor during the Lock-Up Period or with respect to which such Investor has or hereafter acquires the power of disposition during the Lock-Up Period, or

(ii) enter into any swap or other agreement, arrangement or transaction that transfers to another, in whole or in part, directly or indirectly, any of the economic consequence of ownership of any Capital Stock or any securities convertible into or exercisable or exchangeable for any Capital Stock (the actions specified in clauses (i) and (ii), collectively, "Transfers"), whether any transaction described in clause (i) or (ii) above is to be settled by delivery of any Capital Stock, other securities, in cash or otherwise; *provided, however,* that the restrictions in the foregoing clauses (i) and (ii) shall not apply to:

(a) in the case of an entity, Transfers to a stockholder, partner, member or affiliate of such entity, including by virtue of the laws of the state of the entity's organization and the entity's organizational documents upon dissolution of the entity or otherwise;

(b) the entry by such Investor into any trading plan providing for the sale of Class A Common Stock by such Investor, which trading plan meets the requirements of Rule 10b-5 under the Securities Exchange Act of 1934, as amended, provided that such plan does not provide for, or permit, the sale of any Class A Common Stock during the Lock-Up Period and no public announcement or filing is voluntarily made or required regarding during such plan during the Lock-Up Period;

(c) Transfers or other transactions in the event of a liquidation, merger, equity exchange or other similar transaction which results in Earthstone's securityholders having the right to exchange their Capital Stock for cash, securities or other property; or

(d) Transfers of Class A Common Stock pursuant to Section 2.02 of that certain Registration Rights Agreement, dated of even date herewith, by and among Earthstone, Independence and the persons identified on Schedule I thereto who may become a party to the agreement from time to time (the "Registration Rights Agreement") in the event of Transfers of Class A Common Stock in an underwritten offering by any of Bold Energy Holdings, LLC ("Bold"), EnCap Energy Capital Fund VII, L.P., EnCap Energy Capital Fund IX, L.P., or any of their respective Affiliates;

*provided, however,* that in the case of clauses (a) and (b), the applicable transferees must enter into a written agreement, in substantially the form of this agreement, agreeing to be bound by these Transfer restrictions until the expiration of the Lock-Up Period. For purposes of the foregoing, the term "affiliate" shall have the meaning set forth in Rule 405 under the Securities Act of 1933, as amended (the "Securities Act").

Any Class A Common Stock acquired by any Investor in the open market after the date hereof will not be subject to the restrictions set forth in this agreement.

Furthermore, nothing in this agreement shall prohibit any Investor from receiving shares of Capital Stock by reason of a stock dividend, reclassification, recapitalization, split, combination, exchange of shares or similar event or transaction, and any such shares received will also be subject to the terms of this agreement.

Each Investor further agrees that (i) it will not, during the Lock-Up Period make any demand for or exercise any right with respect to the registration under the Securities Act of any shares of any Capital Stock or any securities convertible into or exercisable or exchangeable for any Capital Stock, and (ii) Earthstone may, with respect to any Capital Stock or any securities convertible into or exercisable or exchangeable for any Capital Stock owned or held (of record or beneficially) by any Investor that is subject to the restrictions set forth in this agreement, cause the transfer agent or other registrar to enter stop transfer instructions and implement stop transfer

procedures with respect to such securities during the Lock-Up Period; *provided, however,* that nothing in the foregoing shall (x) reduce or eliminate Earthstone's obligations with respect to the preparation and filing of a registration statement under the Securities Act pursuant to Section 2.01 of the Registration Rights Agreement, or (y) prevent any Investor from exercising any rights it may have under the Registration Rights Agreement, provided that, except as otherwise provided pursuant to clause (d) above, no Investor Transfers any Capital Stock during the Lock-Up Period.

Each Investor hereby represents and warrants that such Investor has full power and authority to enter into this agreement and that this agreement has been duly authorized, executed and delivered by such Investor and is a valid and binding agreement of such Investor. This agreement and all authority herein conferred are irrevocable and shall be binding upon the applicable successors and assigns of each Investor.

This agreement and all related proceedings shall be governed by and construed in accordance with the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the State of Delaware. THE PARTIES HERETO EACH HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. THE PARTIES HERETO EACH HEREBY AGREE AND CONSENT THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES HERETO MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

This agreement may be executed by facsimile or electronic (i.e., PDF) transmission, which is deemed an original.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the undersigned has executed and delivered this agreement as of the date first set forth above.

Yours very truly,

**WARBURG PINCUS PRIVATE EQUITY (E&P) XI - A, L.P.**

By: Warburg Pincus (E&P) XI, L.P.,
its general partner

By: Warburg Pincus (E&P) XI LLC,
its general partner

By: Warburg Pincus Partners (E&P) XI LLC,
its sole member

By: Warburg Pincus & Company US, LLC,
its sole member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS ENERGY (E&P) PARTNERS-B IRH, LLC**

By: Warburg Pincus Energy (E&P) Partners-B, L.P.,
its sole member

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus & Company US, LLC,
its managing member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS XI (E&P) PARTNERS - A, L.P.**

By: Warburg Pincus (E&P) XI, L.P.,
its general partner

By: Warburg Pincus (E&P) XI LLC,
its general partner

By: Warburg Pincus Partners (E&P) XI LLC,
its sole member

By: Warburg Pincus & Company US, LLC,
its sole member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS XI (E&P) PARTNERS - B IRH, LLC**

By: Warburg Pincus Energy (E&P) Partners - B, L.P.,
its sole member

By: Warburg Pincus (E&P) XI, L.P.,
its general partner

By: Warburg Pincus (E&P) XI LLC,
its general partner

By: Warburg Pincus Partners (E&P) XI LLC,
its sole member

By: Warburg Pincus & Company US, LLC,
its sole member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS ENERGY (E&P)-A, L.P.**

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus & Company US, LLC,
its managing member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WARBURG PINCUS ENERGY (E&P) PARTNERS-A, L.P.**

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus & Company US, LLC,
its managing member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WP ENERGY PARTNERS IRH HOLDINGS, L.P.**

By: Warburg Pincus (E&P) Energy GP, L.P.,
its general partner

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus & Company US, LLC,
its managing member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WP ENERGY IRH HOLDINGS, L.P.**

By: Warburg Pincus (E&P) Energy GP, L.P.,
its sole member

By: Warburg Pincus (E&P) Energy LLC,
its general partner

By: Warburg Pincus & Company US, LLC,
its managing member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**WP IRH HOLDINGS, L.P.**

By: Warburg Pincus (E&P) XI, L.P.,
its general partner

By: Warburg Pincus (E&P) XI LLC,
its general partner

By: Warburg Pincus Partners (E&P) XI LLC,
its sole member

By: Warburg Pincus & Company US, LLC,
its sole member

By: /s/ Steven G. Glenn
Name: Steven G. Glenn
Title: Authorized Signatory

**Agreed and Acknowledged:**

Earthstone Energy, Inc.

By: /s/ Robert J. Anderson
Name: Robert J. Anderson
Title: President and Chief Executive Officer

**CODE OF BUSINESS CONDUCT AND ETHICS**

## I. INTRODUCTION

Set forth herein is the Code of Business Conduct and Ethics (this "Code") adopted by Earthstone Energy, Inc. ("Earthstone" or the "Company"). This Code provides Earthstone's principles and standards of conduct to guide all directors, officers and employees of Earthstone in our goal to achieve the highest business and personal ethical standards as well as compliance with the laws, rules and regulations that apply to our business. All of our directors, officers and employees are required to conduct themselves accordingly in every aspect of our business and seek to avoid even the appearance of improper behavior.

This Code is designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with the Securities and Exchange Commission (the "SEC") and in other public communications;
- Compliance with applicable governmental laws, rules and regulations;
- Prompt internal reporting of violations of this Code; and
- Accountability for adherence to this Code.

## II. CONFLICTS OF INTEREST

A conflict of interest exists when an individual's private interest interferes in any way, or even appears to interfere, with the interests of the Company as a whole. A conflict situation can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest also arise when a director, officer or employee, or members of his or her family, receives improper personal benefits as a result of his or her position with Earthstone.

No director, officer or employee may seek or accept from the Company any credit, an extension of credit or the arrangement of an extension of credit in the form of a personal loan.

A conflict of interest may arise for a director, officer or employee of the Company in a situation where such director, officer or employee has an interest in, accepts employment with, becomes involved with, or otherwise works for, any customer,

supplier, vendor, contractor or competitor of Earthstone (except for an investment in publicly traded securities where such individual does not have the ability to influence or direct policies or management of such customer, supplier, vendor, contractor or competitor), including serving as a director of any customer, supplier, vendor, contractor or competitor of Earthstone. In such instances, the director, officer or employee should report such situation, in advance, to the appropriate internal personnel for analysis.

Directors, officers and employees should avoid situations that could be construed as a conflict of interest. Such situations, whether actual conflicts or not, give rise to concerns on the part of shareholders, analysts, the general public and other officers, directors and employees.

Any director, officer or employee who becomes aware of a conflict or a potential conflict should bring it to the attention of a supervisor, manager or other appropriate personnel or follow the procedures described in Section XII of this Code.

**III. INSIDER TRADING**

Directors, officers and employees of Earthstone who have access to confidential information are not permitted to use or share that information for stock trading purposes or for any other purpose except the conduct of our business. All non-public information about the Company should be considered confidential information. To use non-public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal.

**IV. CORPORATE OPPORTUNITIES**

Except as set forth below in this Section IV, without the written consent of the Earthstone Board of Directors, directors, officers and employees are prohibited from taking for themselves an opportunity that is (a) a potential transaction or matter that may be an investment or business opportunity or prospective economic or competitive advantage in which the Company could reasonably have an interest or expectancy or (b) discovered through the use of corporate property, information or position. No director, officer or employee may use corporate property, information, or position for personal gain or competing with the Company directly or indirectly. Directors, officers and employees owe a duty to advance the legitimate interests of the Company when the opportunity to do so arises.

The members of the Earthstone Board of Directors employed by EnCap Investments L.P., Warburg Pincus, LLC or their affiliates (together, the “Investor Parties”), their affiliates and respective agents, shareholders, members, partners, officers, directors and employees, including any director or officer of the Company who is also a shareholder, member, partner, officer, director, or employee of any member of the

Investor Parties, have participated (directly or indirectly) in and may, and shall have no duty not to, continue to (x) participate (directly or indirectly) in venture capital and other direct investments in corporations, joint ventures, limited liability companies and other entities conducting business of any kind, nature or description ("Other Investments") and (y) have interests in, participate with, aid and maintain seats on the boards of directors or similar governing bodies of Other Investments, in each case that may, are or will be competitive with the business of the Company and its subsidiaries or in the same or similar lines of business as the Company and its subsidiaries, or that could be suitable for the Company or its subsidiaries.

To the fullest extent permitted by applicable law, the Company, on behalf of itself and its subsidiaries, renounces any interest or expectancy of the Company and its subsidiaries in, or in being offered an opportunity to participate in, any such Other Investment or any business opportunities for such Other Investments that are from time to time presented to any Investor Party or are business opportunities in which an Investor Party participates or desires to participate, even if the Other Investment or business opportunity is one that the Company or its subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so, and each such Investor Party shall have no duty to communicate or offer any such Other Investment or business opportunity to the Company.

**V. COMPETITION AND FAIR DEALING**

We seek to outperform our competition fairly and honestly. We seek competitive advantages through superior performance, never through unethical or illegal business practices. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent, or inducing such disclosures by past or present employees of other companies is prohibited. No director, officer or employee of Earthstone shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

The purpose of business entertainment and gifts in a commercial setting is to create good will and sound working relationships, not to gain unfair advantage with customers. No gift or entertainment should ever be offered, given, provided or accepted by any Company director, officer, employee, family member of any of the foregoing or agent unless it:

- Is not a cash gift;
- Is consistent with customary business practices;
- Is not excessive in value;
- Cannot be construed as a bribe or payoff; and
- Does not violate any laws or regulations.

## VI. DISCRIMINATION AND HARASSMENT

The Company is firmly committed to providing equal employment opportunity to qualified individuals regardless of race, color, religion, gender, age, national origin, citizenship status, sexual orientation, disability, military service or reserve or veteran status, marital status, or other protected status. Earthstone will not tolerate illegal discrimination or harassment of any kind. Examples of harassment include derogatory comments based on racial or ethnic characteristics and unwelcome conduct of a sexual nature. All of our employees deserve a work environment where they will be respected and the Company is committed to providing an environment that supports honesty, integrity, respect, trust and responsibility.

## VII. RECORD-KEEPING

Earthstone requires honest and accurate recording and reporting of information in order to make responsible business decisions.

Reimbursable expenses incurred by directors, officers and employees must be documented and recorded accurately. No one should rationalize or even consider misrepresenting facts or falsifying records.

All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect Earthstone's transactions, and must conform both to applicable legal requirements and to the Company's system of internal controls and generally accepted accounting principles.

Business records and communications often become public, and we should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Records should always be retained or destroyed according to Earthstone's record retention policies.

## VIII. FINANCIAL REPORTING AND DISCLOSURE

All transactions involving Earthstone and its subsidiaries must be documented, in reasonable detail, and accounted for on the books and records of the Company in accordance with generally accepted accounting principles and applicable laws and regulations. Earthstone's Principal Accounting Officer is responsible for establishing and maintaining accounting policies and procedures, disclosure controls and internal control standards, and the requirements for financial reporting to the Company's Management and others.

**IX. CONFIDENTIALITY**

Directors, officers and employees must safeguard the confidentiality of confidential information entrusted to them by the Company or its customers, except when disclosure is required by laws or regulations. Confidential information includes all non-public information that might be of use to competitors, or harmful to Earthstone or its customers, if disclosed. The obligation to preserve confidential information continues even after employment ends.

**X. PROTECTION AND PROPER USE OF THE COMPANY ASSETS**

All directors, officers and employees should endeavor to protect the Company's assets, including funds, property, electronic communications systems, information resources, data, facilities, equipment and supplies, and ensure their efficient use. Theft, carelessness and waste have a direct impact on Earthstone's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation pursuant to Section XII of this Code. Company assets should be used for legitimate Company purposes.

The obligation of directors, officers and employees to protect Earthstone's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, software programs, as well as business, marketing and service plans, designs, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information is a violation of Company policy and this Code. It could also be illegal and result in civil or criminal penalties.

