

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 27, 2021
(Date of earliest event reported)



EARTHSTONE ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-35049

(Commission File Number)

84-0592823

(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.

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

On January 27, 2021, the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Earthstone Energy, Inc. (the “Company”), approved the form of Performance Unit award agreement for executive officers that are granted Performance Units (the “Executive PSU Agreement”).

The description of the form of Executive PSU Agreement contained in this Item 5.02 does not purport to be complete and is qualified in its entirety by reference to the form of Executive PSU Agreement included as Exhibit 10.1 to this Current Report on Form 8-K.

Also, on January 27, 2021, the Board approved the Earthstone Energy, Inc. Amended and Restated Change in Control and Severance Benefit Plan (the “Amended Plan”), as recommended by the Committee, which provides for severance benefits to the Company’s named executive officers (and certain other officers and key employees), including: Frank A. Lodzinski, Robert J. Anderson and Steven C. Collins. The Amended Plan replaces the Company’s previous Change of Control and Severance Benefit Plan that was adopted effective April 8, 2019. The Amended Plan provides for enhanced benefits following a Change in Control (as such term is defined in the Amended Plan).

Pursuant to the Amended Plan, following a Change in Control and during the “protection period,” which period extends from the date of the Change in Control until the date 18 months following the occurrence of a Change in Control, if the named executive officer’s employment is terminated by the Company without Cause (as such term is defined in the Amended Plan) or by the named executive officer for a CIC Good Reason (as such term is defined in the Amended Plan), the named executive officer is entitled to (1) 200% of the executive’s annual base salary; (2) 200% of the greatest of (i) the executive’s annual bonus during the prior year, (ii) the executive’s annual bonus two years prior to termination date, and (iii) the executive’s current target bonus (the “AIP Amount”); and (3) reimbursement of 18 months of health benefits. The named executive officer would be entitled to the same benefits discussed above in the event the executive’s employment is terminated for death or disability as provided in the Amended Plan.

Pursuant to the Amended Plan, if the named executive officer’s employment with the Company is terminated by the Company without Cause or by the named executive officer for a Good Reason (as such term is defined in the Amended Plan) and not during the protection period, the named executive officer is entitled to receive (1) 100% of the executive’s annual base salary, (2) 100% of the executive’s pro-rated AIP Amount (based on the number of days employed during the year of termination), and (3) reimbursement of 12 months of health benefits.

Entitlement to the above benefits will be conditioned on the timely execution of a general release in the form and substance approved by the Committee.

The description of the Amended Plan contained in this Item 5.02 does not purport to be complete and is qualified in its entirety by reference to the Amended Plan included as Exhibit 10.2 to this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

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

Exhibit No.	Description
10.1	Form of Performance Unit Agreement (Executive Management).
10.2	Earthstone Energy, Inc. Amended and Restated Change in Control and Severance Benefit Plan.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 29, 2021

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

Earthstone Energy, Inc.

AMENDED AND RESTATED 2014 LONG-TERM INCENTIVE PLAN
NOTICE OF PERFORMANCE UNIT AWARD

Award No.: _____

Participant: _____

Notice: You have been granted the following award of performance units ("Performance Units") of Earthstone Energy, Inc. (the "Company"), in accordance with the terms of this Notice of Performance Unit Award (this "Notice"), the Earthstone Energy, Inc. Amended and Restated 2014 Long-Term Incentive Plan, as approved by shareholders in June 2018, as amended from time to time (the "Plan"), and the attached Performance Unit Agreement (the "Agreement").

Grant Date: _____ (the "Grant Date")

Number of Performance Units: _____ (the "Units")

Performance Period: _____ (the "Performance Period")

Any payment with respect to the settlement of the Units is subject to (i) the achievement of the performance objectives set forth in the Agreement, (ii) except as otherwise provided in the Agreement, your continued service as an employee or as a director of the Company or any of its subsidiaries through the end of the Performance Period, and (iii) upon the terms and conditions of this Notice, the Plan and the Agreement.

You, by your signature as the Participant below, acknowledge that you (i) have reviewed the Agreement and the Plan in their entirety and have had the opportunity to obtain the advice of counsel prior to executing this Notice, (ii) understand that the award of the Units is granted under and governed by the terms and provisions of the Agreement and the Plan, and (iii) agree to accept as binding all of the determinations and interpretations made by the Board of Directors of the Company with respect to matters arising under or relating to this Notice, the Agreement and the Plan.

PARTICIPANT

EARTHSTONE ENERGY, INC.

By: _____

Name:

Title:

EARTHSTONE ENERGY INC.
AMENDED AND RESTATED 2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE UNIT AGREEMENT

1. Award of Performance Units. Earthstone Energy, Inc., a Delaware corporation (the “**Company**”), hereby grants to the Participant under the Plan an award (the “**Award**”) of the number of Performance Units (each individually, a “**Unit**” and collectively, the “**Units**”) set forth in the Notice of Performance Unit Award (the “**Notice**”) to which this Performance Unit Agreement (this “**Agreement**”) is attached. This Agreement consists of the Notice and the terms and conditions of the Earthstone Energy, Inc. Amended and Restated 2014 Long-Term Incentive Plan, as amended from time to time (the “**Plan**”). Unless otherwise provided herein, capitalized terms herein will have the same meanings as in the Plan or in the Notice.
2. Overview of the Units. Each Unit represents a contractual right to receive a cash payment equal to the Fair Market Value on the Determination Date (as defined in Section 3 below) of one share of Class A common stock, \$0.001 par value per share, of the Company (the “**Class A Common Stock**”), or one share of Class A Common Stock as determined by Section 4 hereof, subject to the terms and conditions of this Agreement, the Plan and the Notice; provided that, based on the achievement of the performance objective outlined in Section 3 hereof (the “**Performance Objective**”), the amount of cash payable hereunder (or the number of shares of Class A Common Stock that may be deliverable to the extent provided in Section 4) in respect of the Units will range from a minimum of 0% to a maximum of 200% of the number of Units stated in the Notice (such number of Units stated in the Notice hereafter referred to as, the “**Target Units**”). The Participant’s right to receive an amount of cash (or Class A Common Stock to the extent provided in Section 4) in respect of the Units is generally contingent, in whole or in part, upon (a) the achievement of the Performance Objective and (b) except as provided in Section 5(a) or Section 6 hereof, the Participant’s continued service as an employee or as a director of the Company or any of its subsidiaries through the end of the Performance Period.
3. Performance Objective. The Performance Objective with respect to the Target Units is based on the annualized total shareholder return as determined by the Company’s Board of Directors or its Compensation Committee (collectively, the “**Board**”) in its sole discretion following the end of the Performance Period as described in Exhibit A hereto. As soon as administratively practicable following the end of the Performance Period (to be not later than forty-five (45) days following the end of the Performance Period), the Board shall certify (such date that the Board certifies the results, the “**Determination Date**”) whether and to the extent that the Performance Objective has been achieved and will determine the number of Units, if any, determined to be earned for the Performance Period (which number of Units shall equal the product of the Target Units (subject to adjustment as set forth in Section 9 hereof) multiplied by the TSR Multiplier (as such term is defined in Exhibit A hereto) pursuant to the table set forth in Exhibit A hereto. The number of Units, if any, determined by the Board to be earned pursuant to this Section 3 shall be referred to as the “**Earned Performance Units**.”
4. Settlement.
 - (a) Subject to the terms and conditions of this Agreement, within ninety (90) days following the end of the Performance Period, except in no event later than March 15th of the calendar year following the calendar year in which the Performance Period ends (which payment schedule is intended to

comply with the “short-term deferral” exemption from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), the Company will pay a cash amount (or issue one share of Class A Common Stock in a book-entry account in the name of the Participant with the Company’s transfer agent to the extent provided by Section 4(b)) for each Earned Performance Unit. Any fractional Earned Performance Units shall be rounded up to the nearest whole Earned Performance Unit. The Participant will not receive any dividends or be entitled to any dividend equivalents on or with respect to the Units.

- (b) Notwithstanding anything to the contrary herein, to the extent that there are shares of Class A Common Stock available for issuance under the Plan or any successor plan at the time the Earned Performance Units are settled (or any portion of the Earned Performance Units are settled) and the issuance of such shares would not be contrary to applicable law, then the Board may, in its sole discretion, determine to settle the applicable Earned Performance Units (or any portion of the applicable Earned Performance Units) by delivering to the Participant a number of shares of Class A Common Stock equal to the number of Earned Performance Units.
- (c) Upon a cash settlement of the Participant’s rights pursuant to Section 4(a), or conversion into shares of Class A Common Stock (or common stock of a Successor Corporation) pursuant to Section 4(b) or Section 6 hereof, or a combination of the issuance of Class A Common Stock and the payment of cash in accordance with any applicable provisions of this Agreement, all of the Units subject to the Award shall be cancelled and terminated. If and to the extent that the Participant is still employed or serves as a director of the Company or any of its subsidiaries at the end of the Performance Period, and none of the Units shall have become earned in accordance with the terms of this Agreement, all such Units subject to the Award shall be cancelled and terminated.

