2019 - Environmental Social Governance Report
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It is with pleasure that Extraction Oil & Gas has released Above and Beyond, our first sustainability report. This report shares how Extraction creates lasting value for all our stakeholders: the communities in which we operate, our talented employees, our valued partners and our investors.

Above and Beyond is our vision for how we contribute to a vibrant, healthy and prosperous Colorado, today and into the future. We are keenly aware that we are stewards of a company built to endure for generations as it provides the energy needed to power social and economic development in our region. Each and every decision we make is with that perspective in mind.

We are proud of the fact that Extraction is a Colorado-based company with all of its operations located in Colorado’s Denver-Julesburg Basin (“DJ Basin”). We directly employ more than 250 Coloradans, and indirectly support thousands of others statewide by the tax revenues we provide, investments in community organizations and relationships with local companies that help us fulfill our mission of providing safe, affordable energy to consumers.

Extraction’s number one priority is to operate safely, and our legacy is defined by it. We are proud that, to date, Extraction has achieved more than 2 million employee hours worked without a recordable incident. Safety is integrated into everything we do: our operating philosophy, investments in new technologies, employee training and partnerships with local first responders. We will never compromise on this most important value.

Extraction’s passion for safety extends to the innovative practices we use to responsibly develop energy resources while protecting the air we breathe, the water we drink and the land that sustains us. Extraction’s Tankless Facilities, which eliminate the need for permanent storage tanks during production, use of electric power during drilling and completions where available, and revolutionary flowback techniques are so advanced and air-tight that multiple independent studies led by the State of Colorado found that Extraction’s operations do not result in significant changes to the local air quality. We protect our air and science confirms it.

We also take innovative steps to minimize water usage and protect the quality of water—
Extraction performs baseline water testing on wells before and after the completion process to ensure water quality. The measures used to safeguard water resources are proven, monitored and closely regulated by the State of Colorado.

Our industry-leading technologies, commitment to safe operations and environmental protections provide lasting benefits to communities in and around the DJ Basin. The oil and gas development led by Extraction’s employees provides revenue for cities such as Aurora and Broomfield, generates taxes to help fund local schools and enables the Denver area to enjoy some of the lowest energy costs in the country—which fosters lasting economic growth.

Extraction provides its employees with stable, long-term jobs, great benefits and high wages. Our employees are among Extraction’s largest shareholders, owning more than 9 percent of the company. In fact, all Extraction employees to date have been given grants of equity in the company. This shared ownership in the company means we are aligned in our vision for creating long-term value and doing so in a way that is safe and responsible.

Led by Extraction’s Board of Directors, our culture is tied to values that include transparency, honesty, and integrity. It is through that culture and because of the board’s leadership, Extraction is creating lasting value for itself and its investors. In the fourth quarter of 2019, Extraction reduced its debt while generating free cash flow of $97 million. Our strong financial performance enables Extraction to continue investing in its employees, technology and safety initiatives while maintaining a healthy bottom line for the business.

Thanks to the hard work and innovative spirit of our more than 250 employees, our board of directors and our community partners, Extraction operates every day in a safe and responsible manner. We are committed to providing lasting value to all our stakeholders and Above and Beyond shows how we turn that commitment into a reality.

Extraction has a wonderful story to tell, and I hope you enjoy reading about it.

Sincerely,

Matt Owens
President & CEO
COMPANY AT A GLANCE

SAFE OPERATIONS AND ENVIRONMENTAL PROTECTION

- 2 million employee hours worked without recordable incident
- Rigorous air quality monitoring in sensitive areas
- Secondary and tertiary containment measures
- 24/7 monitored operations and automatic shut-in capabilities on new facilities
- Real-time leak detection

INNOVATIVE BEST PRACTICES ON NEW FACILITIES

- Use 33% less water
- Reduce noise
- 99.9% emissions capture rate
- Environmental safeguards in well design and operation
COMPANY OVERVIEW

History
Extraction was founded in 2012 and was listed on the NASDAQ stock exchange in 2016.