**XI. IMPROPER INFLUENCE ON CONDUCT OF AUDITS**

No director, officer or employee of the Company shall take any action (e.g., offering or paying bribes or other financial incentives, providing inaccurate or misleading legal analysis, blackmailing, and making physical threats) or make any false, misleading or inaccurate oral or written statement to fraudulently influence, coerce, manipulate or mislead an independent auditor engaged in the performance of an audit of the Company's financial statements for the purpose of rendering the financial statements materially misleading. This standard shall also include improper influence with respect to preparation of Earthstone's oil and gas reserves by an independent petroleum engineering firm.

**XII. REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR**

Earthstone encourages and promotes ethical behavior. Directors, officers and employees are encouraged to promptly discuss with, or otherwise disclose to, their

supervisors, managers or other appropriate personnel any observed or suspected violations of laws, rules, regulations or this Code.

Reporting of violations will remain confidential to the degree possible. The Company does not permit retaliation of any kind against employees for good faith reports of ethical violations or misconduct. No employee of the Company may be discharged, demoted, suspended, threatened, harassed or in any other manner be discriminated against in the terms and conditions of their employment because of reporting or aiding in the investigation of violations of laws, rules, regulations or this Code. Directors, officers and employees are expected to cooperate in internal investigations of misconduct.

For the avoidance of doubt, nothing in this Code is to be interpreted or applied in any way that prohibits, restricts or interferes with an employee's (a) exercise of rights provided under, or participation in, "whistleblower" programs of the SEC or any other applicable regulatory agency or governmental entity (each, a "Government Body"), or (b) good faith reporting of possible violations of applicable law to any Government Body, including cooperating with a Government Body in any governmental investigation regarding possible violations of applicable law.

**XIII. VIOLATIONS OF THE CODE AND DISCIPLINARY ACTION**

Every director, officer and employee of the Company has a duty to adhere to this Code. If a law conflicts with a policy in this Code, you must comply with the law. Any individual who violates the standards in this Code is subject to disciplinary action, up to and including termination, or in the case of a director a request for resignation, and civil and criminal prosecution, if appropriate. Earthstone will promptly and properly document all reasons for disciplinary actions taken against its directors, officers and employees for violations of this Code.

**XIV. WAIVERS OF THE CODE**

Any waiver of this Code for directors or executive officers of Earthstone may be made only by the Company's Board of Directors and will be promptly disclosed if and as required by law, including the rules and regulations of the SEC, and the listing requirements of any applicable stock exchange.

**Exhibit 99.1**


# Earthstone Energy Completes Acquisition of Independence Resources Management, LLC

**The Woodlands, Texas, January 7, 2021 –** Earthstone Energy, Inc. (NYSE: ESTE) ("Earthstone" or the "Company") today announced that it has completed the previously announced acquisition of Independence Resources Management, LLC ("IRM"). The aggregate purchase price for the acquisition was approximately $182.0 million, consisting of $131.2 million in cash consideration and approximately 12.7 million shares of Earthstone's Class A common stock valued at $50.8 million based on a closing share price of $3.99 on December 16, 2020.

**Management Commentary**

Mr. Robert J. Anderson, President and CEO of Earthstone, commented, "We are pleased to be able to begin 2021 with the completion of this significant acquisition and would like to thank the team at IRM for working with us to close this transaction just three weeks after announcement. The added scale of this acquisition enhances our ability to deliver top tier operational and financial results with a heavy focus on generating low-cost, high margin production. We remain committed to financial discipline while continuing to seek further increases to our scale with high-quality accretive acquisitions."

**Director Appointment**

In connection with closing, the Earthstone Board of Directors has expanded to nine members with the appointment of Mr. David S. Habachy. Mr. Habachy has been a Managing Director on the Energy team of Warburg Pincus, LLC since 2017.

**About Earthstone Energy, Inc.**

Earthstone Energy, Inc. is a growth-oriented, independent energy company engaged in the development and operation of oil and natural gas properties. Its primary assets are located in the Midland Basin of west Texas and the Eagle Ford Trend of south Texas. Earthstone is listed on the New York Stock Exchange under the symbol "ESTE." For more information, visit the Company's website at www.earthstoneenergy.com.

Forward-Looking Statements

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements that are not strictly historical statements constitute forward-looking statements and may often, but not always, be identified by the use of such words such as "expects," "believes," "intends," "anticipates," "plans," "estimates," "potential," "possible," or "probable" or statements that certain actions, events or results "may," "will," "should," or "could" be taken, occur or be achieved. The forward-looking statements include statements about the expected benefits of the acquisition to Earthstone and its stockholders, the expected financial position and business strategy of the combined company, and plans and objectives of management for future operations. Forward-looking

statements are based on current expectations and assumptions and analyses made by Earthstone and its management in light of experience and perception of historical trends, current conditions and expected future developments, as well as other factors appropriate under the circumstances. However, whether actual results and developments will conform to expectations is subject to a number of material risks and uncertainties, including but not limited to: Earthstone's ability to integrate its combined operations successfully after the acquisition and achieve anticipated benefits from it; risks relating to any unforeseen liabilities of Earthstone or IRM; declines in oil, natural gas liquids or natural gas prices; the level of success in exploration, development and production activities; adverse weather conditions that may negatively impact development or production activities; the timing of exploration and development expenditures; inaccuracies of reserve estimates or assumptions underlying them; revisions to reserve estimates as a result of changes in commodity prices; impacts to financial statements as a result of impairment write-downs; risks related to level of indebtedness and periodic redeterminations of the borrowing base under the Earthstone credit facility; Earthstone's ability to generate sufficient cash flows from operations to fund all or portions of its future capital expenditures budget; Earthstone's ability to obtain external capital to finance exploration and development operations and acquisitions; the ability to successfully complete any potential asset dispositions and the risks related thereto; the impacts of hedging on results of operations; uninsured or underinsured losses resulting from oil and natural gas operations; Earthstone's ability to replace oil and natural gas reserves; any loss of senior management or technical personnel; and the direct and indirect impact on most or all of the foregoing on the evolving COVID-19 pandemic. Earthstone's annual report on Form 10-K for the year ended December 31, 2019, quarterly reports on Form 10-Q, recent current reports on Form 8-K, and other Securities and Exchange Commission ("SEC") filings discuss some of the important risk factors identified that may affect Earthstone's business, results of operations, and financial condition. Earthstone undertakes no obligation to revise or update publicly any forward-looking statements except as required by law.

**Contacts**

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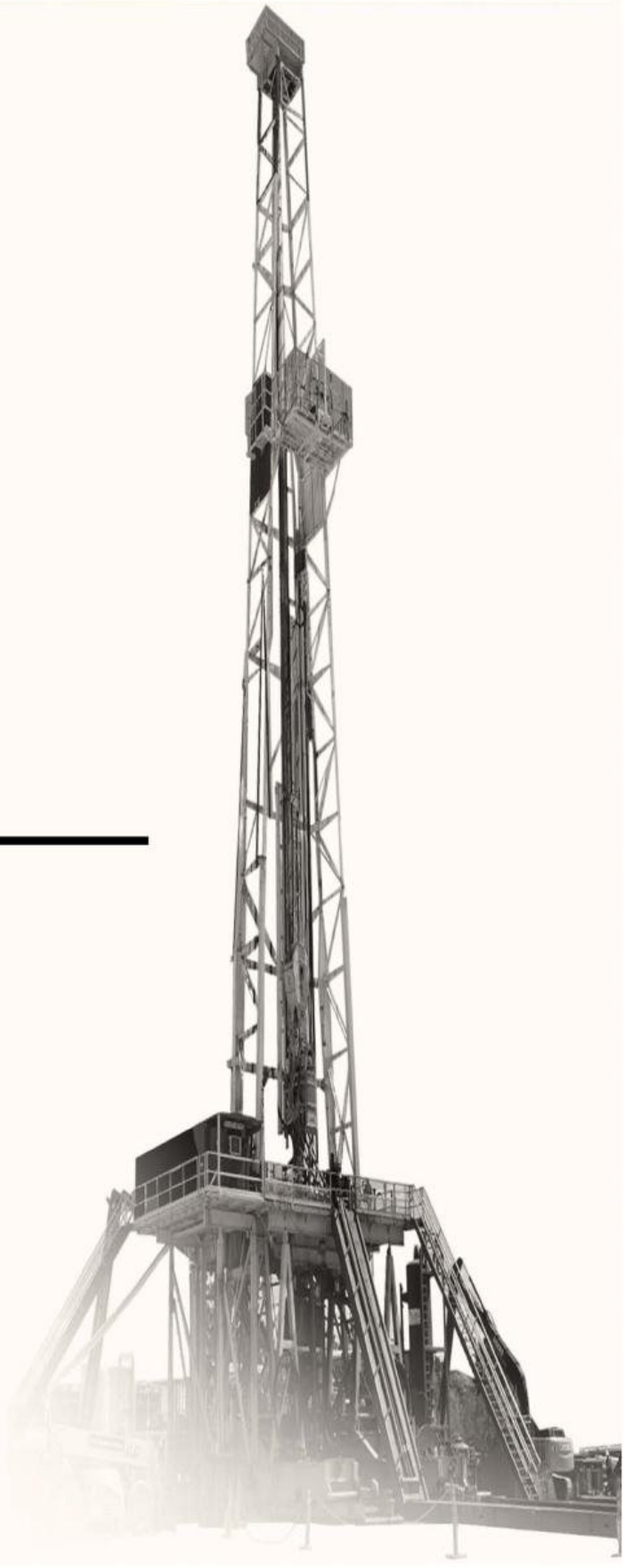
Exhibit 99.2

EARTHSTONE Energy, Inc.

# Investor Presentation

January 7, 2021



# Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements that are not strictly historical statements constitute forward-looking statements and may often, but not always, be identified by the use of such words such as "expects," "believes," "intends," "anticipates," "plans," "estimates," "guidance," "target," "potential," "possible," or "probable" or statements that certain actions, events or results "may," "will," "should," or "could" be taken, occur or be achieved. The forward-looking statements include statements about the expected future reserves, production, financial position, business strategy, revenues, earnings, costs, capital expenditures and debt levels of the Company, and plans and objectives of management for future operations. Forward-looking statements are based on current expectations and assumptions and analyses made by Earthstone and its management in light of experience and perception of historical trends, current conditions and expected future developments, as well as other factors appropriate under the circumstances. However, whether actual results and developments will conform to expectations is subject to a number of material risks and uncertainties, including but not limited to: substantial declines in oil, natural gas liquids or natural gas prices; exposure to financial counterparty credit risk related to our derivative transactions; risks relating to any unforeseen liabilities; the level of success in exploration, development and production activities; adverse weather conditions that may negatively impact development or production activities; the timing of exploration and development expenditures; inaccuracies of reserve estimates or assumptions underlying them; revisions to reserve estimates as a result of changes in commodity prices; impacts to financial statements as a result of impairment write-downs; risks related to levels of indebtedness and periodic redeterminations of the borrowing base under the Company's credit facility; Earthstone's ability to generate sufficient cash flows from operations to meet the internally funded portion of its capital expenditures budget; Earthstone's ability to obtain external capital to finance exploration and development operations and acquisitions; the ability to successfully complete any potential acquisitions and the risks related thereto; the impacts of hedging on results of operations; uninsured or underinsured losses resulting from oil and natural gas operations; Earthstone's ability to replace oil and natural gas reserves; any loss of senior management or key technical personnel; and the direct and indirect impact on most or all of the foregoing on the evolving COVID-19 pandemic. Earthstone's 2019 Annual Report on Form 10-K and subsequent, quarterly reports on Form 10-Q and current reports on Form 8-K, and other Securities and Exchange Commission ("SEC") filings discuss some of the important risk factors identified that may affect Earthstone's business, results of operations, and financial condition. Earthstone undertakes no obligation to revise or update publicly any forward-looking statements except as required by law.

This presentation contains Earthstone's 2020 production, capital expenditure and operating expense guidance. The actual levels of production, capital expenditures and operating expenses may be higher or lower than these estimates due to, among other things, uncertainty in drilling schedules, oil and natural gas prices, changes in market demand and unanticipated delays in production. These estimates are based on numerous assumptions. All or any of these assumptions may not prove to be accurate, which could result in actual results differing materially from estimates. No assurance can be made that any new wells will produce in line with historical performance, or that existing wells will continue to produce in line with Earthstone's expectations. Earthstone's ability to fund its 2021 and future capital budgets is subject to numerous risks and uncertainties, including volatility in commodity prices and the potential for unanticipated increases in costs associated with drilling, production and transportation. For additional discussion of the factors that may cause us not to achieve our production estimates, see Earthstone's filings with the SEC, including its 2019 Form 10-K, Form 10-Qs and Form 8-Ks. We do not undertake any obligation to release publicly the results of any future revisions we may make to this prospective data or to update this prospective data to reflect events or circumstances after the date of this presentation. Therefore, you are cautioned not to place undue reliance on this information.

Industry and Market Data

This presentation has been prepared by Earthstone and includes market data and other statistical information from third-party sources, including independent industry publications, government publications or other published independent sources. Although Earthstone believes these third-party sources are reliable as of their respective dates, Earthstone has not independently verified the accuracy or completeness of this information. Some data are also based on Earthstone's good faith estimates, which are derived from its review of internal sources as well as the third-party sources described above.

Estimated Ultimate Recovery and Locations

Management's use of the term estimated ultimate recovery ("EUR") in this presentation describes estimates of potentially recoverable hydrocarbons that the SEC rules prohibit from being included in filings with the SEC. These are more speculative than estimates of proved, probable and possible reserves and accordingly are subject to substantially greater risk of being actually realized, particularly in areas or zones where there has been limited or no drilling history. We include EUR to demonstrate what we believe to be the potential for future drilling and production by Earthstone.

Actual quantities that may be ultimately recovered may differ substantially from estimates. Factors affecting ultimate recovery include the scope of the operators' ongoing drilling programs, which will be directly affected by the availability of capital, drilling and production costs, availability of drilling services and equipment, drilling results, lease expirations, transportation constraints, regulatory approvals and other factors, and actual drilling results, including geological and mechanical factors affecting recovery rates. Estimates of potential resources may also change significantly as the development of the properties underlying Earthstone's mineral interests provides additional data. This presentation also contains Earthstone's internal estimates of its potential drilling locations, which may prove to be incorrect in a number of material ways. The actual number of locations that may be drilled may differ substantially from estimates.