5. Termination of Employment.

- (a) Termination for Death, Disability, Without Cause or For Good Reason. If the Participant’s continued service as an employee or as a director of the Company or any of its subsidiaries ends as a result of the Participant’s death or Disability, by the Company without Cause or by the Participant for Good Reason, then the Participant shall be deemed to have earned, as of the end of the Performance Period, that number of Units equal to the number of Earned Performance Units that the Participant would have earned in accordance with Section 3 hereof had the Participant remained employed through the end of the Performance Period. Any portion of the Units that is eligible to be earned pursuant to the preceding sentence, but is not earned as of the end of the Performance Period, shall terminate and be canceled upon the expiration of the Performance Period. Payment of cash (or distribution of shares of Class A Common Stock to the extent provided by Section 4(b)) in respect of the Units determined to be earned by reason of this Section 5(a) shall be made at the time provided in Section 4 hereof. For purposes of this Agreement, the term “**Good Reason**” means without the Participant’s written consent (i) a material reduction in the Participant’s position, authority, power, functions, duties or responsibilities compared to the Participant’s position, authority, power, functions, duties or responsibilities as of the Grant Date; (ii) the Participant’s primary work location being moved more than thirty-five (35) miles, from the Participant’s primary work location immediately prior to the relocation; (iii) the Company or any of its subsidiaries materially reduces the Participant’s base salary (unless the base salaries of substantially all other senior executives of the Company are similarly reduced); or (iv) if the Participant is a party to an employment agreement with the Company, any material breach of such employment agreement by the Company. The Participant will not resign for Good Reason without

first providing the Company with written notice of the acts or omissions constituting the condition(s) for “Good Reason” within ninety (90) days of the initial existence of the condition(s) for “Good Reason” and the Company must have an opportunity within thirty (30) days following delivery of such notice to cure the Good Reason condition (the “**Cure Period**”). If the condition(s) are not remedied during such Cure Period, the Participant may terminate such Participant’s employment with the Company for Good Reason, by delivering a written notice of termination to the Company; provided, however, that such termination must occur no later than five (5) days after the conclusion of the Cure Period; otherwise, the Participant is deemed to have accepted the condition(s), or the Company’s correction of such condition(s), that may have given rise to the existence of such Good Reason. For purposes of this Agreement, the term “**Cause**” means (A) the Participant’s failure to perform (other than due to Disability or death) the duties of the Participant’s position (as they may exist from time to time) to the reasonable satisfaction of the Company or any of its subsidiaries after receipt of a written warning and at least fifteen (15) days’ opportunity for the Participant to cure the failure, (B) any act of fraud or dishonesty committed by the Participant against or with respect to the Company or any of its subsidiaries or customers as shall be reasonably determined to have occurred by the Board, (C) the Participant’s conviction or plea of no contest to a crime that negatively reflects on the Participant’s fitness to perform the Participant’s duties or harms the Company’s or any of its subsidiaries’ reputation or business, (D) the Participant’s willful or gross misconduct, moral turpitude, or breach of fiduciary duty that may be or is injurious to the Company or any of its subsidiaries, or (E) the Participant’s willful violation of a material Company or any of its subsidiaries policy. The preceding definition shall not be deemed to be inclusive of all the acts or omissions that the Company or any of its subsidiaries may consider as grounds for the dismissal or discharge of the Participant or any other individual in the service of the Company or any of its subsidiaries. Notwithstanding the foregoing, if the Participant is a party to an employment agreement with the Company, the definition of “cause” as defined in the employment agreement will supersede the above definition.

- (b) Other Termination of Employment. Unless otherwise determined by the Board at or after grant, if the Participant’s continued service with the Company and its subsidiaries terminates, such that the Participant is no longer serving the Company or any of its subsidiaries as an employee or director, prior to the end of the Performance Period for any reason other than those listed in Section 5(a) hereof, all of the Units shall terminate and automatically be canceled upon such termination of service.
6. Change of Control Event. Notwithstanding the provisions of Section 2 through Section 5 hereof, if the Participant has been continuously employed or continuously served as a director of the Company or any of its subsidiaries from the Grant Date until the date of a Change of Control Event (the “**Change of Control Date**”), then upon the occurrence of a Change of Control Event the Participant’s rights in respect of the Units shall be determined as provided in Section 6(a) hereof. If the Participant’s continued service with the Company and its subsidiaries terminates, such that the Participant is no longer serving the Company or any of its subsidiaries as an employee or director prior to the Change of Control Date, but the Units remain outstanding pursuant to Section 5(a) hereof, then the Participant’s rights in respect of the outstanding Units shall be determined as provided in Section 6(b) hereof.
- (a) Continuous Employment. If a Change of Control Event occurs and the Participant’s employment or service as a director of the Company or any of its subsidiaries has not terminated prior to the Change of Control Date, then the Participant will be paid an amount of cash (or issued a number of

shares of Class A Common Stock to the extent provided by Section 4(b)) equal to the number of Units that would have become Earned Performance Units in accordance with the provisions of Section 3 hereof assuming that: (i) the Performance Period ended on the Change of Control Date, and (ii) the determination of whether, and to what extent, the Performance Objective is achieved is based on actual performance against the stated performance criteria through the Change of Control Date; provided, however, that in no event shall the number of Earned Performance Units be less than the number of Target Units granted. Further, the Committee may, in its sole discretion, increase the number of Earned Performance Units to the maximum level.

- (b) Prior Termination of Employment. If the Participant's continued service with the Company and its subsidiaries terminates, such that the Participant is no longer serving the Company or any of its subsidiaries as an employee or director prior to the Change of Control Date, but the Units are still outstanding on such date pursuant to Section 5(a) hereof, then the Participant shall receive an amount of cash (or a number of shares of Class A Common Stock to the extent provided by Section 4(b)) equal to the amount of cash that would have been paid to the Participant determined as though Section 6(a) hereof was applicable to the Participant.
- (c) Time and Form of Payment. Any amount of cash payable pursuant to this Section 6 shall be paid immediately following (and not later than five (5) business days after) the Change of Control Date (or, if so provided by the Board, immediately prior to the Change of Control Event) and shall be fully earned as of the Change of Control Date. Any cash payment for any Unit pursuant to this Section 6 shall be equal to the fair market value (as determined in good faith by the Board) of the consideration received by the shareholders of the Company with respect to each share of Class A Common Stock as of the effective time of the Change of Control Event; provided, however, that if such Change of Control Event is effected in a manner that does not result in the shareholders of the Company receiving consideration in exchange for their Class A Common Stock, then any cash payment for any Unit pursuant to this Section 6 shall be equal to the Fair Market Value on the Change of Control Date. Notwithstanding anything else contained in this Section 6 to the contrary, if the Change of Control Event involves a merger, reclassification or other reorganization or business combination pursuant to which the Class A Common Stock is exchanged for or converted to stock of the surviving or continuing corporation in such transaction, the successor or continuing entity to the Company or the direct or indirect parent of the Company (collectively, the "**Successor Corporation**"), then the Participant shall receive, instead of each share of Class A Common Stock otherwise deliverable hereunder to the extent provided in Section 4(b), the same consideration (whether stock, cash or other property) payable or distributable in such transaction in respect of a share of Class A Common Stock. Any property distributed pursuant to this Section 6(c), whether in shares of the Successor Corporation or otherwise, shall in all cases be freely transferable without any restriction (other than any such restriction that may be imposed by applicable law), and any securities issued hereunder shall be registered to trade under the Exchange Act, and shall have been registered under the Securities Act of 1933, as amended (the "**Securities Act**").

7. Taxes.

- (a) Tax Liability. The Participant is ultimately liable and responsible for all taxes owed by the Participant in connection with the Award, regardless of any action the Company takes with respect to any tax withholding obligations that arise in connection with the Award. The Company does not make any representation or undertaking regarding the treatment of any tax withholding in

connection with the grant or vesting of the Award (or the subsequent sale of Class A Common Stock to the extent the Award is settled in shares of Class A Common Stock). The Company does not commit and is under no obligation to structure the Award to reduce or eliminate the Participant's tax liability.