Tax Revenue Generated for Communities
From inception through April 2020, Extraction will have paid more than $270 million in local and state taxes.

Employment
All Extraction employees to date have received grants of equity and ongoing training opportunities throughout their employment.

Wattenberg Field
Extraction Oil & Gas operates in the Greater Wattenberg Field of Colorado’s Denver-Julesburg (DJ) Basin, targeting development of the Codell and Niobrara formations.

The Wattenberg Field, discovered in 1970, was historically a major gas field. It has produced over 4.0 trillion cubic feet (TCF) of natural gas from the J Sand, Codell and Niobrara formations from nearly 20,000 wells.

In 2009, operators began experimenting with multi-stage horizontal completion techniques in the Niobrara chalks. The early results were significant, and the development of the field immediately began to evolve from vertical infill drilling to a horizontal resource play. Operators have had outstanding results in the Niobrara A, B and C benches as well as the Codell sandstone. Extraction is focused on the western portion of the field where both the Niobrara and Codell are productive.
Extraction has ingrained the values of innovation, safety and responsibility into the core of its culture—and it shows. In recent years Extraction redefined “industry standard” as it established a new, high bar for going above state and federal regulations. Extraction continuously improves on its own safety, environmental and operational approach, implementing best practices and creating new methods to help industry and communities co-exist in Colorado.

As part of our commitment to going above and beyond in everything we do, Extraction engages face-to-face with our fellow Coloradans, be they homeowners, residents, entrepreneurs or public officials. We take pride in listening to their input and treating their thoughts, concerns and suggestions with the utmost respect and consideration. Our collaborative spirit and respect for civic processes are traits that set Extraction apart.

Community Engagement in Action

A recent example of our engagement with local residents is when we proactively addressed the concerns of a few Broomfield residents regarding the odors coming from one of our sites in the community. Based on the feedback we received, Extraction made an immediate change in our drilling process, which eliminated odor, within 48 hours. Since that change, odor complaints decreased dramatically and no odors have been detected by state or local inspectors.

In remarks made during Governor Jared Polis’ signing of SB-181 in April 2019, Broomfield Mayor Randy Ahrens highlighted Extraction’s efforts to establish safe and responsible operating standards: “In Broomfield, we were fortunate to work with Extraction Oil & Gas, a company that is sensitive to our community’s needs. Together we crafted a memorandum of understanding that went far beyond the thresholds of the typical standard in the industry...I wish more operators would do it like Extraction.”

Because of Extraction’s proactive and collaborative approach to developing best in class operating standards, the rest of the oil and gas companies operating in Broomfield must meet the best management practices established by Extraction. Extraction took a similar approach to receive approval in July 2019 for an Operator Agreement with the City of Aurora and in September 2019 for a Regional Operator Agreement with Commerce City.

Extraction also has been actively engaged with state policymakers in developing common sense approaches to regulating the oil and gas industry and monitoring the safety of industry operations.

Colorado Preparedness & Response Network

Extraction, in collaboration with other operators, developed the Colorado Preparedness & Response Network to standardize and implement first responder training and preparedness across the DJ Basin. This Extraction-led coalition has trained more than 1,000 firefighters along the Front Range in emergency response scenarios for oil and gas incidents. Facility tours have been arranged for fire departments, neighbors, local governments, elected officials, the public and other stakeholders to inform people about the safety of oil and gas operations and to share the extensive measures that have been taken to protect the environment and the community.
GOING ABOVE & BEYOND

A Proven Track Record of Industry Excellence

Consider the following outcomes achieved through Extraction’s commitment to going Above and Beyond:

- Extraction’s use of innovative technologies for operations to minimize community impact was featured prominently in the 2019 study, “Innovations in Upstream Oil and Gas Operations in Close Proximity to Communities.”
  The study was conducted by the Joint Institute for Strategic Energy Analysis (JISEA), operated by the Alliance for Sustainable Energy, LLC, on behalf of the U.S. Department of Energy’s National Renewable Energy Laboratory, the University of Colorado-Boulder, the Colorado School of Mines, Colorado State University, Massachusetts Institute of Technology and Stanford University. Extraction was the first to bring many of these best practices to the Rockies and the only company to implement all the innovations cited in the study.