# Investment Highlights: Leading Small-Cap, Permian Focused Producer

| Top Investment Criteria | | Earthstone's Qualifications |
|---|---|---|
| Basin & Acreage Position | ✓ | High quality, Midland Basin acreage position enhanced by recent acquisition |
| Low Leverage Supported by Free Cash Flow | ✓ | 1.1x pro forma leverage at 3Q20(1) supported by substantial free cash flow |
| Strong Liquidity | ✓ | $115 million pro forma liquidity (cash + undrawn availability) on borrowing base as of 12/31/20(2) |
| High Commodity Price Protection | ✓ | 9,114 bopd of 2021 oil production hedged at $48.04 per barrel WTI price(3) |
| High Margin, Low Cost Production | ✓ | Top quartile cash margins & leading cost structure with $9.18 per BOE of all-in cash costs(4) in 3Q 2020 |
| Commitment & Focus | ✓ | "Do the right thing" commitment to stakeholders, employees and environment |

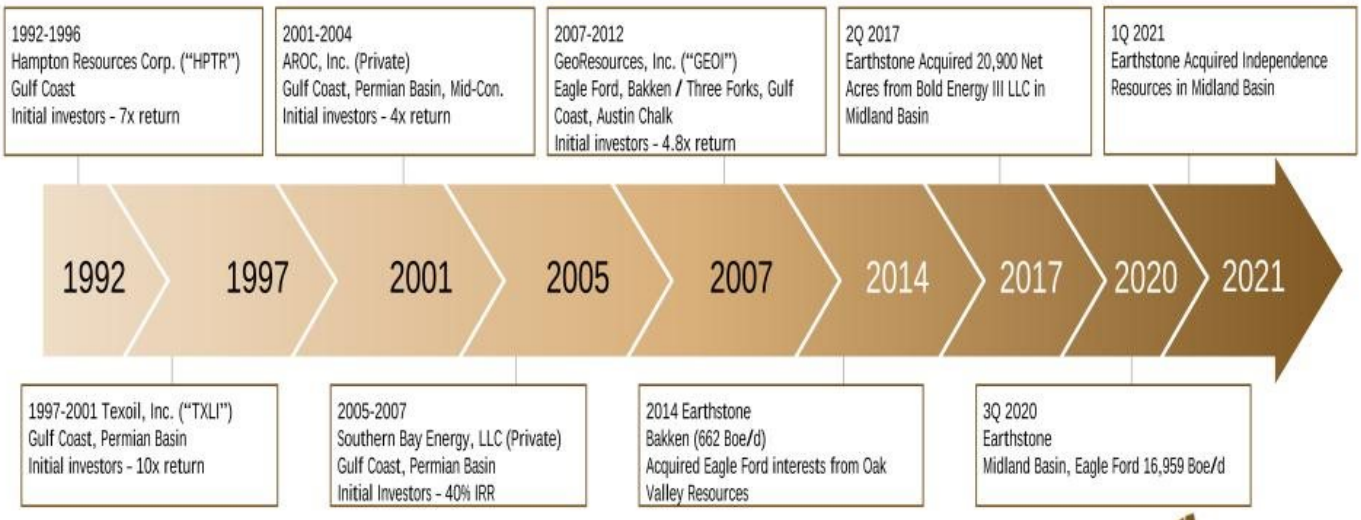
(1) Leverage reflects 3Q20 total debt / LTM Adjusted EBITDAX at 3Q20 pro forma for acquisition of IRM
(2) Liquidity based on 12/31/20 ESTE debt and cash balance with pro forma adjustments for acquisition of IRM
(3) 2021 hedges include hedges novated from IRM to ESTE in connection with the acquisition of IRM
(4) All-in cash costs measured includes lease operating expenses, ad valorem and production taxes, cash G&A expense and interest expense. Excludes impact of income taxes

# Proven Leadership and Track Record of Value Creation

Operating team has extensive experience operating across various basins and in different operating environments

| Leadership Team | Years of Experience | Years Working Together | Title |
|---|---|---|---|
| Frank Lodzinski | 49 | 25 | Executive Chairman |
| Robert Anderson | 34 | 17 | President and CEO |
| Steve Collins | 33 | 25 | Operations |
| Mark Lumpkin | 24 | 4 | CFO |
| Tim Merrifield | 45 | 20 | Geology and Geophysics |
| Tony Oviedo | 40 | 4 | Accounting and Administration |

## Track Record of Value Creation

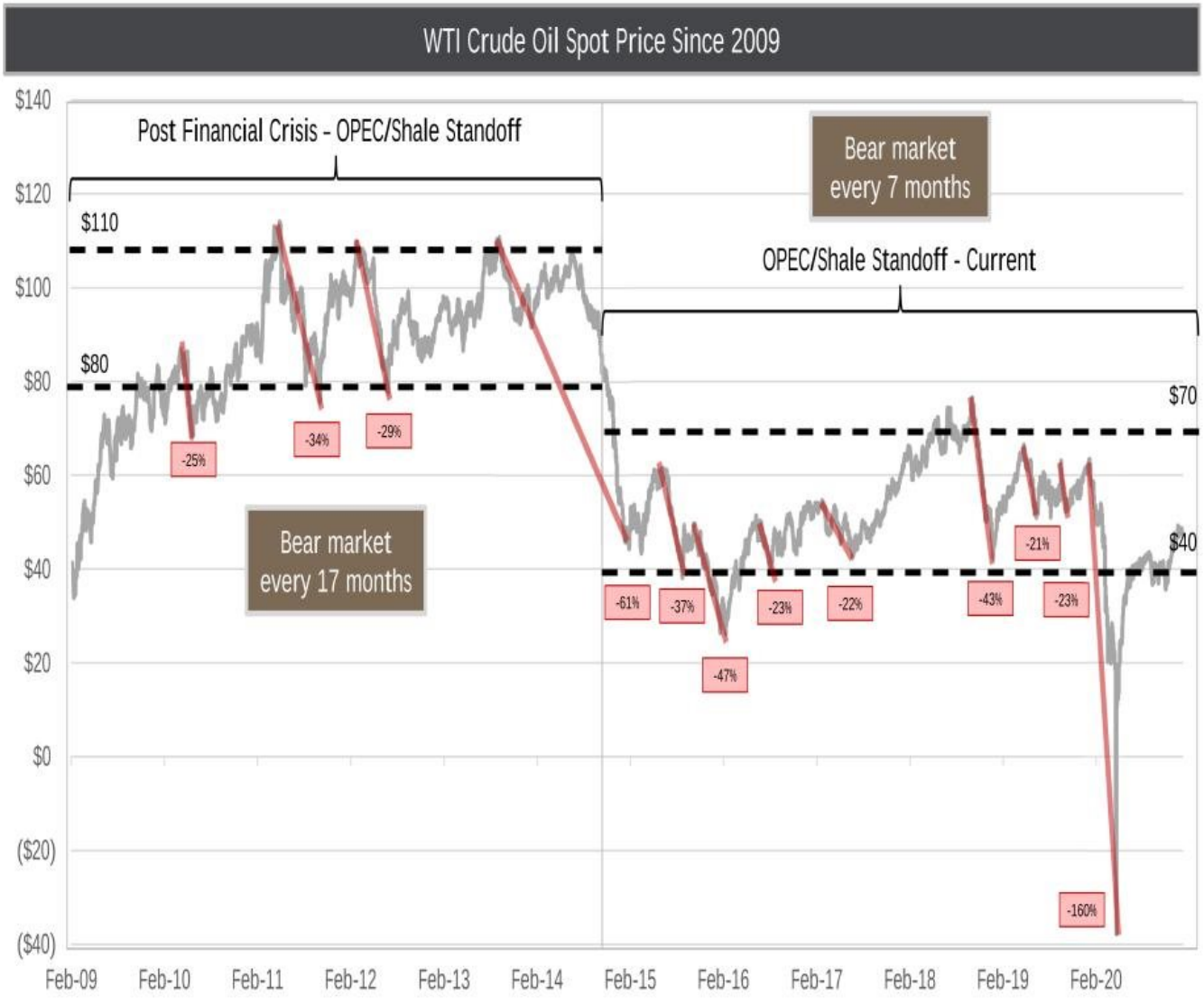


# 2020: Managing Oil Price Collapse and Delivering Results


(1) EIA historical WTI spot price average for full year 2019 and 2020
(2) Actual results for 2019 and midpoint of ESTE 2020 guidance as updated on 11/4/2020 for 2020
(3) Actual results for 2019 and EBITDAX as reported through 9/30/20 plus Wall Street analyst consensus estimates for 4Q20 as of 1/4/21 per FactSet for 2020
(4) Actual results for 2019 and total debt and trailing twelve months EBITDAX as of 9/30/20 for 2020

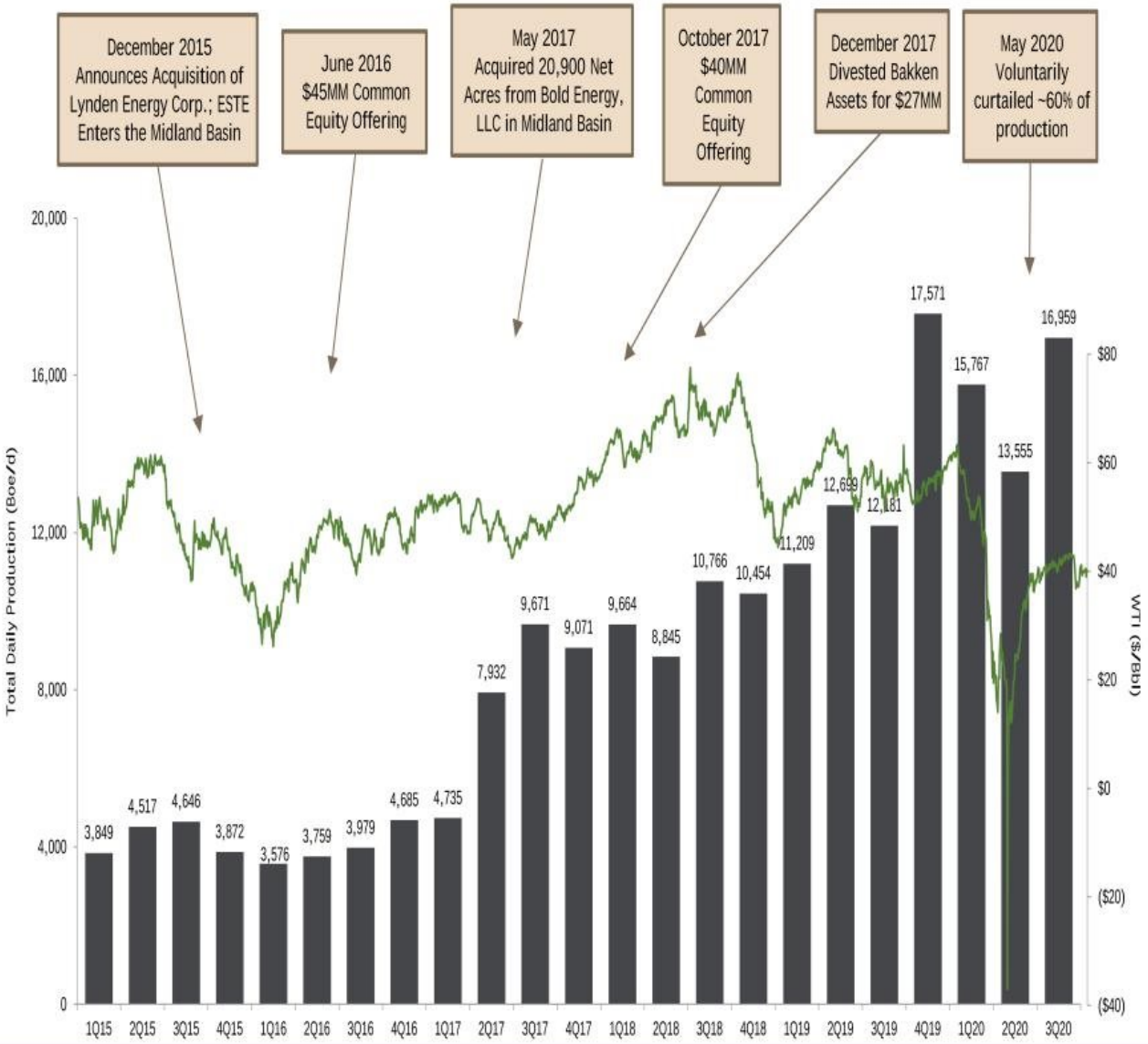
# Oil Price Volatility Requires Focused Business Strategy

- WTI trading in range of $40-70 per barrel vs. $80-110 per barrel since OPEC / Shale standoff commenced in 2H 2014, but with periods above and below trading range, including a historic price drop to negative territory in April 2020
  - Industry re-geared cost structure, production flexibilities and improved efficiencies to create sustainability / profitability
- Increased commodity cycle velocity: Bear market (-20% WTI price) has occurred every 7 months vs. every 17 months, including 4x since November 2018
- Business strategy must account for lower oil price and higher volatility




Source: Factset data as of 1/4/2021

# Managing Through Oil Price Volatility




| | 1Q15 | 2Q15 | 3Q15 | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 | 2Q17 | 3Q17 | 4Q17 | 1Q18 | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| EBITDAX ($MM) [1] | $5 | $9 | $8 | $4 | $2 | $5 | $3 | $7 | $5 | $15 | $19 | $22 | $25 | $21 | $26 | $24 | $32 | $34 | $30 | $50 | $38 | $40 | $36 |
| Capex ($MM) [2] | $19 | $29 | $18 | $3 | $2 | $4 | $9 | $13 | $4 | $6 | $20 | $39 | $33 | $35 | $52 | $30 | $48 | $31 | $78 | $58 | $42 | $3 | $1 |
| Total Debt / LQA EBITDAX | 0.5x | 0.3x | 0.4x | 0.6x | 1.4x | 0.8x | 1.3x | 0.5x | 0.7x | 1.2x | 1.0x | 0.3x | 0.3x | 0.3x | 0.3x | 0.8x | 0.9x | 0.8x | 1.0x | 0.9x | 1.0x | 1.1x | 0.9x |
| Liquidity ($MM) [3] | $128 | $113 | $110 | $92 | $74 | $84 | $89 | $80 | $80 | $97 | $91 | $183 | $166 | $207 | $203 | $197 | $155 | $221 | $210 | $169 | $128 | $108 | $115 |
| Liquidity % [3] | 160% | 142% | 137% | 115% | 93% | 112% | 118% | 100% | 100% | 64% | 61% | 99% | 90% | 92% | 90% | 71% | 56% | 68% | 65% | 52% | 47% | 39% | 48% |