- (b) Payment of Withholding Taxes. In the event required by federal, state or local law, the Company will have the right and is hereby authorized to withhold, and/or to require the Participant to pay upon the occurrence of an event triggering the requirement, any applicable withholding taxes in respect of the Award, whether upon its grant, vesting, settlement, and/or otherwise, and to take such other action as may be necessary in the opinion of the Board to satisfy all obligations for the payment of such withholding taxes. The Company may, in its sole discretion, and subject to compliance with all applicable laws as set forth in Section 12 hereof, permit the Participant to satisfy such tax withholding obligation, in whole or in part, without limitation, by: (i) causing the Participant to tender a cash payment or withholding cash otherwise payable hereunder; (ii) in the event that shares of Class A Common Stock are issued hereunder, permitting the Participant to enter into a "same-day-sale" commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "**FINRA Dealer**") whereby the Participant shall irrevocably elect to sell a portion of any shares of Class A Common Stock to be delivered upon settlement in an amount necessary to satisfy the withholding taxes and the FINRA Dealer irrevocably commits to forward the proceeds directly to the Company; (iii) in the event that shares of Class A Common Stock are issued hereunder, withholding otherwise then deliverable Class A Common Stock having a fair market value not to exceed the maximum statutory withholding amount permissible in the applicable jurisdictions; (iv) causing the Participant to surrender Class A Common Stock of the Company which (A) in the case of Class A Common Stock initially acquired pursuant to an Award or otherwise, has been owned by the Participant for any applicable holding period, and (B) has a fair market value on the date of surrender equal to the amount required to be withheld; or (v) through any other lawful manner. The Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to inadequate withholding.
- (c) THE PARTICIPANT FURTHER ACKNOWLEDGES THAT THE COMPANY HAS DIRECTED HIM OR HER TO SEEK INDEPENDENT ADVICE REGARDING THE APPLICABLE PROVISIONS OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THE INCOME TAX LAWS OF ANY MUNICIPALITY OR STATE IN WHICH HE OR SHE MAY RESIDE.
8. No Right to Employment or Service. The Participant's employment with the Company is on an at-will basis only, subject to the provisions of applicable law. Accordingly, subject to any written, express employment contract with the Participant, nothing in this Agreement or the Plan will confer upon the Participant any right to employment by the Company or will interfere with, or restrict in any way, the rights of the Company, which are hereby expressly reserved, to terminate the employment of the Participant at any time for any reason whatsoever, with or without good cause. Such reservation of rights can be modified only in an express written contract executed by a duly authorized officer of the Company.
9. Adjustments in Respect of Units. In the event of any common stock dividend or common stock split, recapitalization (including, but not limited to, the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to shareholders, exchange of shares, or other

similar corporate change with regard to the Company (other than the payment of cash dividends), appropriate adjustments shall be made by the Board to the Initial Value of the corresponding Class A Common Stock and in the aggregate number of Units subject to this Agreement. The Board's determination with respect to any such adjustment shall be conclusive and binding on the Participant.

10. Address for Notices. Any notice to be given to the Company under the terms of this Agreement will be addressed to the Company, Attn: President, 1400 Woodloch Forest Drive, Suite 300, The Woodlands, Texas 77380, or at such other address as the Company may hereafter designate in writing. Any notice to be given to the Participant will be addressed to such Participant at the address maintained by the Company for such person or at such other address as the Participant may specify in writing to the Company.
11. Award is Not Transferable. The Award and the rights and privileges conferred hereby may not be transferred, assigned, pledged or hypothecated in any way (whether by operation of law or otherwise) and may not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of the Award, or of any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment or similar process, this grant and the rights and privileges conferred hereby immediately will become null and void.
12. Compliance with Laws and Regulations.
 - (a) If the Participant is an "affiliate" of the Company, as that term is defined in Rule 144 ("**Rule 144**") under the Securities Act, the Participant may not sell any shares of Class A Common Stock to the extent provided in Section 4 that are received upon settlement of the Units unless in compliance with Rule 144. Further, the Participant's subsequent sale of any shares of Class A Common Stock received upon the settlement of Units will be subject to any market blackout-period that may be imposed by the Company and must comply with the Company's insider trading policies and any other applicable securities laws. The Participant acknowledges and agrees that, prior to the sale of any shares of Class A Common Stock acquired hereunder, it is the Participant's responsibility to determine whether or not such sale of such Class A Common Stock will subject the Participant to liability under insider trading rules or other applicable federal securities laws.
 - (b) The Units and any obligation of the Company to deliver shares of Class A Common Stock hereunder will be subject in all respects to (i) all applicable federal and state laws, rules and regulations and (ii) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Board may, in its discretion, determine to be necessary or applicable. Moreover, the Company will not issue any shares of Class A Common Stock to the Participant or any other person pursuant to this Agreement if doing so would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of the Class A Common Stock upon any national securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company will not be required to issue any shares of Class A Common Stock to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.
 - (c) It is the intention of the Company and the Participant that the payments, benefits and rights to which the Participant could be entitled pursuant to this Agreement comply with or be exempt from

Section 409A of the Code and the treasury regulations promulgated thereunder (“**Section 409A**”) (to the extent that the requirements of Section 409A are applicable thereto), after application of all available exemptions (including without limitation the short-term deferral rule, the involuntary separation pay plan exception, or the specified payment date rule). The provisions of this Agreement shall be construed in a manner consistent with that intention. If any provision of this Agreement contravenes Section 409A, or would cause Participant to incur any additional tax, interest or penalty under Section 409A, the Company and Participant agree in good faith to reform this Agreement to comply with Section 409A, or to take such other actions as the Company and the Participant deem necessary or appropriate, to maintain, to the maximum extent practicable, without violating the provisions of Section 409A, the original intent and economic benefit to the Participant and the Company of the applicable provision; provided that the Company shall have no obligation to make any changes that could create any additional economic cost or loss of benefit to the Company. Any provision required for compliance with Section 409A that is omitted from this Agreement shall be incorporated herein by reference and shall apply retroactively, if necessary, and be deemed a part of this Agreement to the same extent as though expressly set forth herein. Notwithstanding anything to the contrary, the Company makes no representation with respect to the tax treatment of the payments and/or benefits provided under this Agreement, and in no event will Company be liable for, pay or reimburse any additional tax, interest or penalties that may be imposed on the Participant under Section 409A. In the event that the Participant is deemed to be a “specified employee” within the meaning of that term under Code Section 409A(a)(2)(B), the Company is authorized to delay any payments otherwise required hereunder following termination of employment until the first business day after the end of the six (6) month period following termination of employment, to the extent that such delay is necessary in order to comply with the requirements of Section 409A. If required to comply with Section 409A (but only to the extent so required), a termination of employment shall not be deemed to have occurred for purposes of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “Separation from Service” within the meaning of Section 409A (excluding death) and, for purposes of any provision of this Agreement, references to “termination of employment,” “separation from employment,” “termination,” or like terms shall mean “Separation from Service” (excluding death).

13. Binding Agreement. This Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

14. Plan Governs.

- (a) Except as set forth in this Section 14 and where explicitly stated in this Agreement, this Agreement is subject to all terms and provisions of the Plan. In the event of a conflict between one or more provisions of this Agreement and one or more provisions of the Plan, the provisions of the Plan will govern.
- (b) Any interpretation of the Plan as the Plan applies to this Agreement shall be in compliance with Section 409A of the Code. If a provision of this Agreement is compliant with Section 409A of the Code and the conflicting provision of the Plan is not compliant with Section 409A of the Code, the provision of this Agreement shall govern.

15. Board Authority. The Board will have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether or not any Units have been earned and the determination of the number of Earned Performance Units). All actions taken and all interpretations and determinations made by the Board will be final and binding upon the Participant, the Company and all other persons, and will be given the maximum deference permitted by law. No member of the Board will be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.
16. Captions. Captions provided herein are for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.
17. Provisions Severable. In the event that any provision in this Agreement will be held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.
18. Entire Agreement. This Agreement, including the Notice, and the Plan constitute the entire understanding of the parties relating to the subjects covered herein. The Participant expressly warrants that he or she is not executing the Notice in reliance on any promises, representations or inducements other than those contained herein and in the Plan.
19. Modifications to this Agreement. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless made in writing signed by the Participant and a duly authorized officer of the Company. All modifications of or amendments to this Agreement must either (a) comply with Section 409A of the Code or (b) not cause the Award to be subject to Section 409A of the Code if the Award is not already subject to Section 409A of the Code.
20. Amendment, Suspension or Termination of the Plan. The Participant understands that the Plan is discretionary in nature and may be modified, suspended or terminated by the Company at any time.
21. Recoupment Policy. Notwithstanding any terms in this Agreement to the contrary, the Award is subject to any compensatory recovery (clawback) policy in effect at any time prior to the end of the Performance Period.
22. Governing Law. This Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, without regard to its conflict of law provisions.
23. Data Protection. By accepting the Award the Participant agrees and consents:
 - (a) to the collection, use, processing and transfer by the Company of certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, other employee information, details of the Units granted to the Participant, and of cash or Class A Common Stock issued or transferred to the Participant pursuant to this Agreement ("**Data**"); and
 - (b) to the Company transferring Data to any subsidiary or affiliate of the Company for the purposes of implementing, administering and managing this Agreement; and

(c) to the use of such Data by any person for such purposes; and

(d) to the transfer to and retention of such Data by third parties in connection with such purposes.