- In 2018, the Colorado Department of Public Health and Environment (CDPHE) awarded Extraction “Gold Leader” status in its Environmental Leadership Program. This award reflects the dedication Extraction has shown to bringing new technologies to its operations in Colorado that help reduce environmental impact, including the use of line-powered electric rigs, quiet completion fleets, Tankless Facilities development and a host of additional best management practices.

- IES Trustwell, a national, independent safety and environmental assessment firm that analyzes oil and gas facilities, recently audited the company’s designs and gave Extraction’s facilities a Platinum Rating. According to IES, “This represents performance in the top 10 percent of operators and is the highest score we have awarded to date for this component to any upstream operator in the onshore U.S.”

- In May 2019, firefighters of the Greeley Fire Department successfully tested a firehose adaptor designed and built by Extraction engineers that connects the oil and gas industry’s 4-inch hose fittings to the 5-inch firetruck hoses, enabling immediate access to emergency water supplies wherever water is being stored industrywide. “The training exercise was a great success and it showed that this piece of equipment could have real benefit for the energy industry as well as the community,” said Pete Morgan, then-Division Chief of the Greeley Fire Department.

Fighting Hunger
Extraction is actively involved in fighting hunger. Extraction’s creation of the “Sacking Hunger” campaign with the Denver Broncos raises an average of $40,000 per year for local food banks.
GOING ABOVE & BEYOND

Broomfield Butterfly Pavilion

Extraction partners with the Broomfield Butterfly Pavilion (the world’s first fully accredited invertebrate zoo) to fund entrance fee scholarships for underprivileged kids across the state and to restore native habitat beneficial to pollinating insects at legacy well sites that Extraction has volunteered to decommission. Rob O’Dea, board chair of the Butterfly Pavilion, commented in an interview: “...[W]e believe that working together, with Extraction taking a leadership position and embracing environmentalism and embracing true meaningful restoration of well sites, that together we can educate each other and help create a better community and a better country and a better world.”

Creating Lasting Value in Our Communities

Because Extraction’s employees are residents in the communities where we work, we take great pride in Extraction’s commitment to creating lasting value for our neighbors, friends and family in the area. Much of our work is driven by “Extraction in Action,” the company’s employee-community involvement program.

Since Extraction was created in 2012, the company has invested more than $3 million in community initiatives across the DJ Basin. We have also formed more than 65 community partnerships with local organizations committed to fostering a high quality of life for all residents of the communities in which we operate.
MATERIALITY ASSESSMENT

An important first step in developing Above and Beyond was the completion of a materiality assessment. The materiality assessment process provided Extraction with a comprehensive understanding of the sustainability-related issues important to our stakeholders—including employees, residents in the communities where Extraction operates, and investors—as we continue building a company committed to creating long-term value.

In 2019, Extraction conducted a public opinion survey (May 2019) and focus groups (June 2019) in its asset-area communities. We felt it was vital for Extraction to listen and learn from our local residents so we can best understand the issues most important to them about the oil and gas industry, and Extraction specifically.

Members of our executive team—including those with direct responsibilities in investor relations, community affairs, sustainability and operations—reviewed the results of the research and identified the challenges and opportunities most relevant to the future of Extraction and its ability to conduct business in a safe, profitable and sustained manner.

By combining the public opinion research with our own assessment of the company and the environment in which we operate, Extraction was able to identify and rank the most material issues facing the company. This approach allowed us to refine and improve how we operate as a company, prioritize the sustainability initiatives that drive the most value for the company and establish the framework for Above and Beyond so that the information provided in it is meaningful to our stakeholders.