Source: ESTE management, FactSet, public filings

(1) Adjusted 3Q'2018 EBITDAX of $26.4MM includes a one-time legal settlement expense of ~$4.8MM; Annualized 3Q'2018 adjusted EBITDAX calculated by multiplying the pre-legal settlement 3Q'2018 adjusted EBITDAX of $31.2MM by three and adding $26.4MM

(2) Reflects additions to oil and gas properties

(3) Liquidity defined as revolver availability + cash; Liquidity % defined as (revolver availability + cash) / borrowing base

# Company Overview

- The Woodlands, Texas based E&P company focused on development and production of oil and natural gas with current operations in the Midland Basin (~34,000 core net acres[1]) and the Eagle Ford (~14,500 core net acres)
- Strategy of growing through the drill bit, organic leasing, and attractive asset acquisitions and business combinations
- 2020 3Q production of 25,740 Boe/d (58% oil, 81% liquids)[2]

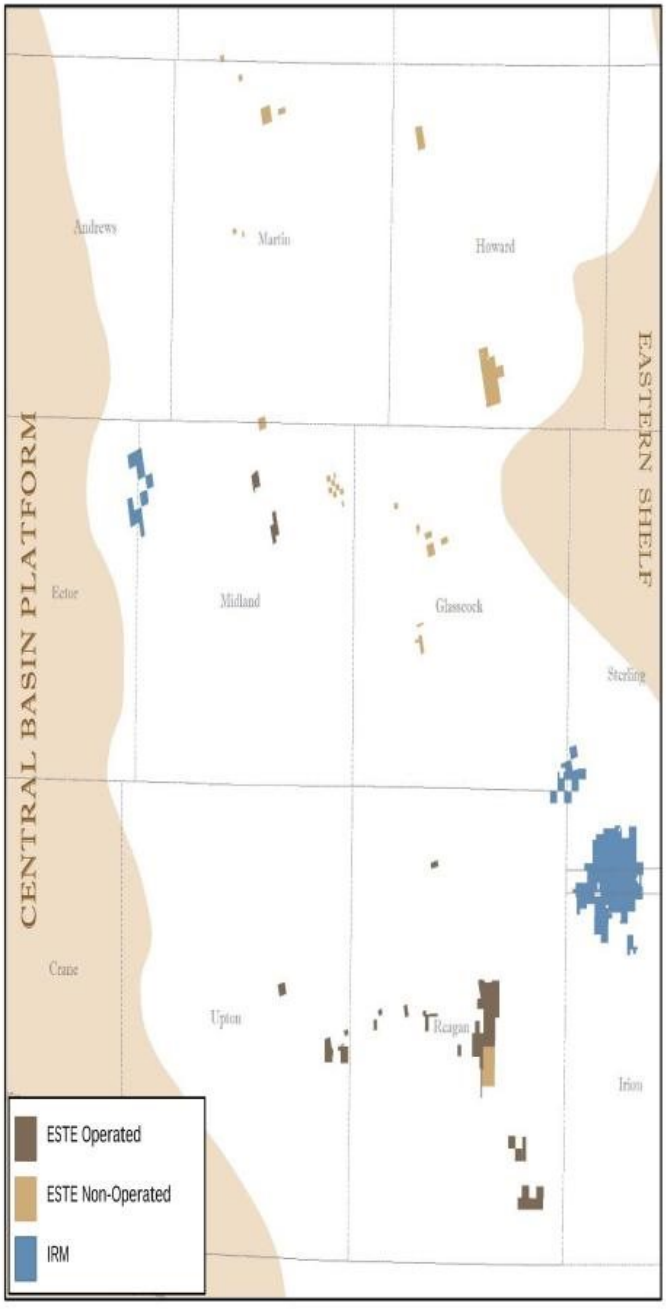
## Pro Forma Market Statistics[3]

| ($ in millions, except share price) | |
|---|---|
| Class A Common Stock (MM) | 42.9 |
| Class B Common Stock (MM) | 35.0 |
| Total Common Stock Outstanding (MM) | 77.9 |
| Stock Price (as of 1/6/21) | $6.26 |
| Market Capitalization | $487.9 |
| Plus: Total Debt (as of 12/31/20) | $260.0 |
| Less: Cash (as of 12/31/20) | (15.3) |
| Enterprise Value | $732.6 |

## Production Summary[2]

3Q20 Net Sales Volumes: 25,740 Boe/d


## Midland Basin Asset Overview




(1) Includes ~4,900 core net acres from acquisition of IRM
(2) Reflects reported 3Q20 Earthstone sales volumes pro forma for estimated IRM 3Q20 three-stream sales volumes
(3) Class A and Class B Common Stock outstanding as of 10/29/20 pro forma for ~12.7mm Class A shares issued in connection with the acquisition of IRM. Total ESTE debt and cash as of 12/31/20 pro forma for acquisition of IRM

# Independence Resources Acquisition

# Independence Resources Acquisition Overview and Key Highlights

- ✓ $182 million acquisition[1] of Independence Resources Management, LLC underwritten on PDP value but provides attractive drilling inventory additions
- ✓ Increases ESTE size and scale with ~50% increase in production and Adjusted EBITDAX
- ✓ Preserves conservative balance sheet with estimated pro forma 1.1x net leverage[2] at 9/30/20
- ✓ Consistent with ESTE Permian Basin consolidation strategy and positions ESTE for further transactions
- ✓ Minimal incremental G&A results in targeted 25% reduction in go forward Cash G&A per Boe
- ✓ Accretive to all key financial metrics

(1) Acquisition price based on $50.8MM of equity consideration (approximately 12.7 million shares and ESTE share price of $3.99 on 12/16/20) and cash consideration of $131.2MM
(2) Net leverage reflects 9/30/20 net debt (total debt less cash) / LTM Adjusted EBITDAX at 9/30/20 pro forma for acquisition of IRM

# IRM Acquisition Details - Closed on 1/7/21

## Consideration and Funding

- Earthstone acquired Independence Resources Management, LLC and certain related entities ("IRM") on 1/7/2021
- Cash and equity consideration of $182.0 million
  - Cash consideration of $131.2 million
  - ~12.7 million Class A shares of ESTE equity consideration totaling $50.8 million (based on ESTE closing share price of $3.99 on 12/16/2020)
- ESTE's credit facility borrowing base was increased to $360 million in conjunction with the acquisition with borrowings under the credit facility and cash on hand utilized to fund the cash portion of the consideration
- ESTE shareholders retain 83.7% of the common equity in the pro forma company

## Leadership and Governance

- ESTE Board of Directors increased in size from eight to nine with the appointment of Mr. David S. Habachy to the Board
- No changes to ESTE management team

# Strategic Acquisition Bolsters Existing Midland Basin Position

## IRM Asset Overview

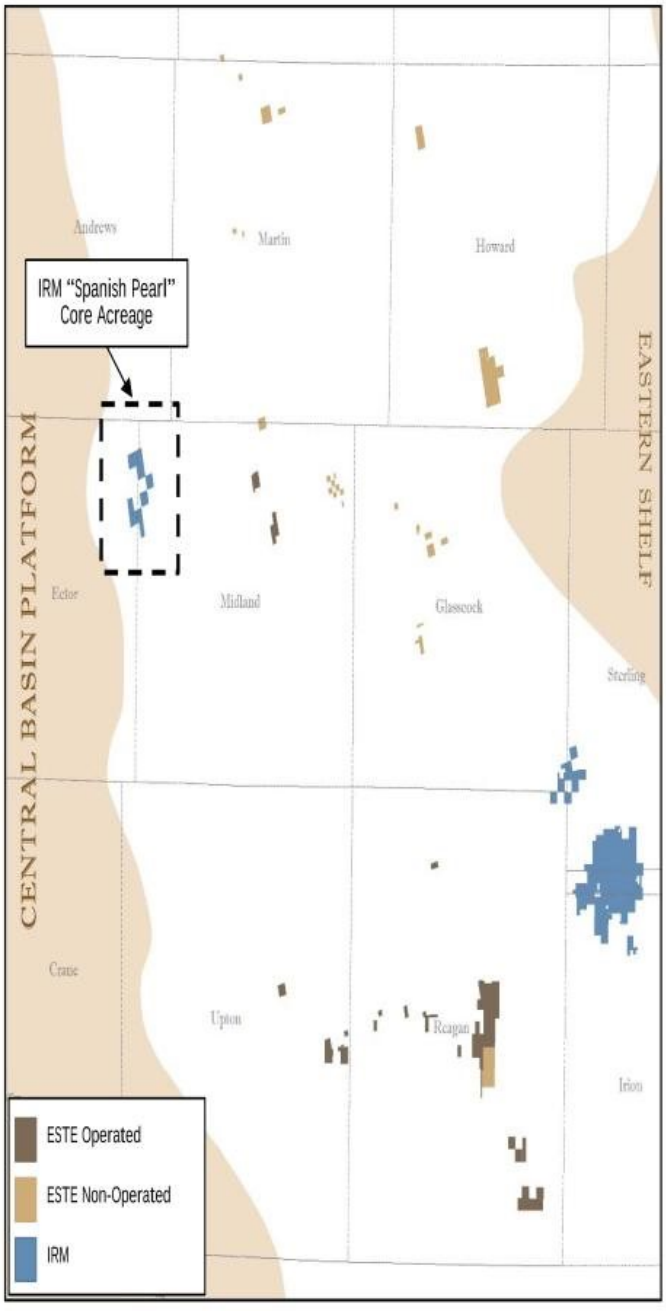
Complementary Midland Basin assets meaningfully increase ESTE size and scale

- 3Q20 production of 8,780 Boepd (66% oil)[1]
- $81.3MM of LTM Adjusted EBITDAX at 9/30/20[2]
- Purchase price supported by PDP reserves
- ~4,900 core net acres in Midland and Ector counties with 70 remaining locations with average IRR of 45% in the Middle Spraberry, Lower Spraberry and Wolfcamp A[3]
  - Additional upside in the Jo Mill, Wolfcamp B and Wolfcamp D

## IRM Key Asset Statistics

| | |
|---|---|
| Daily Production for 3Q20 (Boepd)[1] | 8,780 |
| PDP Reserves[3] | 16.3 MMBoe |
| PDP PV 10 ($MM)[3] | $173 |
| Core Net Acres | ~4,900 |
| Total Net Acres | ~43,400 |
| % HBP / % Operated | 100% / 99% |
| Gross Locations[4] | 70 |

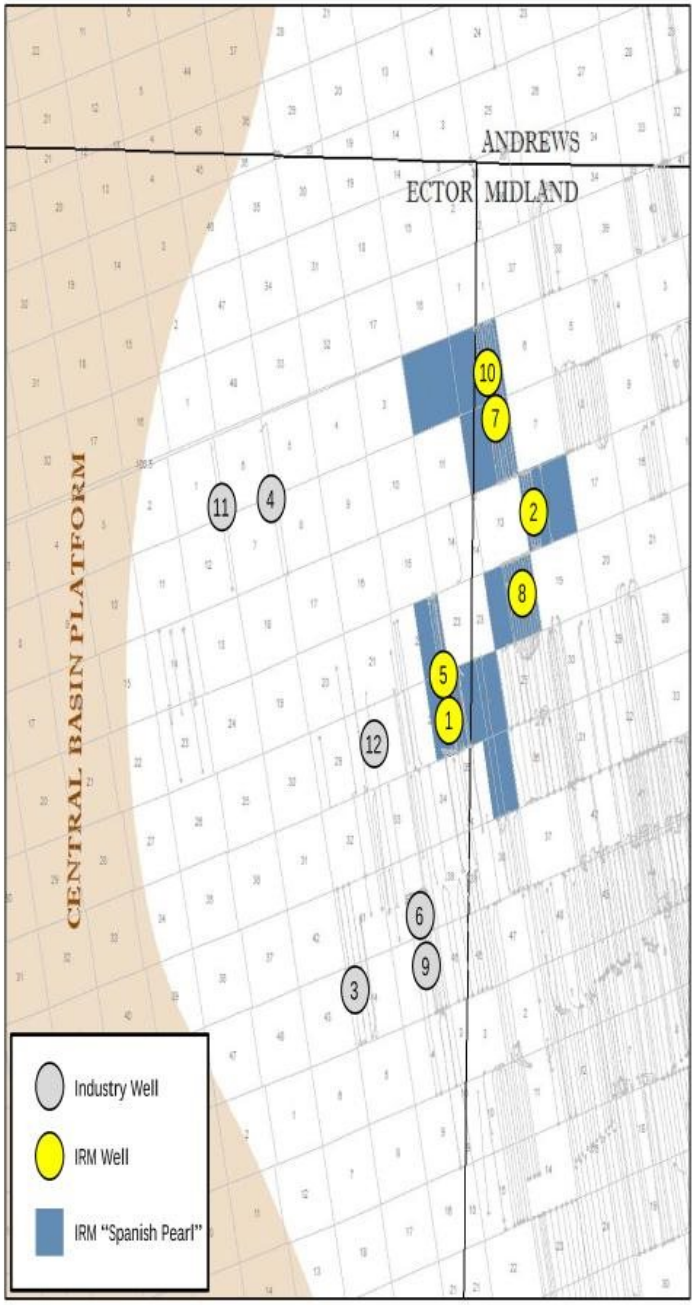
## Combined Midland Basin Map




(1) Estimated IRM 3Q20 three-stream sales volumes
(2) Adjusted EBITDAX is a non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measure - Adjusted EBITDAX"
(3) ESTE estimates as of 12/1/20 based on NYMEX strip pricing as of 11/30/20
(4) ESTE estimate of Middle Spraberry, Lower Spraberry and Wolfcamp A locations assuming 880' well spacing