24. No Guarantee of Interests. The Board and the Company do not guarantee the Units from loss or depreciation.

25. Beneficiary Designation. The Participant may from time to time name any beneficiary or beneficiaries (who may be named contingently or successively) to whom shall be paid or delivered under this Agreement following the Participant's death any cash payable or shares of Class A Common Stock that are distributable hereunder in respect of the Units at the time specified in Section 4 hereof or, if applicable, Section 6 hereof. Each designation will revoke all prior designations, shall be in a form prescribed by the Board, and will be effective only when filed in writing with the Board during the Participant's lifetime. In the absence of any such effective designation, shares issuable and cash payable in connection with the Participant's death shall be paid to the Participant's surviving spouse, if any, or otherwise to the Participant's estate.

26. Participant Acknowledgements. The Participant acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts the Award subject to all of the terms and provisions hereof and thereof. The Participant has reviewed this Agreement and the Plan in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Notice and fully understands all provisions of this Agreement and the Plan.

THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT THE UNITS WILL BE EARNED, IF AT ALL, ONLY UPON THE ACHIEVEMENT OF THE PERFORMANCE OBJECTIVE AND THE PARTICIPANT'S CONTINUED SERVICE AS AN EMPLOYEE OR AS A DIRECTOR OF THE COMPANY OR ANY OF ITS SUBSIDIARIES (NOT THROUGH THE ACT OF BEING GRANTED THE AWARD OR ACQUIRING THE UNITS HEREUNDER) THROUGH THE END OF THE PERFORMANCE PERIOD. THE PARTICIPANT FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THE NOTICE, THIS AGREEMENT NOR THE PLAN WILL CONFER UPON THE PARTICIPANT ANY RIGHT WITH RESPECT TO CONTINUATION OF THE PARTICIPANT'S EMPLOYMENT WITH THE COMPANY OR SERVICE AS A DIRECTOR OF THE COMPANY OR ANY OF ITS SUBSIDIARIES.

EARTHSTONE ENERGY, INC.

AMENDED AND RESTATED CHANGE IN CONTROL AND SEVERANCE BENEFIT PLAN

1. **Purpose and Effective Date.** Earthstone Energy, Inc. (the “**Company**”) has adopted this Amended and Restated Change in Control and Severance Benefit Plan (this “**Plan**”) to provide for the payment of severance or change in control benefits to Eligible Individuals (as defined below). This Plan was approved by the Board of Directors (the “**Board**”) of the Company to be effective as of January 27, 2021 (the “**Effective Date**”). This Plan completely supersedes and replaces the Company’s previous Change in Control and Severance Benefit Plan that was adopted effective April 8, 2019.

2. **Definitions.** For purposes of this Plan, the terms listed below will have the meanings specified herein:

(a) “**Accrued Obligations**” means (i) payment to an Eligible Individual of all earned but unpaid Base Salary through the Date of Termination prorated for any partial period of employment; (ii) payment to an Eligible Individual, in accordance with the terms of the applicable benefit plan of the Company or its Affiliates or to the extent required by law, of any benefits to which such Eligible Individual has a vested entitlement as of the Date of Termination; (iii) payment to an Eligible Individual of any accrued unused vacation; and (iv) payment to an Eligible Individual of any approved but not yet reimbursed business expenses incurred in accordance with applicable policies of the Company and its Affiliates, including this Plan.

(b) “**Administrator**” means the Compensation Committee of the Board or another person or committee appointed by the Board to administer this Plan.

(c) “**Affiliate**” means (i) with respect to the Company, any person or entity that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the Company and any predecessor to any such person or entity; provided, however, that a natural person shall not be considered an Affiliate; and (ii) with respect to an Eligible Individual, any person or entity that directly, or through one or more intermediaries, is controlled by such Eligible Individual or members of such Eligible Individual’s immediate family.

(d) “**AIP**” means the annual incentive payment, being the greatest of (i) any annual incentive payment amount earned by the Eligible Individual during the calendar year immediately preceding the Date of Termination, (ii) any annual incentive payment amount earned by the Eligible Individual two calendar years immediately preceding the Date of Termination, and (iii) the Eligible Individual’s then current “target” annual incentive payment amount.

(e) “**Base Salary**” means an Eligible Individual’s annual base salary as of the Notice of Termination (without regard to any reduction in such Base Salary which constitutes Good Reason or a CIC Good Reason).

(f) “**Cause**” means any of the following:

(i) the Eligible Individual’s failure to perform (other than due to Disability or death) the duties of the Eligible Individual’s position (as they may exist from time to time) to the reasonable satisfaction of the Company or any of its Affiliates,

(ii) any act of fraud or dishonesty committed by the Eligible Individual against or with respect to the Company or any of its Affiliates or customers as shall be reasonably determined to have occurred by the Administrator,

(iii) the Eligible Individual's conviction or plea of no contest to a crime that negatively reflects on the Eligible Individual's fitness to perform the Eligible Individual's duties or harms the Company's or any of its Affiliates' reputation or business,

(iv) the Eligible Individual's willful or gross misconduct, moral turpitude, or breach of fiduciary duty that may be or is injurious to the Company or any of its Affiliates, or

(v) the Eligible Individual's violation of a material policy of the Company or any of its Affiliates.

(g) "**Change in Control**" means each of the following:

(i) Any transaction in which shares of voting securities of the Company representing more than 50% of the total combined voting power of all outstanding voting securities of the Company are issued by the Company, or sold or transferred by the stockholders of the Company, in either case resulting in those persons and entities who beneficially owned voting securities of the Company representing more than 50% of the total combined voting power of all outstanding voting securities of the Company immediately prior to such transaction ceasing to beneficially own voting securities of the Company representing more than 50% of the total combined voting power of all outstanding voting securities of the Company immediately after such transaction;

(ii) The merger or consolidation of the Company with or into another entity resulting in those persons and entities immediately prior to such merger or consolidation who beneficially owned all of the outstanding voting securities of the Company ceasing to beneficially own voting securities representing more than 50% of the total combined voting power of all outstanding voting securities of the surviving corporation or resulting entity immediately after such merger or consolidation; or

(iii) The sale of all or substantially all of the Company's assets unless those persons and entities who beneficially owned voting securities of the Company representing more than 50% of the total combined voting power of all outstanding voting securities of the Company immediately prior to such asset sale beneficially own voting securities of the purchasing entity representing more than 50% of the total combined voting power of all outstanding voting securities of the purchasing entity immediately after such asset sale.

Notwithstanding anything herein to the contrary, with respect to any amounts that constitute deferred compensation under Section 409A, to the extent required to avoid accelerated taxation or penalties, no Change in Control will be deemed to have occurred unless such Change in Control also constitutes a change in control in the ownership or effective control of the Company or a change in the ownership of a substantial portion of the Company's assets under Treasury Regulation Section 1.409A-3(i)(5).

(h) "**CIC Effective Date**" means the date upon which a Change in Control occurs.

(i) "**CIC Good Reason**" shall exist in the event any of the following actions are taken without an Eligible Individual's consent:

(i) a material reduction in the Eligible Individual's position, authority, power, functions, duties or responsibilities compared to the Eligible Individual's position, authority, power, functions, duties or responsibilities as of the CIC Effective Date;

(ii) the Eligible Individual's primary work location being moved more than thirty-five (35) miles from the Eligible Individual's primary work location immediately prior to the relocation;

(iii) the Company or any of its Affiliates materially reduces the Eligible Individual's Base Salary; or

(iv) if the Eligible Individual is a party to an employment agreement with the Company, any material breach of such employment agreement by the Company.

(j) “**COBRA**” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time.