Most material issues from public opinion surveys:

- Safety
- Employee training (particularly on safety-related skills)
- Protecting the environment
- Contribution to the local economy (jobs, taxes paid, partnerships)
- Disclosure on adherence to regulations, local laws, and safety performance

Footnote: Research conducted via telephone survey of 800 registered voters within the Extraction service area in May 2019. The overall results have a margin of error of +/-3.46% at the 95% confidence interval. In June 2019, Extraction conducted a total of four in-person focus groups of residents in communities where our assets are located.
The company has leveraged its expansive 3D seismic, unmatched vertical well control and petrophysical modeling to better plan wellbores and avoid cost overruns, such as sidetracks.

Over the last 18 months of drilling, Extraction only experienced two sidetracks.

In 2019, Extraction drilled five two-mile wells, spud to spud, in less than four days. Extraction’s average for two-mile wells is five days.

Extraction Oil & Gas is known for the innovations we have pioneered in Colorado, including multiple layers of operational safety protection and engineering designs that safeguard people and the environment. Our development and use of advanced technologies in our operational practices are driven by an industry-leading technical team with decades of combined experience in well planning, drilling, completions and operational safety.

Efficient, safe and environmentally friendly drilling operations

Through intelligent designs and in coordination with its removal of older, legacy vertical facilities, Extraction has achieved a balance of business growth with responsible stewardship of our precious natural resources. Achieving this balance has allowed the company to achieve strong growth in our production capacity and generate a profit while safely protecting the environment of Colorado.

Drilling: Extraction pioneered the use of an electric-powered drilling rig in Colorado, which greatly increases efficiency and reduces noise and exhaust associated with traditional rigs powered by diesel fueled generators at certain sites.

The commitment to efficient operations, combined with the knowledge and experience of our team, has led to a number of impressive results in 2019:

- To date, Extraction has drilled more than 60 2.5-mile wells and most recently drilled its first three-mile lateral in summer of 2019.
- In 2018, Extraction’s Patterson 901 rig drilled more than one million feet of wellbore, setting a record for the nation.
- Extraction fundamentally changed the way wells are constructed in the DJ by transitioning from a 7-inch by 4.5-inch casing design to 5.5-inch monobore. The casing design has multiple advantages, including expediting drill times and allowing for completion optimization.

Drilling innovations like these are important in supporting the long-term relationships we have built with communities along the Front Range. The faster a well is drilled, the less impact there is on the environment and the communities where we operate.

Tankless Facility Designs: Extraction’s Broomfield Development Plan is built around Tankless Facilities that are a step-change for the oil and gas industry—multi-well production pads that have near-zero emissions:

- Because of our air-tight, closed-loop system that captures 99.9 percent of air emissions, Extraction’s facilities

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The commitment to efficient operations, combined with the knowledge and experience of our team, has led to a number of impressive results in 2019:
are considered some of the most environmentally friendly operations in the state.

- Oil, gas and produced water flows directly through Extraction’s own pipelines to Extraction’s Central Gathering Facility and Compression Station in Weld County.

- Tankless Facilities eliminate venting, millions of miles of truck traffic, noise, dust and visual impacts.

Storage: For all existing tanked locations, Extraction uses Vapor Recovery Units (VRUs) that ensure emissions are captured from storage facilities.

Monitoring: To further uphold air quality, Extraction performs around-the-clock, continuous air monitoring and monthly thermal-imaging audits to detect the smallest of pinhole leaks.

Legacy Vertical Well Decommissioning: In 2019, Extraction decommissioned 140 legacy vertical wells and removed more than 220 tanks and associated equipment.

Safety: Extraction implements fully programmed safety systems to facilitate automatic shutdowns and prevent incidents before they occur.

**Efforts to reduce noise**

In addition to drilling and site electrification noted above, Extraction routinely constructs sound walls and earthen berms at its development sites. Extraction’s signature innovation has been the partnership with Liberty Oilfield Services to develop a dual fuel “Quiet Fleet” that reduces sound associated with the well-completion process by two-thirds. This innovation has received recognition from regulators and operators across the nation as a game-changer for the industry.