# IRM "Spanish Pearl" and Offset Operator Well Results

## IRM Spanish Pearl Area Activity




## IRM "Spanish Pearl" and Offset Well Results[1]

| Well # | Well Name | Operator | TLL (ft.) | 6 Month Oil Cum / 1,000' (bo) | Comp. Date |
|---|---|---|---|---|---|
| 1 | Whittenburg 9MS | IRM | 9,857 | 10,657 | 1/2018 |
| 2 | Midkiff 3MS | IRM | 4,453 | 7,460 | 8/2018 |
| 3 | Ratliff 4408MH | Concho | 9,965 | 7,041 | 2/2020 |
| 4 | Gardendale 501LS | FDL | 9,585 | 8,487 | 7/2018 |
| 5 | Whittenburg 9LS | IRM | 9,660 | 11,237 | 1/2019 |
| 6 | Parks Bell 4028H | Concho | 7,502 | 9,747 | 3/2019 |
| 7 | Haag 9LS | IRM | 9,966 | 9,458 | 6/2019 |
| 8 | Pearl Jam 7-12 (6 well avg.) | IRM | 5,058 | 14,246 | 3/2020 |
| 9 | Parks Bell 4030H | Concho | 7,657 | 11,416 | 3/2019 |
| 10 | Haag 9WA | IRM | 10,060 | 9,754 | 6/2019 |
| 11 | Gardendale 105WA | FDL | 9,394 | 10,209 | 6/2019 |
| 12 | Ratliff 28 East 2802AH | Concho | 13,262 | 9,246 | 9/2019 |

Middle Spraberry | Lower Spraberry | Wolfcamp A

## IRM "Spanish Pearl" Inventory and Resource Summary

- Acreage position well within the basin margin with thick and consistent Spraberry and Wolfcamp sections across the entirety of the position
- Surrounded by producing wells on all sides and further de-risked by significant development and multiple spacing configurations on the IRM acreage
- IRM has 48 PDP horizontal wells producing from 4 different zones (Middle Spraberry, Lower Spraberry, Wolfcamp A and Wolfcamp B)
- Majority of existing IRM wells co-developed in vertical patterns across multiple zones, leaving remaining acreage less impacted by cross zone depletion and parent/child
- 70 gross locations with average 45% IRR at strip pricing and 880' remaining well spacing in Middle Spraberry, Lower Spraberry and Wolfcamp A[2]; additional upside locations

(1) Source: Enverus. Includes horizontal wells completed since January 2010
(2) ESTE estimate of Middle Spraberry, Lower Spraberry and Wolfcamp A locations assuming 880' well spacing

# IRM Acquisition Meets Key Earthstone Criteria

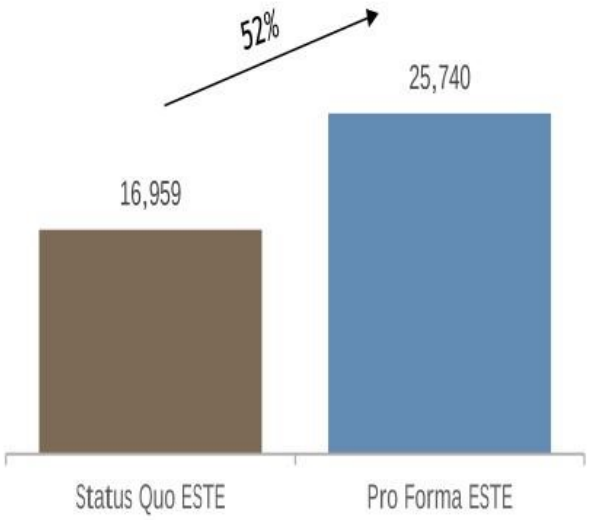
| Earthstone Objectives | Commentary | IRM Acquisition |
|---|---|---|
| Increase Scale at Favorable Valuations | ▪ Increases ESTE size and scale by ~50% with minimal impact to leverage and shares outstanding<br>▪ Purchase price of $182.0 million underwritten on PDP value | ✓ |
| High Quality Basin & Acreage Position | ▪ Complementary Midland Basin acreage position includes ~4,900 core net acres (100% HBP, 93% operated) in Midland and Ector counties<br>▪ High quality inventory addition with 70 gross locations with an average 45% IRR(1) | ✓ |
| Increase Free Cash Flow Capacity | ▪ Substantially increases cash flow with minimal incremental G&A<br>▪ Added scale enhances pro forma development options within free cash flow | ✓ |
| Maintain Balance Sheet Strength | ▪ Pro forma net leverage of 1.1x at 9/30/20<br>▪ Pro forma liquidity of ~$115 million(2) at 12/31/20 (cash + undrawn credit facility availability) | ✓ |
| Maintain Leading Cost Structure & Margins | ▪ Maintains low cost, high margin operating metrics, while reducing go forward per unit Cash G&A costs by ~25% | ✓ |

(1) ESTE estimate of Middle Spraberry, Lower Spraberry and Wolfcamp A locations assuming 880' well spacing. IRRs based on NYMEX strip pricing as of 11/30/20
(2) Liquidity based on cash + undrawn availability on borrowing base based on 12/31/20 ESTE debt and cash balance with pro forma adjustments for acquisition of IRM

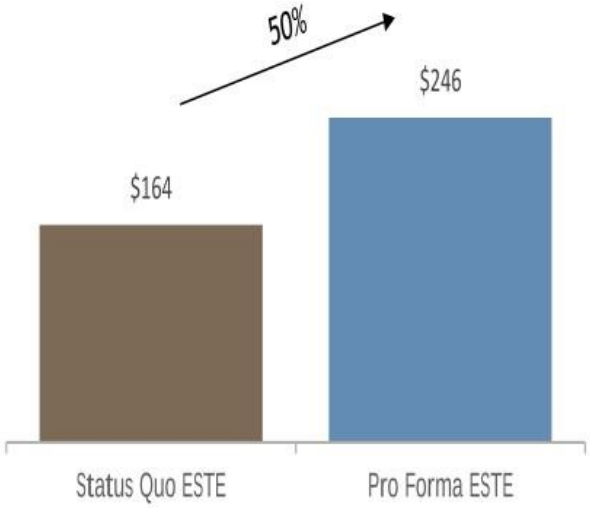
# Meaningful Improvement to Key Operational Metrics

Transaction increases production and Adjusted EBITDAX by ~50% with minimal impact to leverage and shares outstanding

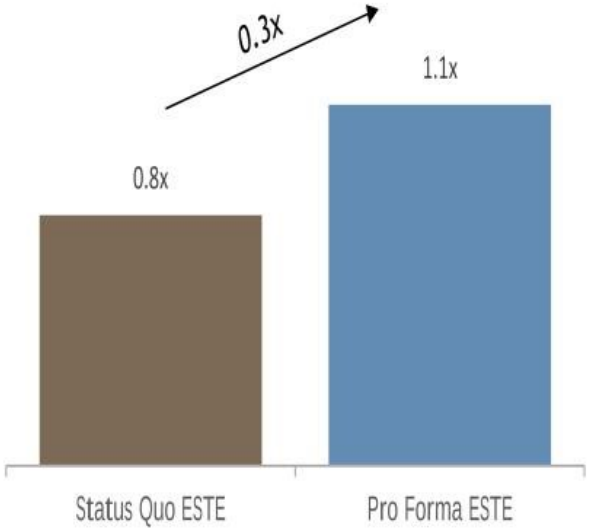
## 3Q20 Net Production (Boe/d)[1]



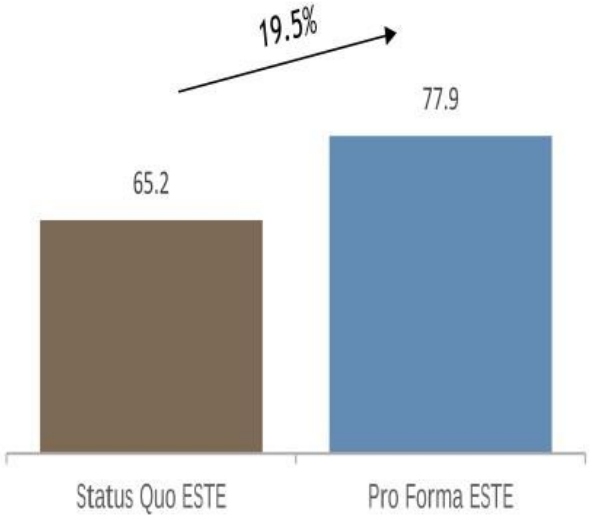

## 9/30/20 LTM Adjusted EBITDAX ($MM)[2]




## 9/30/20 Net Leverage[3]



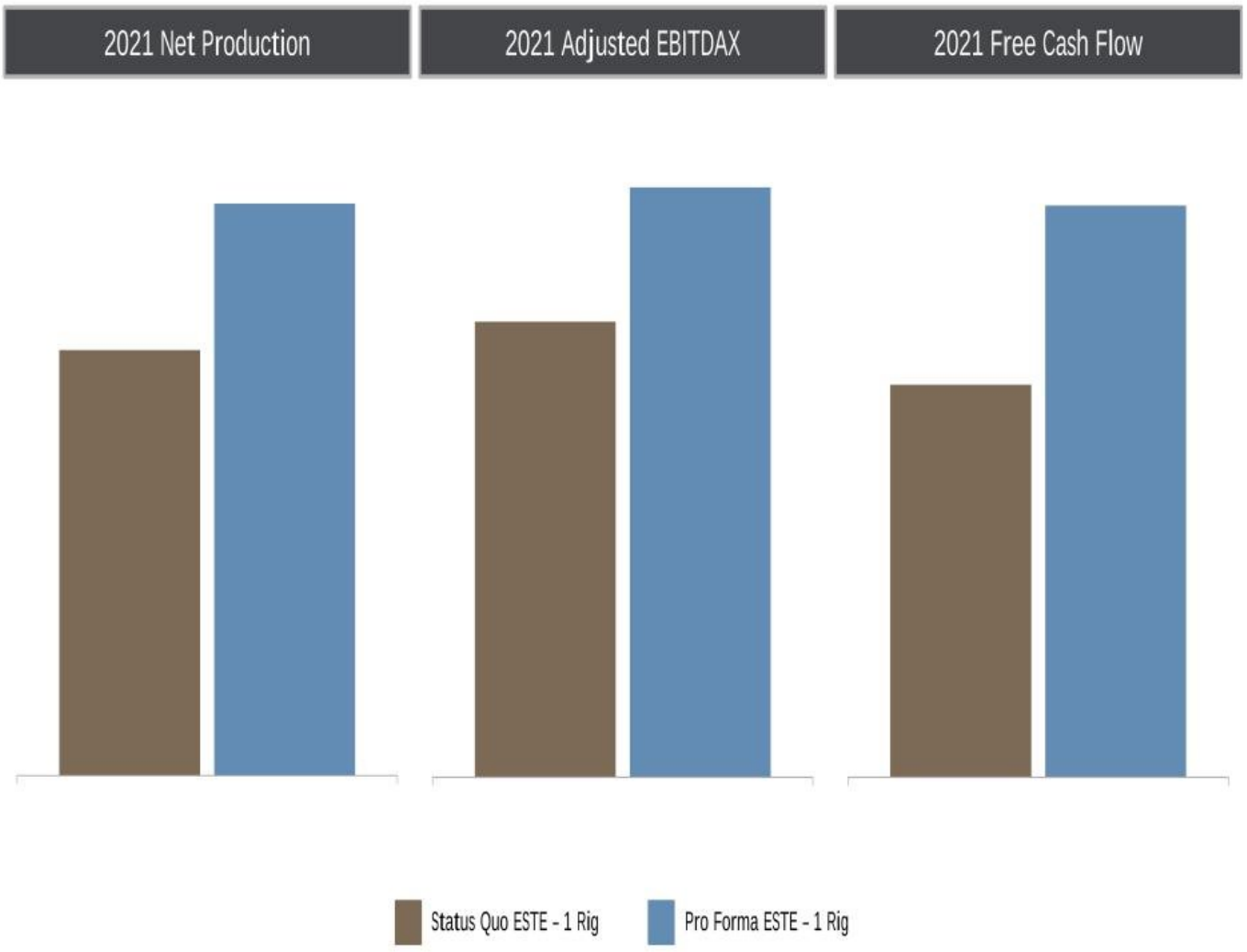

## 9/30/20 Shares Outstanding (MM)




(1) Represents reported sales volumes; Pro Forma ESTE utilizes estimated IRM 3Q20 3-stream production
(2) Adjusted EBITDAX is a non-GAAP financial measure. See "Reconciliation of Non-GAAP Financial Measure - Adjusted EBITDAX"
(3) Net leverage reflects 9/30/20 net debt (total debt less cash) / LTM Adjusted EBITDAX at 9/30/20

# Transaction Improves Key Metrics Without Impacting Balance Sheet Metrics

- ESTE expects to pick up an operated rig in 2021, depending on market conditions, and will provide FY 2021 guidance in early 2021 in the normal course of business
- IRM's Spanish Pearl asset is expected to compete for capital with existing ESTE assets in a 1-rig program



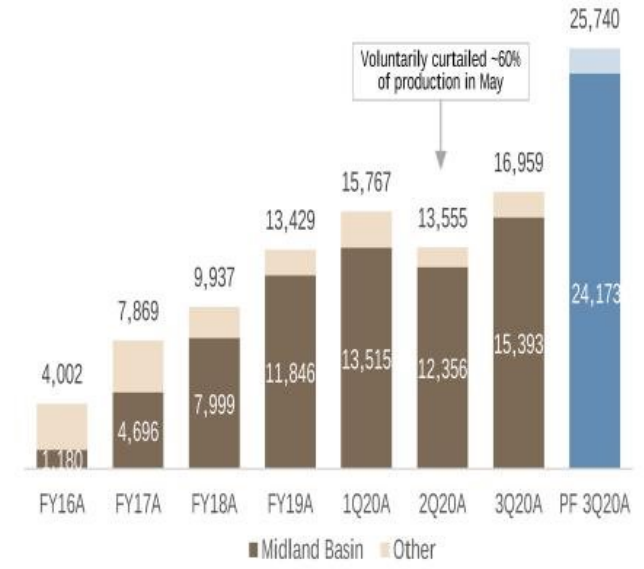

Note: Both status quo and pro forma scenarios assume a 1-rig program beginning in 2H 2021