(k) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

(l) “**Date of Termination**” means (i) if the Eligible Individual’s employment with the Company and its Affiliates is terminated by death, the date of such Eligible Individual’s death; (ii) if the Eligible Individual’s employment is terminated because of the Eligible Individual becoming Disabled, then thirty (30) days after the Notice of Termination is given; or (iii) if (A) the Eligible Individual’s employment is terminated by the Company or any of its Affiliates with or without Cause or (B) the Eligible Individual’s employment is terminated by the Eligible Individual with or without Good Reason or CIC Good Reason, as applicable, then, in each case, the date specified in the Notice of Termination, which shall comply with the applicable notice requirements set forth herein. Transfer of employment between and among the Company and its Affiliates, by itself, shall not constitute a termination of employment for purposes of this Plan.

(m) “**Disability**” or “**Disabled**” means, except as otherwise provided in this Plan, the Eligible Individual is unable to continue providing services by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months. For purposes of this Plan, the determination of Disability shall be made in the sole and absolute discretion of the Administrator.

(n) “**Employee Restrictive Covenants, Proprietary Information and Inventions Agreement**” means any Employee Restrictive Covenants, Proprietary Information and Inventions Agreement executed by an Eligible Individual.

(o) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(p) “**Good Reason**” shall exist in the event any of the following actions are taken without an Eligible Individual’s consent:

(i) a material reduction, in absolute terms, in the nature and scope of the Eligible Individual’s position, authority, power, functions, duties and responsibilities, taking into account the Company’s size, status as a public company and capitalization;

(ii) the Company or any of its Affiliates materially reduces the Eligible Individual’s Base Salary (unless the base salaries of substantially all other similarly situated executives of the Company are similarly reduced); or

(iii) if the Eligible Individual is a party to an employment agreement with the Company, any material breach of such employment agreement by the Company.

(q) “**LTIP**” means the Company’s 2014 Long-Term Incentive Plan (as amended and restated from time to time) or any successor equity incentive plan maintained by the Company.

(r) “**Notice of Termination**” means a notice that indicates the specific termination provision in this Plan relied upon and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated; provided, however, that any failure to provide such detail shall not delay the effectiveness of the termination.

(s) “**Post-Termination Obligations**” means any obligations owed by an Eligible Individual to the Company or any of its Affiliates which survive such Eligible Individual’s employment with the Company or its Affiliates, including, without limitation, any obligations and restrictive covenants (including covenants not to compete and not to solicit) set forth in an Eligible Individual’s Employee Restrictive Covenants, Proprietary Information and Invention Agreement or any other applicable agreement binding on the Eligible Individual.

(t) “**Section 409A**” means Section 409A of the Code and the regulations and administrative guidance issued thereunder.

(u) “**Section 4999**” means Section 4999 of the Code.

(v) “**Separation from Service**” means a “separation from service” as such term is defined for purposes of Section 409A.

(w) “**Severance Obligations**” means the Severance Obligations identified in Section 5(b), Section 5(c) and Section 5(d) of this Plan, as applicable.

(x) “**Severance Obligation Period**” means the period beginning on the Date of Termination and ending one (1) year thereafter.

(y) “**Tier 1 Officer**” means an Eligible Individual identified as a “Tier 1 Officer” in accordance with Exhibit A attached hereto.

(z) “**Tier 2 Officer**” means an Eligible Individual identified as a “Tier 2 Officer” in accordance with Exhibit A attached hereto.

(aa) “**Tier**” means the level at which an Eligible Individual is identified immediately prior to the Eligible Individual’s termination of employment (without regard to any reduction in such Tier that constitutes Good Reason or a CIC Good Reason).

3. Administration of this Plan.

(a) Authority of the Administrator. This Plan will be administered by the Administrator. Subject to the express provisions of this Plan and applicable law, the Administrator will have the authority, in its sole and absolute discretion, to: (i) adopt, amend, and rescind administrative and interpretive rules and regulations related to this Plan, (ii) delegate its duties under this Plan to such agents as it may appoint from time to time, and (iii) make all other determinations, perform all other acts and exercise all other powers and authority necessary or advisable for administering this Plan, including the delegation of those ministerial acts and responsibilities as the Administrator deems appropriate. The Administrator shall have complete discretion and authority with respect to this Plan and its application except to the extent that discretion is expressly limited by this Plan. The Administrator may correct any defect, supply any omission, or reconcile any inconsistency in this Plan in any manner and to the extent it deems necessary or desirable to carry this Plan into effect, and the Administrator will be the sole and final judge of that necessity or desirability. The determinations of the Administrator on the matters referred to in this Section 3(a) or otherwise arising under this Plan will be final and conclusive.

(b) Manner of Exercise of Authority. Any action of, or determination by, the Administrator will be final, conclusive and binding on all persons, including the Company, the Company’s Affiliates, the Board, the stockholders of the Company, each Eligible Individual, or other persons claiming rights from or through an Eligible Individual. The express grant of any specific power to the Administrator, and the taking of any action by the Administrator, will not be construed as limiting any power or authority of the Administrator. The Administrator may delegate to officers of the Company, or committees thereof, the authority, subject to such terms as the Administrator will determine, to perform such functions, including administrative functions, as the Administrator may determine. The Administrator may appoint agents to assist it in administering this Plan.

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

4. Eligibility. Each employee of the Company or any of its Affiliates eligible to receive the benefits described in this Plan as designated by the Administrator (collectively, the "**Eligible Individuals**" and each an "**Eligible Individual**").

5. Plan Benefits.

(a) Payment of Accrued Obligations. In the event an Eligible Individual's Date of Termination occurs for any reason, such Eligible Individual shall be entitled to receive the Accrued Obligations. Participation in all benefit plans of the Company and its Affiliates will terminate upon an Eligible Individual's Date of Termination except as otherwise specifically provided in the applicable plan.

(b) Severance Obligations – Unrelated to a Change in Control. In the event an Eligible Individual's employment with the Company and its Affiliates is terminated at any time either (A) by the Company or one of its Affiliates without Cause or (B) by such Eligible Individual resigning such Eligible Individual's employment for Good Reason (other than, in either case, a termination during the eighteen (18)-month period following a CIC Effective Date with respect to Tier 1 Officers or during the twelve (12)-month period following the CIC Effective Date with respect to Tier 2 Officers in which case shall be governed by Section 5(c) below), the Company (or the Affiliate of the Company that is the employer of the Eligible Individual immediately prior to termination) shall provide the Severance Obligations set forth below; provided that the conditions of Section 5(e) and Section 7 of this Plan have been fulfilled.

(i) Tier 1 Officers. The Severance Obligations to a Tier 1 Officer shall be as follows:

(1) payment of an amount equal to 100% of the sum of (A) such officer's Base Salary as in effect on the applicable Date of Termination and (B) such officer's pro-rata AIP (such pro-rata amount to be equal to the product of (i) the amount of such officer's AIP, times (ii) a fraction, (x) the numerator of which shall be the number of calendar days commencing January 1 of such year and ending on the Date of Termination, and (y) the denominator of which shall equal 365);

(2) all equity incentives then held by such officer pursuant to the LTIP or otherwise will be governed by the award agreement applicable to the equity incentive award; and

(3) if and to the extent permitted under applicable law and without any penalty to the Company or the officer, during the twelve (12)-month period commencing as of the date such officer is eligible to elect and timely elects to continue coverage for such officer and such officer's eligible dependents under the Company's or an Affiliate's group health plan pursuant to COBRA or similar state law, the Company (or the Affiliate of the Company that is the officer's employer immediately prior to termination) shall reimburse such officer for the amount such officer pays to effect and continue such coverage, with any such reimbursement payable for the sixty (60)-day period immediately following the Date of Termination being payable on the first business day sixty (60) days following the Date of Termination and any other such reimbursement payable being paid on a monthly basis thereafter.

(ii) Tier 2 Officers. The Severance Obligations to a Tier 2 Officer shall be as follows:

(1) payment of an amount equal to 50% of the sum of (A) such officer's Base Salary as in effect on the applicable Date of Termination and (B) such officer's pro-rata AIP (such pro-

rata amount to be equal to the product of (i) the amount of such officer's AIP, times (ii) a fraction, (x) the numerator of which shall be the number of calendar days commencing January 1 of such year and ending on the Termination Date, and (y) the denominator of which shall equal 365);

(2) all equity incentives then held by such officer pursuant to the LTIP or otherwise will be governed by the award agreement applicable to the equity incentive award; and

(3) if and to the extent permitted under applicable law and without any penalty to the Company or the officer, during the twelve (12)-month period commencing as of the date such officer is eligible to elect and timely elects to continue coverage for such officer and such officer's eligible dependents under the Company's or an Affiliate's group health plan pursuant to COBRA or similar state law, the Company (or the Affiliate of the Company that is the officer's employer immediately prior to termination) shall reimburse such officer for the amount such officer pays to effect and continue such coverage, with any such reimbursement payable for the sixty (60)-day period immediately following the Date of Termination being payable on the first business day sixty (60) days following the Date of Termination and any other such reimbursement payable being paid on a monthly basis thereafter.