Dramatically lower noise levels make an enormous difference not only to residents but to site workers, who experience less fatigue and stress. Workers at traditional completion sites are required to wear OSHA-approved hearing protection, which includes both earplugs and earmuffs, as they are normally exposed to a time-weighted average noise level of 85 decibels or above. By contrast, decibel levels during Quiet Completions Fleet operations fall below OSHA standards requiring hearing protection. The quieter environment allows people to work more comfortably and more safely, improving communication and reducing hearing loss injuries caused by sustained exposure to high levels of noise.

**Common Noise Levels**

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<th>Description</th>
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<td>Rock band</td>
</tr>
<tr>
<td>100</td>
<td>Airplane, Car horn</td>
</tr>
<tr>
<td>90</td>
<td>Lawnmower, Diesel truck, Food blender</td>
</tr>
<tr>
<td>80</td>
<td>Average traffic, Conventional fleet</td>
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<tr>
<td>50</td>
<td>Liberty Quiet Fleet (@ 1000ft)</td>
</tr>
<tr>
<td>40</td>
<td>Library</td>
</tr>
</tbody>
</table>

**Efforts to manage and preserve water resources**

To protect and safeguard water sources in the community, each of Extraction’s wells is lined with multiple layers of steel and cement casing to ensure proper well construction and structural soundness. The integrity of each well is double-checked via pressure testing conducted prior to the completions process. Baseline sampling of ground water is conducted within a half-mile radius of Extraction’s sites before and after operations.
Committed to Environment, Social & Governance Best Practices

Environment, social and governance (ESG) best practices make up the framework that guides Extraction’s commitment to being a sustainable company committed to long-term value creation.

As described in the Materiality section of Above and Beyond, we spent considerable time and resources identifying the issues most relevant to our company, both for today and into the future. We not only took a hard look at our operations and our performance, but asked the residents of the communities where we operate to provide us with honest feedback. The materiality process, in turn, helped inform how we align the sustainability initiatives of Extraction into the ESG framework described in this section of Above and Beyond.
INNOVATING

ENVIRONMENT

SOCIAL

GOVERNANCE
Extraction Oil & Gas recognizes the importance of a healthy, thriving environment and we place a high priority on protecting the land, air and water in our areas of operation. We strive to be the safest and most responsible operator in the DJ Basin.

Examples of our commitment to operating in a manner that protects our precious natural resources include:

**Reducing Emissions**
- The oil, natural gas and water that is produced near sensitive residential areas flows directly through Extraction’s own pipelines to our Central Gathering Facility in a rural area of Weld County.
- An air-tight, closed-loop system design near residential areas that captures 99.9 percent of air emissions.
- Electric-powered drilling rigs that eliminate the need for diesel-powered generators.
- Around-the-clock, continuous air monitoring where necessary, and monthly thermal-imaging audits to detect even the smallest of leaks.

**Biodiversity and Land Use**
- Decommissioned 140 legacy vertical wells and removed more than 220 storage tanks and associated equipment.
- Return of 40 acres of open space land to local communities.

**Safeguarding Water Sources**
- Each of Extraction’s wells are lined with multiple layers of steel and cement casing to ensure proper well construction and integrity.
- A baseline sampling of ground water is conducted within a half-mile radius of Extraction’s sites before and after operations.
- Real-time water metering, pressure monitoring, and tracking of water usage at all facilities.

**Well Integrity**
- The structural integrity of each well is double-checked via pressure testing conducted prior to the completions process.
Extraction’s commitment to creating value starts with our culture. Extraction was founded as a company committed to being a responsible partner on Colorado’s Front Range. That mindset is woven into our DNA and drives everything we do.