# Earthstone Overview

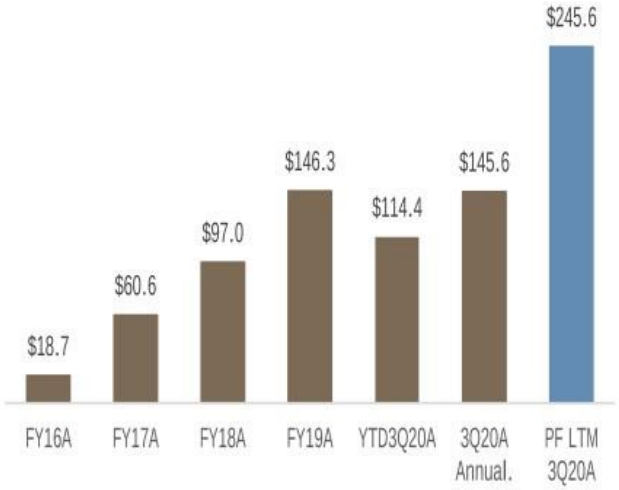
# Midland Basin Growth Story

- Since entering the Midland Basin in 2016, Earthstone has substantially increased production and decreased operating expenses, which has resulted in increased Adjusted EBITDAX, while also maintaining low leverage and preserving financial flexibility
- Acquisition of IRM enhances scale and ability to generate top tier operational and financial results
- Completed 6 drilled but uncompleted wells in 4Q 2020 and plan to complete 5 drilled but uncompleted wells in 1Q 2021

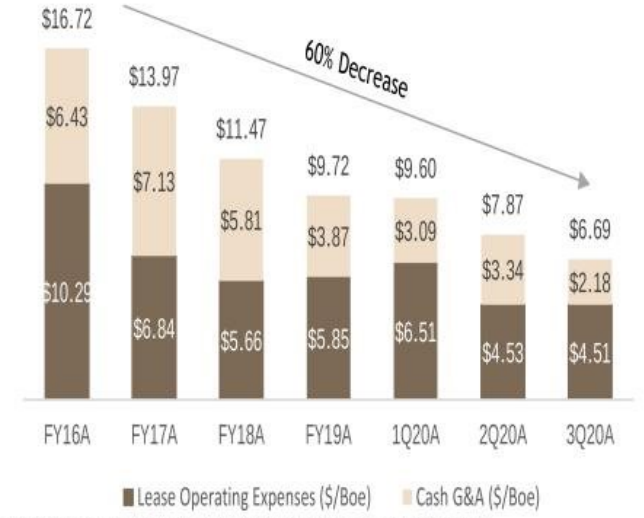
## Average Daily Production (Boe/d)(1)



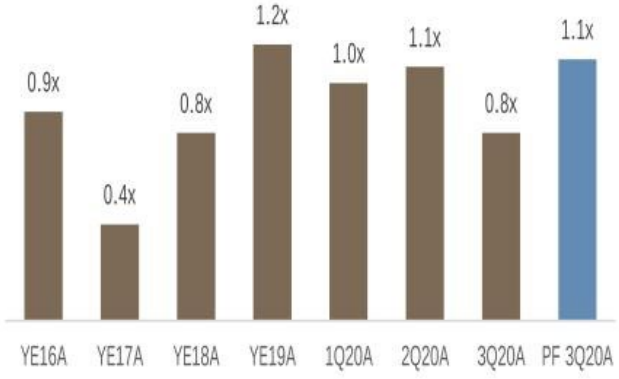

## Adjusted EBITDAX ($MM)(2)




## Lease Operating Expense and Cash G&A(3) ($/Boe)

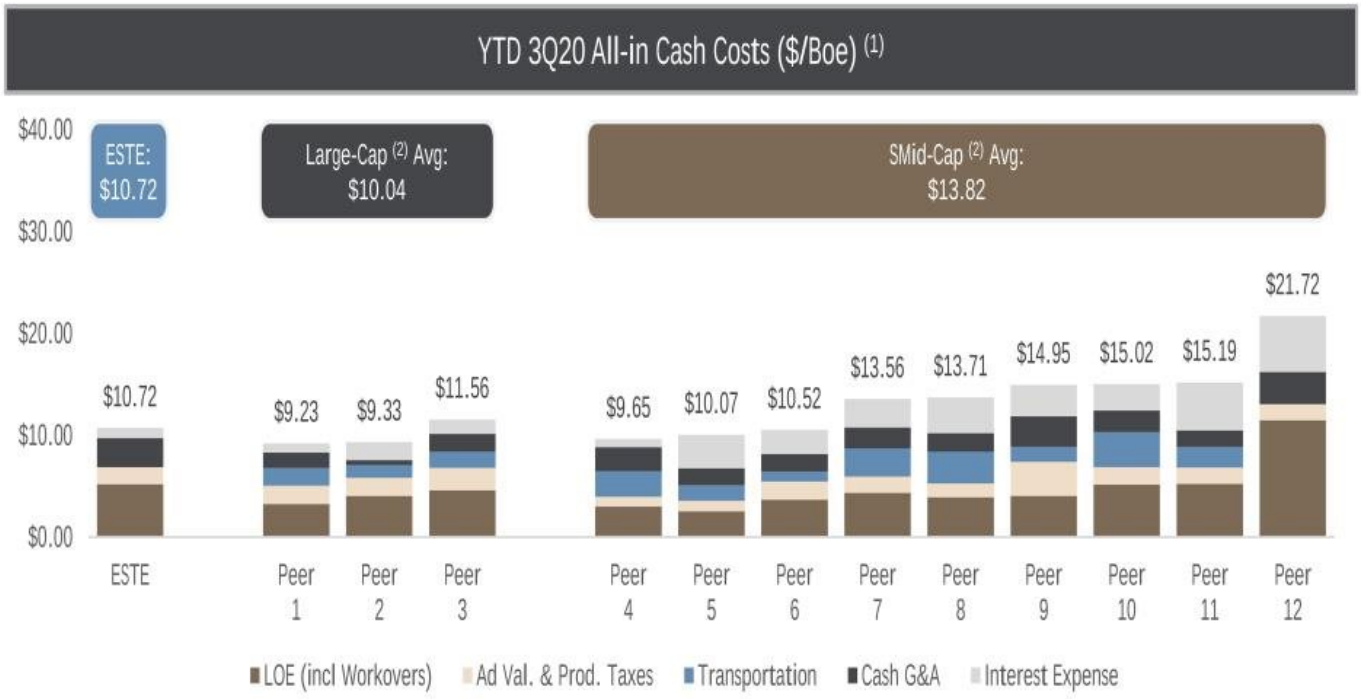


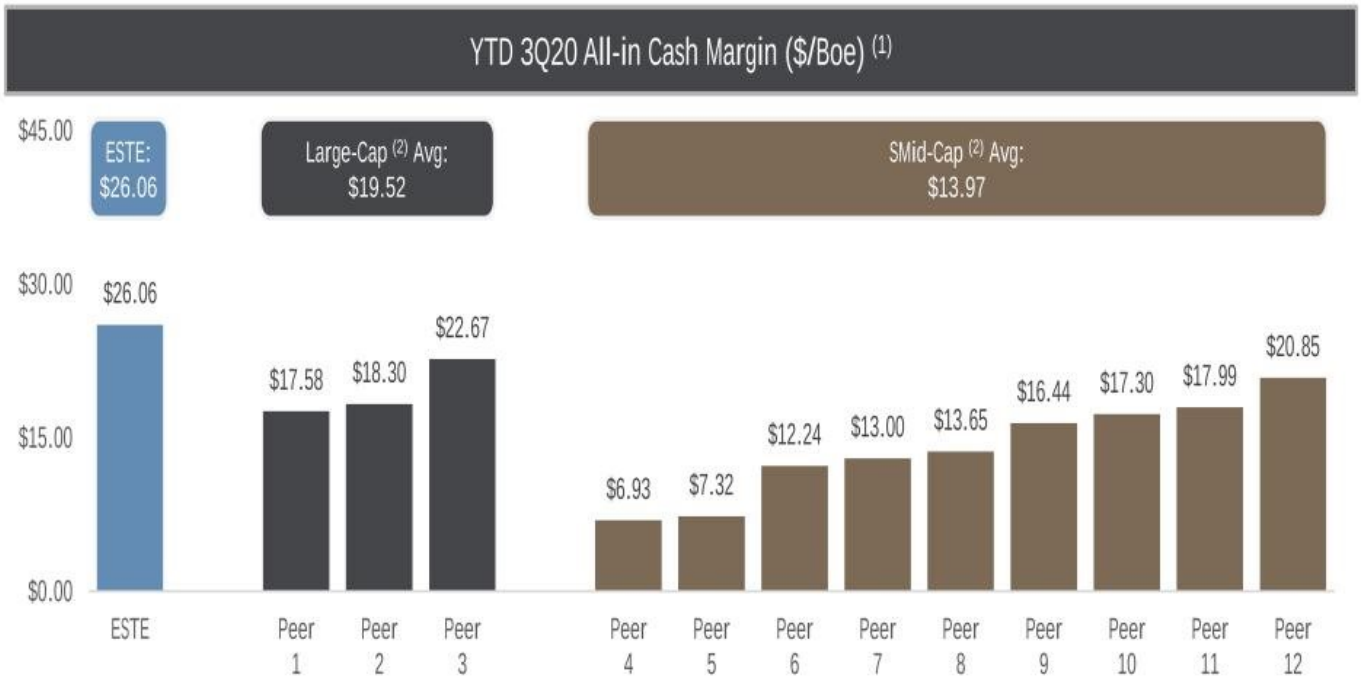

## Debt / LTM EBITDAX(2)




(1) Represents reported sales volumes. PF 3Q20 is pro forma for acquisition of IRM
(2) PF 3Q20A is pro forma for acquisition of IRM
(3) Excludes stock-based compensation

# Low Cost Production Generates Leading Cash Margins



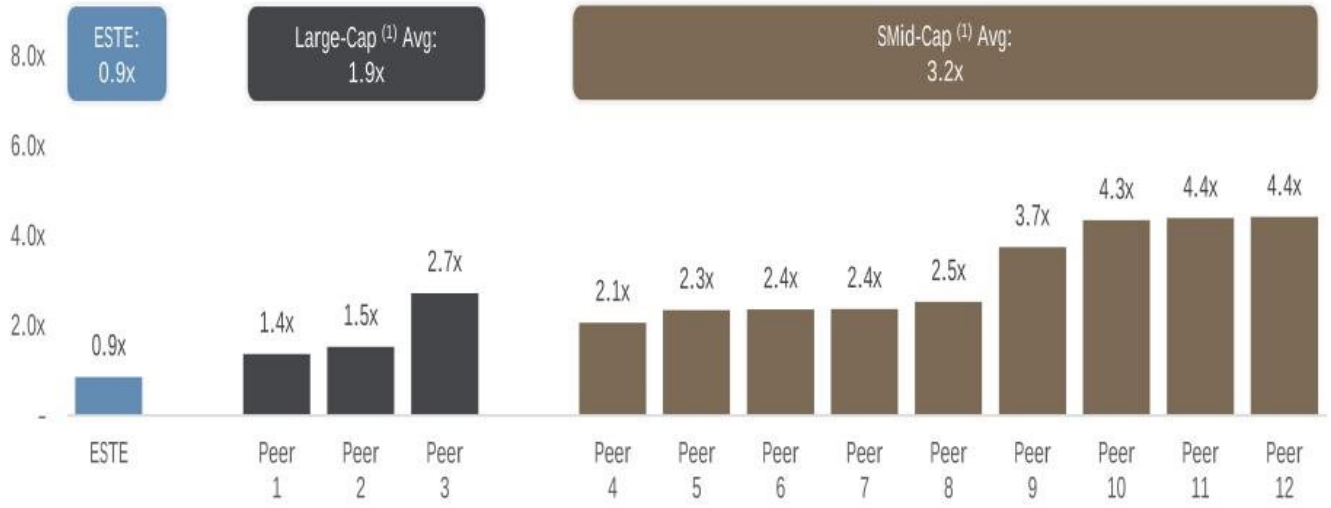




(1) All-in cash margin calculated on a per Boe basis as revenues after realized hedge impact less all-in cash costs, which consists of LOE, ad valorem and production taxes, transportation expense, cash G&A expense and interest expense. Excludes impact of income taxes. Cash G&A and interest expense includes expensing of capitalized cash G&A and capitalized interest expense, respectively. Companies that capitalized a portion of their cash G&A and/or interest expense include CDEV, CPE, CXO, FANG, MTDR, and XEC

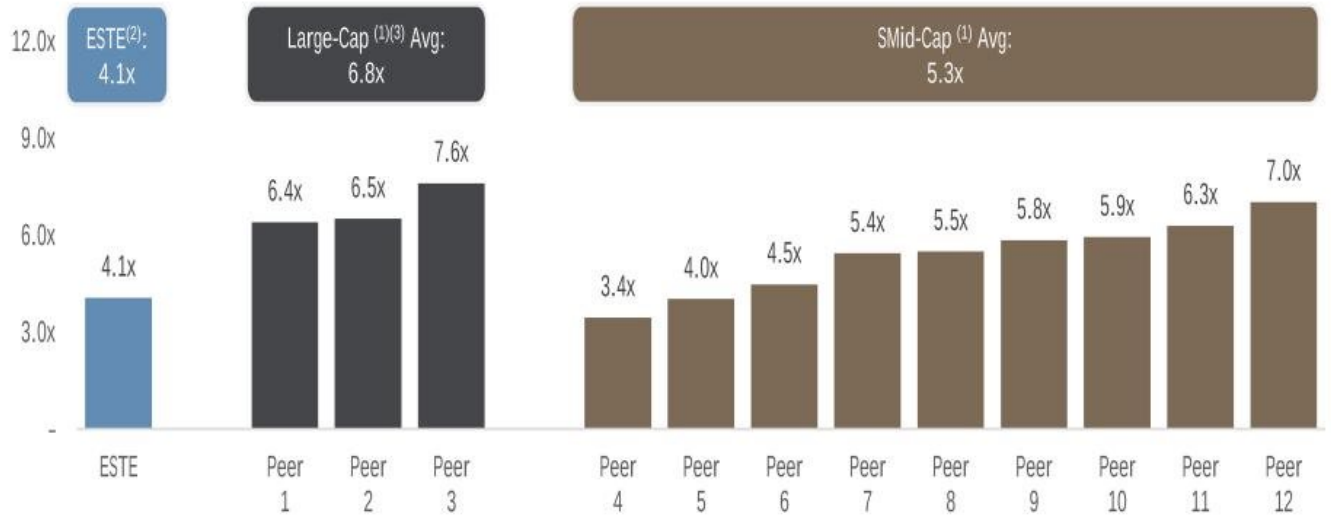
(2) Large-Cap includes: CXO, FANG, PXD. SMid-Cap includes: CDEV, CPE, LPI, MTDR, PE, REI, SM, WPX, and XEC