Provided that the conditions of Section 5(e) and Section 7 of this Plan have been fulfilled, an Eligible Individual's cash Severance Obligations will be paid in ratable installments in accordance with the Company's normal payroll process during the Eligible Individual's Severance Obligation Period, with the first payment being made on the first payroll payment date occurring at least sixty (60) days after such Eligible Individual's Date of Termination and including all payments that would otherwise have been made during such sixty (60) day period.

(c) Severance Obligations – Related to a Change in Control. In the event an Eligible Individual is employed by the Company or one of its Affiliates on the CIC Effective Date and such Eligible Individual (i) resigns such Eligible Individual's employment with the Company and its Affiliates for a CIC Good Reason or (ii) is terminated by the Company and its Affiliates without Cause, in each case, at any time within the eighteen (18)-month period following the CIC Effective Date with respect to Tier 1 Officers and at any time within the twelve (12)-month period following the CIC Effective Date with respect to Tier 2 Officers, then, the Company (or the Affiliate of the Company that is the employer of the Eligible Individual immediately prior to termination) shall provide the Severance Obligations set forth below, provided that the conditions of Section 5(e) and Section 7 of this Plan have been fulfilled. Notwithstanding the foregoing, in the event that an Eligible Individual's Date of Termination occurs by reason of the Eligible Individual's refusal to accept an offer of employment (including continued employment with the Company or any of its Affiliates) in connection with a Change in Control or other corporate transaction and if such offer of employment would not constitute a basis for a CIC Good Reason termination, then the Eligible Individual shall not be entitled to Severance Obligations under this Plan.

(i) Tier 1 Officers. The Severance Obligations to a Tier 1 Officer shall be as follows:

(1) on the first business day sixty (60) days after the Date of Termination, payment of a lump sum cash payment equal to 200% of the sum of (A) such officer's then current Base Salary as of the Date of Termination and (B) such officer's AIP;

(2) all equity incentives then held by such officer pursuant to the LTIP or otherwise will be governed by the award agreement applicable to the equity incentive award; and

(3) if and to the extent permitted under applicable law and without any penalty to the Company or the officer, during the eighteen (18)-month period commencing as of the date such officer is eligible to elect and timely elects to continue coverage for such officer and such officer's eligible dependents under the Company's or an Affiliate's group health plan pursuant to COBRA or similar state law, the Company (or the Affiliate of the Company that is the officer's employer immediately prior to termination) shall reimburse such officer for the amount such officer pays to effect and continue such coverage, with any such reimbursement payable for the sixty (60)-day period immediately following the

Date of Termination being payable on the first business day sixty (60) days following the Date of Termination and any other such reimbursement payable being paid on a monthly basis thereafter.

(ii) Tier 2 Officers. The Severance Obligations to a Tier 2 Officer shall be as follows:

(1) on the first business day sixty (60) days after the Date of Termination, payment of a lump sum cash payment equal to 100% of the sum of (A) such officer's then current Base Salary as of the Date of Termination plus (B) such officer's AIP;

(2) all equity incentives then held by such officer pursuant to the LTIP or otherwise will be governed by the award agreement applicable to the equity incentive award; and

(3) if and to the extent permitted under applicable law and without any penalty to the Company or the officer, during the twelve (12)-month period commencing as of the date such officer is eligible to elect and timely elects to continue coverage for such officer and such officer's eligible dependents under the Company's or an Affiliate's group health plan pursuant to COBRA or similar state law, the Company (or the Affiliate of the Company that is the officer's employer immediately prior to termination) shall reimburse such officer for the amount such officer pays to effect and continue such coverage, with any such reimbursement payable for the sixty (60)-day period immediately following the Date of Termination being payable on the first business day sixty (60) days following the Date of Termination and any other such reimbursement payable being paid on a monthly basis thereafter.

(d) Severance Obligations – Death or Disability. In the event an Eligible Individual's employment with the Company and its Affiliates is terminated by death or Disability, the Company (or the Affiliate of the Company that is the employer of the Eligible Individual immediately prior to termination) shall provide Severance Obligations set forth below; provided that the conditions of Section 5(e) of this Plan have been fulfilled.

(i) Tier 1 Officers. The Severance Obligations to a Tier 1 Officer shall be as follows:

(1) on the first business day sixty (60) days after the Date of Termination, payment of a lump sum cash payment equal to 150% of the sum of (A) such officer's then current Base Salary as of the Date of Termination and (B) such officer's AIP;

(2) all equity incentives then held by such officer pursuant to the LTIP or otherwise will be governed by the award agreement applicable to the equity incentive award; and

(3) if and to the extent permitted under applicable law and without any penalty to the Company or the officer, during the eighteen (18)-month period commencing as of the date such officer or the officer's estate is eligible to elect and timely elects to continue coverage for such officer and/or such officer's eligible dependents under the Company's or an Affiliate's group health plan pursuant to COBRA or similar state law, the Company (or the Affiliate of the Company that is the officer's employer immediately prior to termination) shall reimburse such officer or the officer's estate for the amount such officer or the officer's estate pays to effect and continue such coverage, with any such reimbursement payable for the sixty (60)-day period immediately following the Date of Termination being payable on the first business day sixty (60) days following the Date of Termination and any other such reimbursement payable being paid on a monthly basis thereafter.

(ii) Tier 2 Officers. The Severance Obligations to a Tier 2 Officer shall be as follows:

(1) on the first business day sixty (60) days after the Date of Termination, payment of a lump sum cash payment equal to 100% of the sum of (A) such officer's then current Base Salary as of the Date of Termination plus (B) such officer's AIP;

(2) all equity incentives then held by such officer pursuant to the LTIP or otherwise will be governed by the award agreement applicable to the equity incentive award; and

(3) if and to the extent permitted under applicable law and without any penalty to the Company or the officer, during the twelve (12)-month period commencing as of the date such officer or the officer's estate is eligible to elect and timely elects to continue coverage for such officer and/or such officer's eligible dependents under the Company's or an Affiliate's group health plan pursuant to COBRA or similar state law, the Company (or the Affiliate of the Company that is the officer's employer immediately prior to termination) shall reimburse such officer or the officer's estate for the amount such officer or the officer's estate pays to effect and continue such coverage, with any such reimbursement payable for the sixty (60)-day period immediately following the Date of Termination being payable on the first business day sixty (60) days following the Date of Termination and any other such reimbursement payable being paid on a monthly basis thereafter.

(e) **Conditions to Severance Obligations.** Notwithstanding Section 5(b) or Section 5(c) of this Plan, in no event shall an Eligible Individual be entitled to the Severance Obligations unless such Eligible Individual (i) tenders his or her resignation as a member of the Board and of the board of directors, management committee or other management appointment of any Affiliate (in each case, to the extent applicable) effective as of the Date of Termination (the "**Resignation**"), and (ii) executes a General Release in a form and substance approved by the Administrator (the "**Release**") substantially similar to the Release attached hereto as Exhibit B, with any additional customary terms as the Administrator may deem appropriate in the circumstances, and such Release is not revoked. Notwithstanding Section 5(d) of this Plan, in no event shall an Eligible Individual or the estate of the Eligible Individual be entitled to the Severance Obligations unless such Eligible Individual (or, if applicable, the Eligible Individual's personal representative or estate) executes the Release, with any additional customary terms as the Administrator may deem appropriate in the circumstances, and such Release is not revoked. The Eligible Individual or the Eligible Individual's estate shall be eligible for the Severance Obligations only if the executed Release is returned to the Company and becomes irrevocable within sixty (60) days after the Date of Termination. Until the Release has become irrevocable, any such Severance Obligations shall not be provided by the Company or any of its Affiliates. If an Eligible Individual fails to return the Resignation so that it would, if accepted, be effective upon the Date of Termination, or if an Eligible Individual (or, if applicable, the Eligible Individual's personal representative or estate) fails to return the Release to the Company in sufficient time so that the Release becomes irrevocable within sixty (60) days after the Date of Termination, such Eligible Individual's rights to the Severance Obligations shall be forfeited.