**Safety**
- Extraction has never had a recordable employee safety incident since the company was founded in 2012, resulting in 2 million employee hours worked without a recordable incident.
- The company utilizes pipelines, where possible, so that minimal oil is stored on its production sites. Pipelines are the safest way to transport oil and gas and have the benefits of reducing thousands of truck trips, reducing congestion on roads, and cutting down on vehicle emissions.
- Extraction provides ongoing training for employees on safety initiatives.

**Investing in Our Communities**
- Extraction has invested more than $3 million in community initiatives across the DJ Basin, and formed partnerships with over 65 local organizations.
- Through its leadership of the Colorado Preparedness & Response Network, Extraction helped train more than 1,000 firefighters in the area in emergency response scenarios for oil and gas incidents.
- From inception through April 2020, Extraction will have paid more than $270 million in state and local taxes.

**Investing in Employees**
- All Extraction employees have received grants of equity ownership in the company.
- Extraction provides extensive benefits for all employees, including health insurance, the majority of which is paid for by Extraction, sponsorship for continuing education opportunities, paid time off and paid sick days.
- Extraction offers 401(k) matching to all employees.

With safety as our number one priority, Extraction recently achieved 2 million hours worked without a single lost-time incident.

From inception through April 2020, Extraction will have paid more than $270 million in state and local taxes.

We go above and beyond in working with communities in the Front Range, forming partnerships with more than 65 local organizations and investing $3 million in community initiatives to see change at the ground level.
COLLABORATION

ENVIRONMENT  SOCIAL  GOVERNANCE
GOVERNANCE

It is the fundamental policy of Extraction to conduct its business with honesty and integrity in accordance with the highest legal and ethical standards, and to be transparent in doing so. All relevant documents that outline the legal and ethical requirements for all officers and employees of Extraction can be found in the Governance Highlights of the Investors section of the Extraction website.

Board of Directors

- Extraction has an eight-member board of directors, six of whom are independent.

- Extraction appointed its first female board member in September 2019.

- All members of the board of directors are responsible for setting the strategic direction of the company, including its commitment to safe, responsible and sustainable operations.

Ethics

- All Extraction employees must adhere to the company’s Code of Business Conduct and Ethics at all times. Violations may result in disciplinary action, including dismissal of any officer or other employee where warranted.

- Extraction provides a confidential hotline for employees and contractors to anonymously report ethical concerns.

Transparency

- As a publicly traded company, Extraction regularly files information about the company and any material changes with the U.S. Securities and Exchange Commission.

- Reports all completion fluid details to FracFocus, which is a publicly available resource.

- Report to EPA STAR (voluntary).

- Report to Environmental Leadership Program (voluntary).

- Extraction is regularly engaged in conversations with policymakers at the local and state level in Colorado, and residents in the communities where we operate. This is an ongoing commitment to be transparent about Extraction’s operations in the DJ Basin.
BOARD OF DIRECTORS

Tom Tyree
Executive Chairman

Matt Owens
President & CEO

Wayne W. Murdy
Lead Independent Director

Marvin M. Chronister
Independent Director

John Gaensbauer
Independent Director

Peter A. Leidel
Independent Director

Pat O’Brien
Independent Director

Audrey Robertson
Independent Director
Above and Beyond—Extraction’s 2019 Environment, Social and Governance Report is a significant milestone for our company. It is the first time that we have publicly shared how Extraction—led by its more than 250 employees—is creating long-term value for the communities where we operate and for its investors.

As the board of directors, we have responsibility for the strategic oversight for all of Extraction’s activities. This includes the environmental, social and governance initiatives that make Extraction a sustainable company able to foster the responsible development of Colorado’s Denver-Julesburg Basin for future generations. Each of us has extensive, first-hand knowledge of the oil and gas industry with expertise ranging from long-range planning, finance, exploration and development, and safe operations. Our biographies can be found in the About Us section of the Extraction website.

Throughout Above and Beyond, we provide a summary of Extraction’s key activities aligned with environment, social and governance indicators. The report is designed to give stakeholders transparency into how the company is managed across the important drivers of sustainability and long-term value creation.