# Leading Leverage Metrics but Undervalued Equity Trading

## 3Q20 Total Debt / YTD 3Q20 Annualized EBITDAX




## Enterprise Value to 2021E EBITDAX

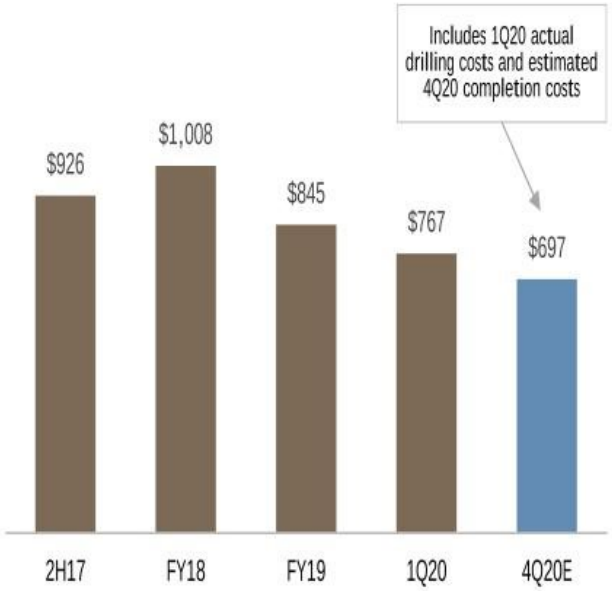



Source: Factset, Wall Street research. Market Data as of 1/6/21
(1) Large-Cap includes: CXO, FANG, PXD. SMid-Cap includes: CDEV, CPE, LPI, MTDR, PE, REI, SM, WPX, and XEC
(2) Pro forma for acquisition of IRM
(3) Reflects PXD pro forma for its announced acquisition of PE and FANG pro forma for its announced acquisitions of QEP and Guidon

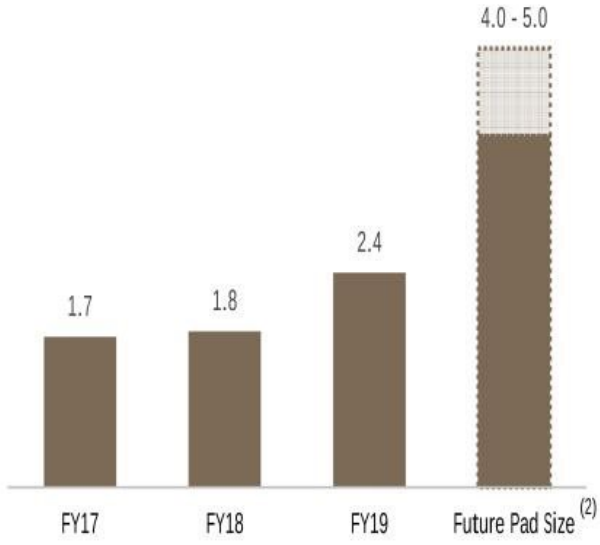
# Continuous Focus on Operational Improvement

- A continued focus on driving down costs and increased efficiencies achieved by developing larger pads and driving down drilling and completion days

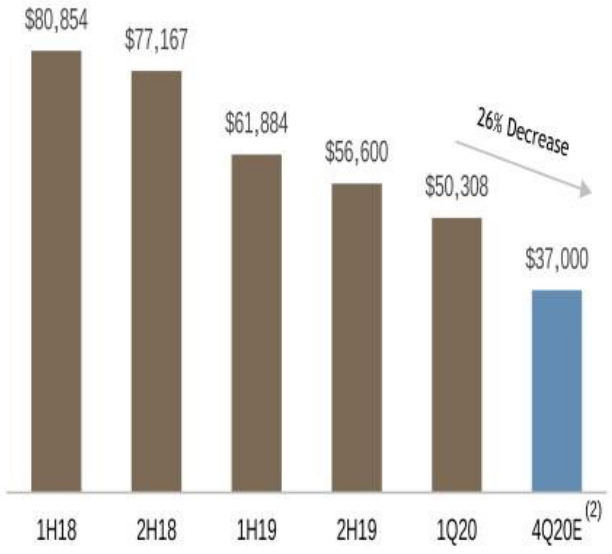
## Actual Drilling, Completions & Equip. Cost ($/Lat Ft.) (1)



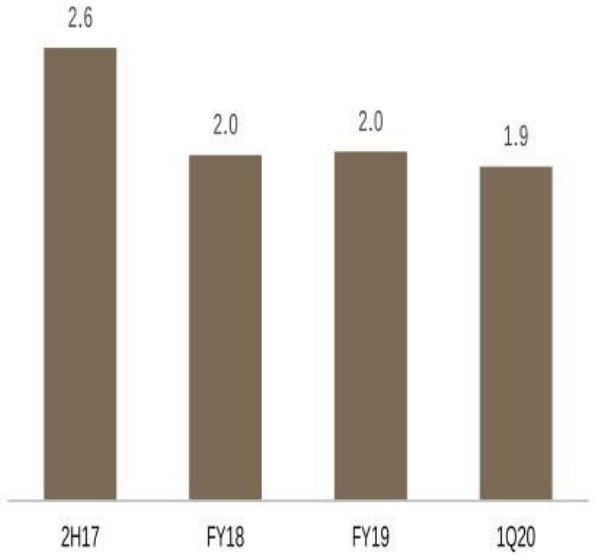

## Average Number of Wells Per Pad




## All-in Frac Costs per Stage ($/Stage)




## Spud to Rig Release Days per 1,000' (1)(3)




(1) Excludes wells that required additional casing string or pilot well test. Includes operated Midland Basin wells only
(2) Based on estimates
(3) Spud to rig release days = average spud to rig release days / (average completed lateral foot/1000)

# Highly Focused Environmental Stewardship

**Key Environmental Priorities Focus on Responsible Operatorship**

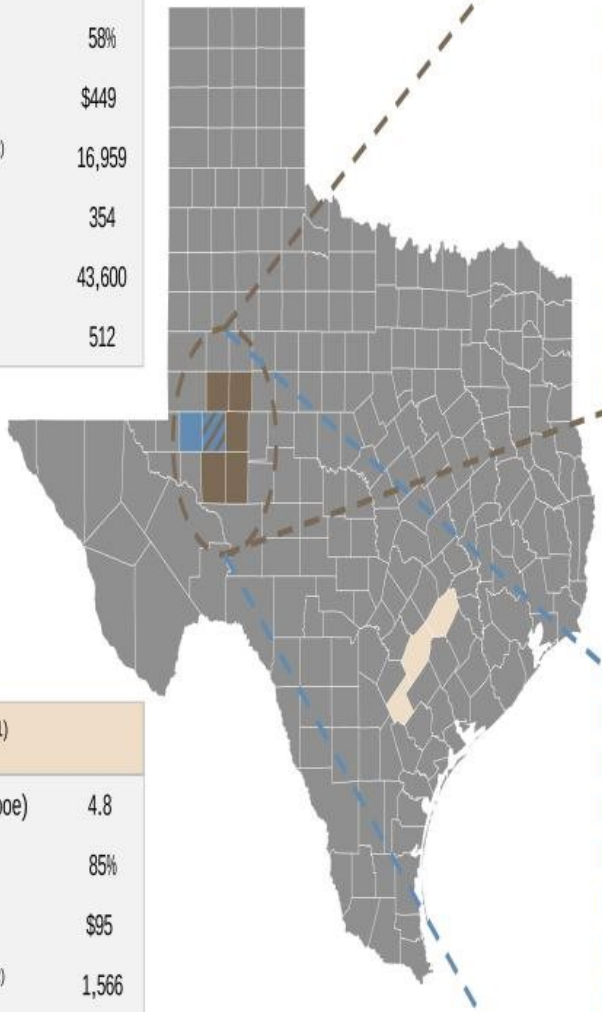
- ✓ Installation of Vapor Recovery Units ("VRUs") in conjunction with tank battery construction minimizes air emissions
- ✓ Target Zero Flaring: Connect natural gas pipelines ahead of flowback and first production negates need for flaring
- ✓ Started implementation of Leak Detection & Repair ("LDAR") program in 2019 to further minimize air emissions
- ✓ Seek to increase Midland Basin oil on pipelines from the wellhead from 13% of production in 2019 to ~42% of production in 2020
- ✓ Plan for 100% of water disposal on pipeline in the Midland Basin to reduce truck hauls, which, in turn, reduces $CO_2$ emissions

At Earthstone, maintaining environmentally sustainable business practices is a top priority

# Asset Overview

# Areas of Operations

| Total [1] | |
|---|---|
| Total Proved Developed (Mmboe) | 31.5 |
| % Oil | 58% |
| Total PD PV-10 ($mm) | $449 |
| 3Q20 Net Production (Boe/d)[2] | 16,959 |
| Gross Producing Wells[3] | 354 |
| Net Acres[3] | 43,600 |
| Gross Drilling Locations[3] | 512 |



| Legacy Midland Basin [1] | |
|---|---|
| Total Proved Developed (Mmboe) | 26.7 |
| % Oil | 53% |
| Total PD PV-10 ($mm) | $353 |
| 3Q20 Net Production (Boe/d)[2] | 15,393 |
| Gross Producing Wells[3] | 230 |
| Net Acres[3] | 29,100 |
| Gross Drilling Locations[3] | 450 |

| Eagle Ford [1] | |
|---|---|
| Total Proved Developed (Mmboe) | 4.8 |
| % Oil | 85% |
| Total PD PV-10 ($mm) | $95 |
| 3Q20 Net Production (Boe/d)[2] | 1,566 |
| Gross Producing Wells[3] | 124 |
| Net Acres[3] | 14,500 |
| Gross Drilling Locations[3] | 62 |

| IRM [4] | |
|---|---|
| Total Proved Developed (Mmboe) | 16.3 |
| % Oil | 60% |
| Total PD PV-10 ($mm) | $173 |
| 3Q20 Net Production (Boe/d)[2] | 8,780 |
| Gross Producing Wells | 752 |
| Net Acres[5] | 43,400 |
| Gross Drilling Locations[5] | 70 |

(1) Legacy ESTE reserves and PV10 based on SEC 12/31/19 Cawley, Gillespie & Associates, Inc. reserve report and exclude acquired IRM reserves
(2) Represents reported sales volumes
(3) Legacy ESTE As of 12/31/19 and excludes acquired IRM acreage
(4) IRM reserves and PV10 based on ESTE estimates as of 12/1/20 based on NYMEX strip pricing as of 11/30/20
(5) IRM net acres includes 38,500 non-core net acres. Gross locations based on ESTE estimate of Middle Spraberry, Lower Spraberry and Wolfcamp A locations assuming 880' well spacing

# Financial Overview

# Capital Budget, Guidance and Liquidity

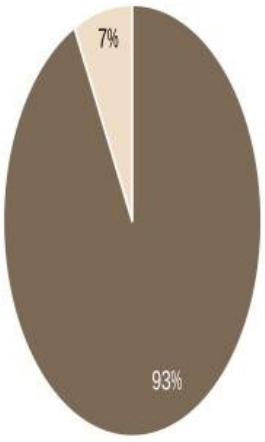
## ESTE 2020 Capital Budget

| ($ in millions) | | Gross / Net Operated Wells Drilled and Awaiting Completion | Gross / Net Operated Wells On Line | Net Non-Op Wells On Line |
|---|---|---|---|---|
| Drilling and Completion | $60 - $65 | 5 / 3.7 | 9 / 9.0 | 3.1 |
| Land / Infrastructure | $5 | | | |
| Total | $65 - $70 | | | |

## 2020 FY Guidance

| | | | |
|---|---|---|---|
| 2020 Average Daily Production (Boepd) | 14,000 | - | 14,500 |
| % Oil | 58% | - | 59% |
| % Liquids | 79% | - | 80% |
| 2020 Operating Costs | | | |
| Lease Operating Expense ($/Boe) | $5.25 | - | $5.50 |
| Production and Ad Valorem Taxes (% of Revenue) | 6.25% | - | 7.25% |
| 2020 Cash G&A ($mm) | $15.5 | - | $16.5 |

## 2020 Capital Budget Breakdown(1)




## Liquidity (12/31/2020)(2)

| ($mm) | 12/31/20 | PF 12/31/20 (2) |
|---|---|---|
| Cash | $1.5 | $15.3 |
| Revolver Borrowings | 115.0 | 260.0 |
| Total Debt | $115.0 | $260.0 |
| Revolver Borrowing Base | 240.0 | 360.0 |
| Less: Revolver Borrowings | (115.0) | (260.0) |
| Plus: Cash | 1.5 | 15.3 |
| Liquidity | $126.5 | $115.3 |

Note: Guidance is forward-looking information that is subject to considerable change and numerous risks and uncertainties, many of which are beyond Earthstone's control. See "Forward-Looking Statements"
(1) Reflects midpoint of FY2020E Guidance
(2) Liquidity presented at 12/31/20 on an ESTE standalone basis and at 12/31/20 pro forma for the acquisition of IRM

# Oil and Gas Hedges Summary – 100% Swaps (as of 1/7/21)

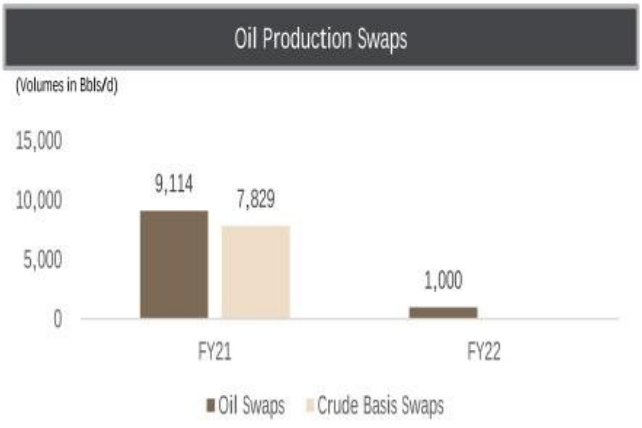
| Oil Production Hedges - 100% Swaps | | | |
|---|---|---|---|
| Period | Volume (Bbls) | Volume (Bbls/d) | $/Bbl |
| 1Q 2021 | 936,840 | 10,409 | $47.04 |
| 2Q 2021 | 811,260 | 8,915 | $48.26 |
| 3Q 2021 | 798,175 | 8,676 | $48.44 |
| 4Q 2021 | 780,475 | 8,483 | $48.59 |
| FY 2021 | 3,326,750 | 9,114 | $48.04 |
| FY 2022 | 365,000 | 1,000 | $47.70 |

