



EARTHSTONE ENERGY, INC.

Covered Transactions Policy (Adopted February 22, 2021)

This Covered Transactions Policy (this “Policy”) has been adopted by the Board of Directors (the “Board”) of Earthstone Energy, Inc. (the “Company”) and addresses the reporting, review and approval or ratification of Covered Transactions (as defined below). Although Covered Transactions can involve potential or actual conflicts of interest, the Company recognizes that such transactions may occur in the normal course of business or provide an opportunity that is in the best interests of the Company. This Policy is not designed to prohibit Covered Transactions; rather, it is to provide for timely internal review of prospective transactions, approval or ratification of Covered Transactions and appropriate oversight and public disclosure of such transactions.

This Policy applies to any actual or potential M&A transaction (asset acquisitions or business combinations) that is (a) between (1) the Company and EnCap Investments L.P. (“EnCap”), or (2) the Company and any entity in which EnCap or its funds own more than 50% of the outstanding equity; and (b) if consummated, would need to be disclosed in a Current Report on Form 8-K or other similar Securities and Exchange Commission (“SEC”) filing pursuant to applicable SEC rules (a “Covered Transaction”).

Within ten (10) business days after any contemplated Covered Transaction is first mutually discussed by the Company and EnCap, the Company’s officers and/or directors involved in such discussions must report such discussion to the Audit Committee (the “Audit Committee”) of the Board.

The Company will not consummate any Covered Transaction absent the approval and recommendation of a majority of members of the Audit Committee. The Audit Committee shall have full authority to make decisions with respect to the consideration, negotiation and approval of any Covered Transaction, including but not limited to the right to hire independent financial and legal advisors, the right to decide whether to commence negotiations, how to conduct negotiations and who should be involved in negotiations on the Company’s behalf, and the right to decide whether to conduct a stockholder vote requiring majority approval of the non-EnCap-affiliated stockholders as a condition for approval of a Covered Transaction.

Notwithstanding anything to the contrary in this Policy, the Audit Committee shall at all times be permitted to exercise its independent business judgment with respect to any Covered Transaction and, in accordance with said judgment, shall not be obligated to require a majority-of-the-minority vote or to take any other particular action with respect to a Covered Transaction.