Materiality
Through Extraction’s direct engagement with both employees and residents in the communities where Extraction operates, we have gained a clear understanding of the issues most material to our company and its long-term performance. The Materiality Assessment in Above and Beyond provides an overview of the issues most material to Extraction and the process by which we completed the assessment. We are fully aware that safety, employee training, protecting the environment and investing in local communities are highly material issues to Extraction.

Accountability
Extraction’s corporate governance practices and codes of conduct covering its operations are covered in more detail in the Investors section of its website. Activities for how Extraction’s board of directors is accountable to the company and its stakeholders include:

- A responsibility to attend all board meetings
- An active role in setting the agenda for each board meeting

Stewardship
As demonstrated throughout Above and Beyond, Extraction has made an unwavering commitment to integrate sustainability into all aspects of the company, most notably:

- Going Above and Beyond section of this report highlights our proactive approach to community engagement
- A Culture of Innovation demonstrates the innovative practices put in place by our team to ensure efficient, safe, and environmentally friendly operations
- Extraction in Action is a series of tangible examples of the outcomes achieved from our sustainability initiatives across all aspects of Extraction’s operations

LETTER FROM OUR BOARD OF DIRECTORS
**Director Independence**

To ensure unbiased, objective, and forward-looking leadership to the strategic direction of Extraction, six of our board members are independent:

- Wayne Murdy
- Marvin Chronister
- John Gaensbauer
- Peter Leidel
- Pat O’Brien
- Audrey Robertson

The independent board members serve on the three committees tasked with overseeing the governance practices of Extraction:

- Audit Committee
- Compensation Committee
- Nominating and Governance Committee

Each of us on the board takes very seriously our commitment to uphold a corporate culture and management practices that adhere to our Code of Business Conduct and Ethics, Corporate Governance Guidelines and Financial Code of Ethics.

**Transparency**

*Above and Beyond* is part of Extraction’s commitment to be transparent in its operations, performance and its vision to create sustained value. Extraction discloses all relevant financial and operational information in the Investors section of its website and regularly communicates with its investors.

Beyond the ongoing disclosures of our performance, we are proud to be part of a company that is engaged every day with the communities in which we operate. That commitment to engagement—and the transparency that comes with it—is a trait that is deeply ingrained in the culture of Extraction. We proactively seek feedback from all stakeholders, we are open to their ideas and passionate about finding common-sense solutions to any concerns that may arise.

*Above and Beyond* is a comprehensive look at how sustainability is woven into every aspect of Extraction Oil & Gas.

Sincerely,
Board of Directors
Extraction in Action is our company’s employee-community involvement program with a mission of enhancing the education, health and social well-being of the communities in which we operate. Extraction in Action also is representative of our mindset as a company—constantly innovating, improving and striving to do things the right way to create value for our communities. Below are case studies that best embody the spirit and intent of Extraction in Action.

**Case Study: Best Practices in Broomfield that are Changing an Industry**

In collaboration with the community of Broomfield, Extraction developed and implemented its Broomfield Development Plan, a series of best practices to ensure safe operations that protect the local environment while safeguarding the way of life for Broomfield’s residents.

Extraction’s Broomfield Development Plan includes:

- Deploying an air-tight, closed-loop system that captures 99.9 percent of air emissions.
- Erecting high sound walls around the production facilities that reduce the impacts of noise from operations.
- Use of electric grid power to run the drilling rig as well as production facilities—which reduces air emissions and enables quieter running.
- All completions utilize “Quiet Fleet” pressure pumping equipment, which Extraction invested two years developing in coordination with Liberty Oilfield Services. The Quiet Fleet reduces noise levels by three times compared to conventional equipment.
- Introduced pipelines and Tankless Facilities so that no oil is stored on its production sites, eliminating millions of truck miles and further reducing potential emissions sources.
- Voluntarily plugging and reclaiming older, legacy vertical wells to eliminate the emissions of volatile organic compounds (VOCs). As part of the work to clean up legacy wells, Extraction also landscapes the immediate area and returns the land to the community.
• Conducted real-time water metering, pressure monitoring and oversight of deliveries and usage to better manage and preserve water resources.