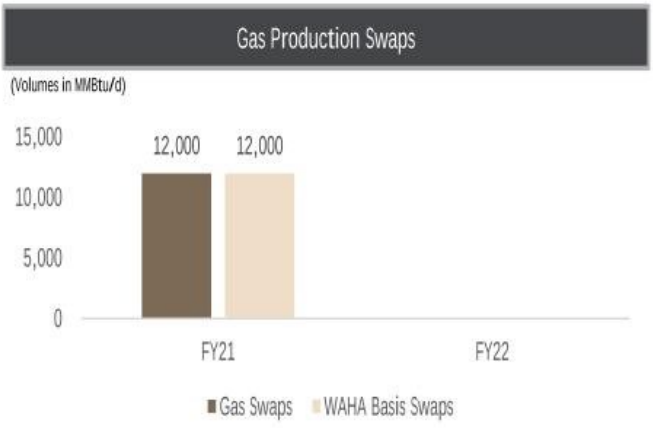
| Gas Production Hedges - 100% Swaps | | | |
|---|---|---|---|
| Period | Volume (MMBtu) | Volume (MMBtu/d) | $/MMBtu |
| 1Q 2021 | 1,080,000 | 12,000 | $2.763 |
| 2Q 2021 | 1,092,000 | 12,000 | $2.763 |
| 3Q 2021 | 1,104,000 | 12,000 | $2.763 |
| 4Q 2021 | 1,104,000 | 12,000 | $2.763 |
| FY 2021 | 4,380,000 | 12,000 | $2.763 |

| WTI Midland Argus Crude Basis Swaps | | | |
|---|---|---|---|
| Period | Volume (Bbls) | Volume (Bbls/d) | $/Bbl (Differential) |
| 1Q 2021 | 742,840 | 8,254 | $0.77 |
| 2Q 2021 | 720,260 | 7,915 | $0.78 |
| 3Q 2021 | 706,175 | 7,676 | $0.80 |
| 4Q 2021 | 688,475 | 7,483 | $0.81 |
| FY 2021 | 2,857,750 | 7,829 | $0.79 |

| WAHA Differential Basis Swaps | | | |
|---|---|---|---|
| Period | Volume (MMBtu) | Volume (MMBtu/d) | $/MMBtu |
| 1Q 2021 | 1,080,000 | 12,000 | ($0.453) |
| 2Q 2021 | 1,092,000 | 12,000 | ($0.453) |
| 3Q 2021 | 1,104,000 | 12,000 | ($0.453) |
| 4Q 2021 | 1,104,000 | 12,000 | ($0.453) |
| FY 2021 | 4,380,000 | 12,000 | ($0.453) |

| NYMEX CMA Roll | | | |
|---|---|---|---|
| Period | Volume (Bbls) | Volume (Bbls/d) | $/Bbl (Differential) |
| 1Q 2021 | 292,840 | 3,254 | ($0.26) |
| 2Q 2021 | 265,260 | 2,915 | ($0.26) |
| 3Q 2021 | 246,175 | 2,676 | ($0.26) |
| 4Q 2021 | 228,475 | 2,483 | ($0.27) |
| FY 2021 | 1,032,750 | 2,829 | ($0.26) |




Note: Includes hedges acquired by ESTE in acquisition of IRM

# Analyst Coverage

| Firm | Analyst Contact Info |
|---|---|
| Alliance Global Partners | Andrew Bond / 203-577-5427 / abond@allianceg.com |
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| Stephens | Gail Nicholson / 301-904-7466 / gail.nicholson@stephens.com |
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| Wells Fargo | Tom Hughes / 212-214-5022 / thomas.hughes@wellsfargo.com |

# Contact Information


| | |
|---|---|
| Mark Lumpkin, Jr. | EVP, Chief Financial Officer |
| Scott Thelander | Vice President of Finance |

Corporate Offices

| | |
|---|---|
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| Midland | 600 N. Marienfeld \| Suite 1000 \| Midland, TX 79701 \| (432) 686-1100 |
| Website | www.earthstoneenergy.com |

# Appendix

# Differentiated, Balanced Inventory in Midland Basin

## Midland Basin Overview

- Contiguous acreage positions provide significant development advantage
- Long lateral development increases capital efficiency
- Over 90% of Midland horizontal locations have laterals of ~7,500 feet or greater
- Additional upside from:
  - Middle Spraberry
  - Jo Mill
  - Additional Lower Spraberry Targets
  - Additional benches in Wolfcamp B
  - Wolfcamp D
- Actively pursuing acreage and acquisition bolt-on opportunities to increase lateral lengths and ownership
- Near-term drilling focused in the Wolfcamp A and the Wolfcamp B based on positive offset results, but we are optimistic about the upside potential in other zones

## Gross Locations by Lateral Length and Target

| Target | Gross Locations by Lateral Length | | | | |
|---|---|---|---|---|---|
| | 5,000' - 7,500' | 7,500' - 10,000' | 10,000'+ | Total | % Total |
| Wolfcamp A | 7 | 47 | 67 | 121 | 27% |
| Wolfcamp B Upper | 11 | 16 | 68 | 95 | 21% |
| Wolfcamp B Lower | 9 | 46 | 54 | 109 | 24% |
| All Other Targets | 1 | 37 | 87 | 125 | 28% |
| Total Gross Locations | 28 | 146 | 276 | 450 | 100% |
| Total Net Locations | 23 | 103 | 146 | 273 | |
| % Total (Gross) | 6% | 32% | 61% | 100% | |

## Midland Basin Locations by Op / Non-Op

| | Gross Locations | Net Locations | Average LL | Average WI | % of Gross Locations in WC A+B |
|---|---|---|---|---|---|
| Operated | 269 | 221 | 8,773 | 82% | 80% |
| Non-Operated | 181 | 51 | 9,446 | 28% | 60% |
| Total | 450 | 273 | 9,044 | 61% | 72% |

Note: Gross location count includes only economic locations in 12/31/19 CGA reserve report and excludes IRM

# Reconciliation of Non-GAAP Financial Measure - Adjusted EBITDAX

Earthstone uses Adjusted EBITDAX, a financial measure that is not presented in accordance with accounting principles generally accepted in the United States ("GAAP"). Adjusted EBITDAX is a supplemental non-GAAP financial measure that is used by Earthstone's management team and external users of its financial statements, such as industry analysts, investors, lenders and rating agencies. Earthstone's management team believes Adjusted EBITDAX is useful because it allows Earthstone to more effectively evaluate its operating performance and compare the results of its operations from period to period without regard to its financing methods or capital structure.

Earthstone defines Adjusted EBITDAX as net (loss) income plus, when applicable, (gain) loss on sale of oil and gas properties, net; accretion of asset retirement obligations; impairment expense; depletion, depreciation and amortization; transaction costs; interest expense, net; rig termination expense; exploration expense; unrealized loss (gain) on derivative contracts; stock based compensation (non-cash); and income tax expense (benefit). Earthstone excludes the foregoing items from net income (loss) in arriving at Adjusted EBITDAX because these amounts can vary substantially from company to company within their industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDAX should not be considered as an alternative to, or more meaningful than, net (loss) income as determined in accordance with GAAP or as an indicator of Earthstone's operating performance or liquidity. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDAX. Earthstone's computation of Adjusted EBITDAX may not be comparable to other similarly titled measures of other companies or to similar measures in Earthstone's revolving credit facility.

The following table provides a reconciliation of Net (loss) income to Adjusted EBITDAX for:

| 3Q 2020 Adjusted EBITDAX ($ in 000s) | 3Q 20 |
|---|---|
| Net (loss) income | ($11,858) |
| Accretion of asset retirement obligations | $47 |
| Depreciation, depletion and amortization | $28,538 |
| Impairment expense | $2,115 |
| Interest expense, net | $1,186 |
| Transaction costs | ($705) |
| Loss (gain) on sale of oil and gas properties | $0 |
| Exploration expense | $0 |
| Unrealized loss (gain) on derivative contracts | $14,543 |
| Stock based compensation (non-cash) [1] | $2,403 |
| Income tax expense (benefit) | $130 |
| Adjusted EBITDAX | $36,399 |

| FY 2019 Adjusted EBITDAX ($ in 000s) | FY 19 |
|---|---|
| Net (loss) income | $1,580 |
| Accretion of asset retirement obligations | $214 |
| Depreciation, depletion and amortization | $69,243 |
| Impairment expense | $0 |
| Interest expense, net | $6,566 |
| Transaction costs | $1,077 |
| Loss (gain) on sale of oil and gas properties | ($3,222) |
| Exploration expense | $653 |
| Unrealized loss (gain) on derivative contracts | $59,849 |
| Stock based compensation (non-cash) [1] | $8,648 |
| Income tax expense (benefit) | $1,665 |
| Adjusted EBITDAX | $146,273 |

(1) Included in General and administrative expense in the Consolidated Statements of Operations

# Reconciliation of Non-GAAP Financial Measure - LTM Adjusted EBITDAX

Earthstone uses Adjusted EBITDAX, a financial measure that is not presented in accordance with accounting principles generally accepted in the United States ("GAAP"). Adjusted EBITDAX is a supplemental non-GAAP financial measure that is used by Earthstone's management team and external users of its financial statements, such as industry analysts, investors, lenders and rating agencies. Earthstone's management team believes Adjusted EBITDAX is useful because it allows Earthstone to more effectively evaluate its operating performance and compare the results of its operations from period to period without regard to its financing methods or capital structure.

Earthstone defines Adjusted EBITDAX as net (loss) income plus, when applicable, (gain) loss on sale of oil and gas properties, net; accretion of asset retirement obligations; impairment expense; depletion, depreciation and amortization; transaction costs; interest expense, net; rig termination expense; exploration expense; unrealized loss (gain) on derivative contracts; stock based compensation (non-cash); and income tax expense (benefit). Earthstone excludes the foregoing items from net income (loss) in arriving at Adjusted EBITDAX because these amounts can vary substantially from company to company within their industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDAX should not be considered as an alternative to, or more meaningful than, net (loss) income as determined in accordance with GAAP or as an indicator of Earthstone's operating performance or liquidity. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historic costs of depreciable assets, none of which are components of Adjusted EBITDAX. Earthstone's computation of Adjusted EBITDAX may not be comparable to other similarly titled measures of other companies or to similar measures in Earthstone's revolving credit facility.

The following table provides a reconciliation of Net (loss) income to Adjusted EBITDAX for:

| 9/30/20 LTM Adjusted EBITDAX ($ in 000s) | | | |
|---|---|---|---|
| | ESTE | IRM | Pro Forma |
| Net (loss) income | ($16,693) | ($66,645) | ($83,338) |
| Accretion of asset retirement obligations | 191 | 1,254 | 1,445 |
| Depreciation, depletion and amortization | 103,058 | 46,852 | 149,910 |
| Impairment expense | 62,548 | 56,600 | 119,148 |
| Interest expense, net | 6,038 | 11,281 | 17,319 |
| Transaction costs | (45) | 0 | (45) |
| Loss (gain) on sale of oil and gas properties | (3,866) | 0 | (3,866) |
| Rig termination expense | 426 | 1,998 | 2,424 |
| Exploration expense | 951 | 27,226 | 28,177 |
| Unrealized loss (gain) on derivative contracts | 1,051 | 346 | 1,397 |
| Stock based compensation (non-cash)(1) | 9,633 | 2,961 | 12,594 |
| Income tax expense (benefit) | 1,049 | (575) | 474 |
| Adjusted EBITDAX | $164,341 | $81,298 | $245,639 |

(1) Included in Earthstone's General and administrative expense in the Consolidated Statements of Operations

# Reserves Summary and PV-10 (Non-GAAP Financial Measure)

Earthstone's proved reserves as of December 31, 2019 were independently estimated by Cawley, Gillespie & Associates, Inc. ("CGA"), independent petroleum engineers, utilizing SEC prescribed oil and gas prices of $55.69/bbl and $2.578/mmbtu, respectively, calculated for December 31, 2019. SEC prices net of differentials were $52.60/bbl and $0.91/Mcf for oil and gas, respectively.

| Year-End 2019 SEC Proved Reserves | | | | | |
|---|---|---|---|---|---|
| Reserves Category | Oil (Mbbls) | Gas (MMcf) | NGL (Mbbls) | Total (Mboe) | PV-10 ($ in thousands) |
| Proved Developed | 18,220 | 35,120 | 7,447 | 31,521 | $448,533 |
| Proved Undeveloped | 34,430 | 72,870 | 16,241 | 62,815 | $371,459 |
| Total | 52,650 | 107,990 | 23,688 | 94,336 | $819,992 |

PV-10 is a non-GAAP measure that differs from a measure under GAAP known as "standardized measure of discounted future net cash flows" in that PV-10 is calculated without including future income taxes. Management believes that the presentation of the PV-10 value of our oil and natural gas properties is relevant and useful to investors because it presents the estimated discounted future net cash flows attributable to our estimated proved reserves independent of our income tax attributes, thereby isolating the intrinsic value of the estimated future cash flows attributable to our reserves. We believe the use of a pre-tax measure provides greater comparability of assets when evaluating companies because the timing and quantification of future income taxes is dependent on company-specific factors, many of which are difficult to determine. For these reasons, management uses and believes that the industry generally uses the PV-10 measure in evaluating and comparing acquisition candidates and assessing the potential rate of return on investments in oil and natural gas properties. PV-10 does not necessarily represent the fair market value of oil and natural gas properties. PV-10 is not a measure of financial or operational performance under GAAP, nor should it be considered in isolation or as a substitute for the standardized measure of discounted future net cash flows as defined under GAAP.

The table below provides a reconciliation of PV-10 to the standardized measure of discounted future net cash flows (in thousands):

| Reconciliation of PV-10 | |
|---|---|
| Present value of estimated future net revenues (PV-10) | $819,992 |
| Future income taxes, discounted at 10% | ($30,415) |
| Standardized measure of discounted future net cash flows | $789,577 |

# Non-GAAP Financial Measure - Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that we use as an indicator of our ability to fund our development activities. We define Free Cash Flow as Adjusted EBITDAX (defined above), less interest expense, less accrual-based capital expenditures.

Management believes that Free Cash Flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the Company's financial performance. Free Cash Flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.

| Reconciliation of Free Cash Flow ($ in 000s) | |
|---|---|
| | 3Q20 |
| Adjusted EBITDAX | $36,399 |
| Interest expense, net | (1,186) |
| Capital expenditures (accrual basis) | (1,378) |
| Free Cash Flow | $33,835 |