6. Parachute Payment Limitations. Notwithstanding any contrary provision in this Plan, if an Eligible Individual is a "**disqualified individual**" (as defined in Section 280G of the Code), and the Severance Obligations that would otherwise be paid to such Eligible Individual under this Plan together with any other payments or benefits that such Eligible Individual has a right to receive from the Company (and affiliated entities required to be aggregated in accordance with Q/A-10 and Q/A-46 of Treasury Regulation Section 1.280G-1) (collectively, the "**Payments**") would constitute a "**parachute payment**" (as defined in Section 280G of the Code), the Payments shall be either (a) reduced (but not below zero) so that the aggregate present value of such Payments and benefits received by the Eligible Individual from the Company and its Affiliates shall be \$1.00 less than three (3) times such Eligible Individual's "**base amount**" (as defined in Section 280G of the Code) (the "**Safe Harbor Amount**") and so that no portion of such Payments received by such Eligible Individual shall be subject to the excise tax imposed by Section 4999; or (b) paid in full, whichever produces the better net after-tax result for such Eligible Individual (taking into account any applicable excise tax under Section 4999 and any applicable federal, state and local income and employment taxes). The determination as to whether any such reduction in the amount of the Payments is necessary shall be made by the Company in good faith and such determination shall be conclusive and binding on such Eligible Individual. If reduced Payments are made to the Eligible Individual pursuant to this Section 6 and through error or otherwise those Payments exceed the Safe Harbor Amount, the Eligible Individual shall immediately repay such excess to the Company or its applicable Affiliate upon notification that an overpayment has been made.

The reduction of Payments, if applicable, shall be made by reducing, first, Severance Obligations to be paid in cash hereunder in the order in which such payments would be paid or provided (beginning with such payment or

benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time), and second, by reducing any other cash payments that would be payable to the Eligible Individual outside of this Plan which are valued in full for purposes of Section 280G of the Code in a similar order (last to first), and third, by reducing any equity acceleration hereunder of awards which are valued in full for purposes of Section 280G of the Code in a similar order (last to first), and finally, by reducing any other payments or benefit provided hereunder in a similar order (last to first).

7. Conditions to Receipt of Severance Obligations.

(a) Compliance with Post-Termination Obligations. Notwithstanding anything contained in this Plan to the contrary, the Company and its Affiliates shall have the right to cease providing any part of the Severance Obligations, and the Eligible Individual shall be required to immediately repay the Company and its Affiliates for any Severance Obligations already provided, but all other provisions of this Plan shall remain in full force and effect, if such Eligible Individual has been determined, pursuant to the dispute resolution provisions hereof, not to have fully complied with such Eligible Individual's Post-Termination Obligations during the Severance Obligation Period or longer, as may be the case.

(b) Separation from Service Required. Notwithstanding anything contained in this Plan to the contrary, the Eligible Individual shall be entitled to Severance Obligations only if such Eligible Individual's termination of employment constitutes a Separation from Service.

8. Termination.

(a) Notice of Termination. Any termination of an Eligible Individual's employment with the Company and its Affiliates (other than termination as a result of death) shall be communicated by written Notice of Termination to, (i) in the case of termination by an Eligible Individual, the Company or one of its Affiliates and (ii) in the case of termination by the Company and its Affiliates, the Eligible Individual.

(b) Death. An Eligible Individual's employment with the Company and its Affiliates shall terminate immediately upon such Eligible Individual's death.

(c) Disability. An Eligible Individual's employment with the Company and its Affiliates shall terminate thirty (30) days after Notice of Termination is given by the Company or its Affiliates.

(d) For Cause.

(i) Subject to Section 8(d)(ii), the Company and its Affiliates shall be entitled to terminate an Eligible Individual's employment with the Company and its Affiliates immediately for any Cause.

(ii) If the Administrator determines, in its sole discretion, that a cure is possible and appropriate, the Company or the applicable Affiliate will give an Eligible Individual being terminated for Cause written notice of the acts or omissions constituting Cause and no termination of such Eligible Individual's employment with the Company and its Affiliates for Cause shall occur unless and until such Eligible Individual fails to cure such acts or omissions within fifteen (15) days following the receipt of such written notice. If the Administrator determines, in its sole discretion, that a cure is not possible or appropriate, an Eligible Individual being terminated for Cause shall have no notice or cure rights before such Eligible Individual's employment with the Company and its Affiliates is terminated for Cause.

(e) Without Cause. The Company and its Affiliates shall be entitled to terminate an Eligible Individual's employment with the Company for any reason, at any time by providing written notice to such Eligible Individual that the Company and its Affiliates is terminating such Eligible Individual's employment with the Company and its Affiliates without Cause.

(f) With Good Reason.

(i) Subject to Section 8(f)(ii), an Eligible Individual shall be permitted to terminate such Eligible Individual's employment with the Company and its Affiliates for any Good Reason or CIC Good Reason, as applicable.

(ii) To exercise an Eligible Individual's right to terminate such Eligible Individual's employment for Good Reason or CIC Good Reason, as applicable, such Eligible Individual must provide written notice to the Company or one of its Affiliates of such Eligible Individual's belief that Good Reason or CIC Good Reason, as applicable, exists within ninety (90) days of the initial existence of the condition(s) giving rise to such Good Reason or CIC Good Reason, as applicable, and such notice shall describe the conditions believed to constitute Good Reason or CIC Good Reason, as applicable. The Company and its Affiliates shall have thirty (30) days to remedy the Good Reason or CIC Good Reason, as applicable, condition(s) (the "**Cure Period**"). If the condition(s) are not remedied during such Cure Period, such Eligible Individual may terminate such Eligible Individual's employment with the Company and its Affiliates for Good Reason or CIC Good Reason, as applicable, by delivering a Notice of Termination to the Company; provided, however, that such termination must occur no later than five (5) days after the conclusion of the Cure Period; otherwise, such Eligible Individual is deemed to have accepted the condition(s), or the Company's and its Affiliates correction of such condition(s), that may have given rise to the existence of such Good Reason or CIC Good Reason, as applicable.

(g) Without Good Reason. An Eligible Individual shall be entitled to terminate such Eligible Individual's employment with the Company and its Affiliates at any time by providing thirty (30) days written Notice of Termination to the Company or one of its Affiliates and stating that such termination is without Good Reason or CIC Good Reason; provided, however, that notwithstanding anything to the contrary contained herein, the Company and its Affiliates shall be under no obligation to continue to employ such Eligible Individual for such thirty (30)-day period.

(h) Suspension of Duties. Notwithstanding the foregoing provisions of this Section 8, the Company and its Affiliates may, to the extent doing so would not result in the Eligible Individual's Separation from Service, suspend an Eligible Individual from performing such Eligible Individual's duties, responsibilities, and authorities (including, without limitation, such Eligible Individual's duties, responsibilities and authorities as a member of the Board or the board of directors of any Affiliate) following the delivery by such Eligible Individual of a Notice of Termination providing for such Eligible Individual's resignation, or following delivery by the Company or one of its Affiliates of a Notice of Termination providing for the termination of such Eligible Individual's employment for any reason; provided, however, that during the period of suspension (which shall end on or before the Date of Termination), and subject to the legal rules applicable to any Company benefit plans under Section 401(a) of the Code and the rules applicable to nonqualified deferred compensation plans under Section 409A, such Eligible Individual shall continue to be treated as employed by the Company and its Affiliates for other purposes, and such Eligible Individual's rights to compensation or benefits shall not be reduced by reason of the suspension; and provided, further, that any such suspension shall not serve as a basis for Good Reason or CIC Good Reason, as applicable, and shall not affect the determination of whether the resignation was for Good Reason or CIC Good Reason, as applicable, or without Good Reason or CIC Good Reason, as applicable, or whether the termination was for Cause or without Cause. The Company and its Affiliates may suspend an Eligible Individual with pay pending an investigation authorized by the Company or any of its Affiliates or a governmental authority in order to determine whether such Eligible Individual has engaged in acts or omissions constituting Cause, and in such case the paid suspension shall not constitute a termination of such Eligible Individual's employment with the Company and its Affiliates; provided, however, that such suspension shall not continue past the time that the Eligible Individual would incur a Separation from Service (at such point, the Company shall either terminate the Eligible Individual in accordance with this Plan or have the Eligible Individual return to active employment).

9. General Provisions.

(a) Taxes. The Company and its Affiliates are authorized to withhold from any payments made hereunder amounts of withholding and other taxes due or potentially payable in connection therewith, and to take such other action as the Company and its Affiliates may deem advisable to enable the Company, its Affiliates and Eligible Individuals to

satisfy obligations for the payment of withholding taxes and other tax obligations relating to any payments made under this Plan.