• Voluntarily commissioned a traffic study before beginning work in Broomfield to identify the best routes for access and egress and to understand traffic flow so truck traffic could be optimized for the least impact to the community.

• Around-the-clock, continuous air monitoring and monthly thermal-imaging audits to detect the smallest of pinhole leaks.

• Engineered a fully programmed safety system to facilitate automatic shutdowns and prevent incidents before they occur.

Through these innovative technologies, a strict adherence to safety at all times and its coordination with Broomfield on the removal of older, legacy vertical facilities, Extraction has decisively changed the conversation from environmental trade-offs to actual environmental improvements in the oil and gas industry.

Case Study: Central Gathering Facility
Extraction Oil & Gas has committed to a Central Gathering Facility (CGF) design in certain operational areas as part of its focus on safely and responsibly developing the energy resources we all need while protecting the environment.

A CGF is a facility that makes it possible to aggregate products and reduce well pad emission sources. This closed-loop system and consolidation of oil, water and gas allows for superior and state-of-the-art emission controls that would otherwise be impractical at well pad facilities.

A key benefit of a CGF is that it minimizes the equipment used at individual well sites by using economies of scale to locate equipment in centralized facilities often built in remote areas away from communities.

By reducing equipment at well sites, emissions are minimized at facilities. A CGF model also enables closed-loop designs that rely on pipelines, rather than trucks, to transport the oil from the well to

IES Trustwell, a national, independent safety and environmental assessment firm that analyzes oil and gas facilities, recently audited the company’s facility designs and gave Extraction’s facilities a Platinum Rating. According to IES, “This represents performance in the top 10 percent of operators and is the highest score we have awarded to date for this component to any upstream operator in the onshore U.S.”
the treatment facilities, and ultimately, to the market for sale. The use of pipelines lessens inconveniences to neighbors, most notably by reducing truck traffic and source emissions. Pipelines also allow for safer operations and significantly diminish the likelihood of environmental impacts.

Extraction’s central gathering facility design keeps potential emissions from well sites in a closed-loop system, and when those hydrocarbon products reach the CGF, they are again minimized with state-of-the-art controls at that central facility. This is done by capturing hydrocarbon products that would normally be combusted at the well pad, significantly reducing emissions at those sites. Doing so reduces emissions overall and eliminates wasted resources across the company’s operations.

Case Study: Investing in Our Talent

Extraction’s key to recruiting, retaining and developing its very talented employee base is its culture of entrepreneurship and innovation, as well as its flexible and results-oriented business model. We also know that the local residents that participated in the public opinion surveys in May and June 2019 placed a very high priority on Extraction’s investment in its employees, including training opportunities.

Employee engagement is highly encouraged at all levels of the organization and is promoted through collaborative meetings, transparent career development paths and a committed aversion to bureaucracy. Extraction instituted a corporate survey to help management determine how to better enhance the employee experience and
promote positive employee engagement. To further align hearts and minds, all Extraction employees historically have received grants of equity in the company.

Extraction also supports career development for its employees through sponsorships for all continuing education courses required for professional certifications. The company also often sponsors employee attendance at conferences and seminars that further employees' respective professions.

For some engineering, EHSR and field employees, this involves attending training or seminars on new techniques related to drilling, completions or safety.

Not surprisingly, for the third year in a row, Extraction was named one of the best places to work by The Denver Post. The company placed 12th out of the top 50 medium-sized companies and was the only E&P company named to the complete list of 150 small-, medium- and large-sized companies in 2019.
AWARDS RECEIVED

CELEBRATING MILESTONES WITH XOG

2019 Most Admired CEO (DBJ)
2019 E&P Operator of the Year
Denver Post Top Places to Work
CDPHE Environmental “Gold” Award