(b) Offsets and Substitutions. Pursuant to Treasury Regulation Section 1.409A-3(j)(4)(xiii), the Company and its Affiliates may set off against, and each Eligible Individual authorizes the Company and its Affiliates to deduct from, any payments due to such Eligible Individual, or to such Eligible Individual's estate, heirs, legal representatives or successors, any amounts which may be due and owing to the Company or an Affiliate by such Eligible Individual, arising in the ordinary course of business whether under this Plan or otherwise. To the extent that any amounts would otherwise be payable (or benefits would otherwise be provided) to an Eligible Individual under another plan of the Company or its Affiliates or an agreement with the Eligible Individual and the Company or its Affiliates, including a change in control plan or agreement, an offer letter or letter agreement, or to the extent that an Eligible Individual moves between Tiers, and to the extent that such other payments or benefits or the Severance Obligations provided under this Plan are subject to Section 409A, this Plan shall be administered to ensure that no payment or benefit under this Plan will be (i) accelerated in violation of Section 409A or (ii) further deferred in violation of Section 409A.

(c) Term of this Plan; Amendment and Termination.

(i) Prior to a Change in Control, this Plan may be amended or modified in any respect, and may be terminated, in any such case, by resolution adopted by the Administrator and a majority of the Board; provided, however, that no such amendment, modification or termination that the Administrator determines in its sole discretion is required to be adopted as a condition to the consummation of Change in Control pursuant to the request of a third party who effectuates a Change in Control that would adversely affect the benefits or protections hereunder of any Eligible Individual as of the date such amendment, modification or termination is adopted shall be effective as it relates to such Eligible Individual. For a period of nineteen (19) months following the occurrence of a Change in Control, this Plan may not be amended or modified in any manner that would in any way adversely affect the benefits or protections provided hereunder to any Eligible Individual under this Plan on the date the Change in Control occurs.

(ii) Notwithstanding the provisions of paragraph (i) above, the Company may terminate and liquidate this Plan in accordance with the provisions of Section 409A.

(iii) Notwithstanding the foregoing, no amendment, modification or termination of this Plan shall adversely affect any Eligible Individual's entitlement to payments under this Plan for qualifying terminations of employment occurring prior to such amendment, modification or termination (other than as required to permit termination of this Plan in accordance with Section 409A), nor shall such amendment, modification or termination relieve the Company of its obligation to pay vested benefits to Eligible Individuals who experienced a qualifying termination of employment prior to the date of such amendment, modification or termination as otherwise set forth herein, except as otherwise consented to by such Eligible Individual.

(d) Successors. This Plan shall bind and inure to the benefit of and be enforceable by any Eligible Individual and the Company and their respective successors, permitted assigns, heirs and personal representatives and estates, as the case may be. Neither this Plan nor any right or obligation hereunder of the Company, any of its Affiliates or any Eligible Individual may be assigned or delegated without the prior written consent of the other party; provided, however, that the Company may assign this Plan to any of its Affiliates and an Eligible Individual may direct payment of any benefits that will accrue upon death. An Eligible Individual shall not have any right to pledge, hypothecate, anticipate or in any way create a lien upon any payments or other benefits provided under this Plan; and no benefits payable under this Plan shall be assignable in anticipation of payment either by voluntary or involuntary acts, or by operation of law, except by will or pursuant to the laws of descent and distribution. This Plan shall not confer any rights or remedies upon any person or legal entity other than the Company, its Affiliates and Eligible Individuals and their respective successors and permitted assigns.

(e) Unfunded Obligation. All benefits due an Eligible Individual under this Plan are unfunded and unsecured and are payable out of the general funds of the Company and its Affiliates.

(f) Directed Payments. If any Eligible Individual is determined by the Administrator to be Disabled, the Administrator may cause the payment or payments becoming due to such Eligible Individual to be made to another person for such person's benefit without responsibility on the part of the Administrator or the Company and its Affiliates to follow the application of such funds.

(g) Limitation on Rights Conferred Under Plan. Neither this Plan nor any action taken hereunder will be construed as (i) giving an Eligible Individual the right to continue in the employ or service of the Company or any Affiliate; (ii) interfering in any way with the right of the Company or any Affiliate to terminate an Eligible Individual's employment or service at any time; or (iii) giving an Eligible Individual any claim to be treated uniformly with other employees of the Company or any of its Affiliates. The provisions of this document supersede any oral statements made by any employee, officer, or Board member of the Company or any of its Affiliates regarding eligibility, severance payments and benefits.

(h) Governing Law. All questions arising with respect to the provisions of this Plan and payments due hereunder will be determined by application of the laws of the State of Texas, without giving effect to any conflict of law provisions thereof, except to the extent Texas law is preempted by federal law.

(i) Dispute Resolution. Any and all disputes, claims or controversies arising out of or relating to this Plan (i) shall be brought by an Eligible Individual in such Eligible Individual's individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding, and (ii) shall be resolved only in the courts of the State of Texas or the United States District Court for the Southern District of Texas and the appellate courts having jurisdiction of appeals in such courts. Any proceeding relating to this Plan or any Eligible Individual's benefits hereunder, or for the recognition and enforcement of any judgment in respect thereof (a "**Proceeding**"), to the exclusive jurisdiction of the courts of the State of Texas, the court of the United States of America for the Southern District of Texas, and appellate courts having jurisdiction of appeals from any of the foregoing, and (1) agrees that all claims in respect of any such Proceeding shall be heard and determined in such Texas State court or, to the extent permitted by law, in such federal court, (2) consents that any such Proceeding may and shall be brought in such courts and waives any objection that the Eligible Individual or the Company may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same, (3) waives all right to trial by jury in any Proceeding (whether based on contract, tort or otherwise) arising out of or relating to this Plan or the Eligible Individual's employment by the Company or any affiliate of the Company, or the Eligible Individual's or the Company's performance under, or the enforcement of, this Plan, (4) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at the Eligible Individual's or the Company's address on record with the Company and (5) agrees that nothing in this Plan shall affect the right to effect service of process in any other manner permitted by the laws of the State of Texas. The parties acknowledge and agree that in connection with any dispute hereunder, the non-prevailing party shall be responsible for the payment of the prevailing party's costs and expenses, including, without limitation, the prevailing party's legal fees and expenses; provided that if the dispute solely involves a dispute as to whether "Cause", "Good Reason" or "CIC Good Reason" exists, each party shall bear its own costs and expense, regardless of the outcome of such dispute.

(j) Severability. The invalidity or unenforceability of any provision of this Plan will not affect the validity or enforceability of any other provision of this Plan, which will remain in full force and effect, and any prohibition or unenforceability in any jurisdiction will not invalidate that provision, or render it unenforceable, in any other jurisdiction.

(k) Section 409A.

(i) This Plan is intended to comply with Section 409A and shall be construed and operated accordingly. The Company may amend this Plan at any time to the extent necessary to comply with Section 409A. Any Eligible Individual shall perform any act, or refrain from performing any act, as reasonably requested by the Company to comply with any correction procedure promulgated pursuant to Section 409A. In no

event shall the Company be responsible or liable for any additional tax, interest or penalty that may be imposed on an Eligible Individual by Section 409A or damages for failing to comply with Section 409A.

(ii) To the extent required to avoid the imposition of penalties or interest under Section 409A, any payment or benefit to be paid or provided on account of an Eligible Individual's Separation from Service to an Eligible Individual who is a specified employee (within the meaning of Section 409A(a)(2)(B) of the Code) that would be paid or provided prior to the first day of the seventh (7th) month following the Eligible Individual's Separation from Service shall be paid or provided on the first day of the seventh (7th) month following the Eligible Individual's Separation from Service or, if earlier, the date of the Eligible Individual's death.

(iii) Each payment to be made under this Plan shall be treated as a right to receive a series of separate payments and each such payment shall be a separately identifiable, determinable or designated amount for purposes of Section 409A.

(l) PHSA § 2716. Notwithstanding anything to the contrary in this Plan, in the event that the Company or any of its Affiliates is subject to the sanctions imposed pursuant to Section 2716 of the Public Health Service Act by reason of this Plan, the Company may amend this Plan at any time with the goal of giving the Eligible Individual the economic benefits described herein in a manner that does not result in such sanctions being imposed.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has adopted this Amended and Restated Change in Control and Severance Benefit Plan as of the Effective Date.

EARTHSTONE ENERGY, INC.

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

[SIGNATURE PAGE TO THE AMENDED AND RESTATED CHANGE IN CONTROL AND SEVERANCE BENEFIT PLAN]

EXHIBIT A

OFFICER TIERS

Tier	Name and Position
Tier 1	As determined by the Administrator from time to time.

Tier 2	As determined by the Administrator from time to time.
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