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The passage of these or any similar changes in U.S. federal income tax laws to eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development could have an adverse effect on our financial position, results of operations and cash flows.

***We may experience adverse or unforeseen tax consequences due to further developments affecting our deferred tax assets that could significantly affect our results.***

Deferred tax assets, including net operating loss carryforwards, represent future savings of taxes that would otherwise be paid in cash. At December 31, 2018, we had substantial amounts of net operating loss carryforwards for U.S. federal and state income tax purposes. Limitations may exist upon use of these carryforwards in the event that a change in control of the Company occurs. Additionally, due to the Tax Reform Act's permanent reduction of the corporate income tax rate, we were required to write down our deferred tax assets (including our net operating loss carryforwards), and there may be other material adverse effects on our deferred tax assets resulting from the Tax Reform Act that we have not yet identified.

A valuation allowance for deferred tax assets, including net operating losses, is recognized when it is more likely than not that some or all of the benefit from the deferred tax asset will not be realized. At December 31, 2018, we recorded a valuation allowance against our entire deferred tax asset, including the portion related to the remaining net operating loss carryforwards. This allowance was recorded primarily as a result of cumulative book losses experienced over the three-year period ending December 31, 2018. If we experience additional book losses, we may be required to increase our valuation allowance against our deferred tax assets.

Our existing deferred tax asset valuation allowance may also be released if significant events occur or market conditions change materially, and our current or future earnings are, or are projected to be, significantly higher than we currently estimate. This release may result in a significant one-time favorable impact positively affecting our consolidated results of operations for the period of reversal and for the full fiscal year results.

***A cyber incident could result in information theft, data corruption, operational disruption and/or financial loss.***

Our business has become increasingly dependent on digital technologies to conduct day-to-day operations, including certain exploration, development and production activities as well as processing of revenues and payments. We depend on digital technology, including information systems and related infrastructure as well as cloud applications and services, to process and record financial and operating data, analyze seismic and drilling information, conduct reservoir modeling and reserves estimation, communicate with employees and business associates, perform compliance reporting and in many other activities related to our business. Our vendors, service providers, purchasers of our production, and financial institutions are also dependent on digital technology.

As dependence on digital technologies has increased, cyber incidents, including deliberate attacks or unintentional events, have also increased. Our technologies, systems, networks, and those of our business associates may become the target of cyber-attacks or information security breaches, which could lead to disruptions in critical systems, unauthorized release of confidential or protected information, corruption of data or other disruptions of our business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period.

A cyber-attack involving our information systems and related infrastructure, or that of companies with which we deal, could disrupt our business and negatively impact our operations in a variety of ways, including:

- unauthorized access to seismic data, reserves information, strategic information or other sensitive or proprietary information could have a negative impact on our ability to compete for natural gas and oil resources;
- unauthorized access to personal identifying information of royalty owners, employees and vendors, which could expose us to allegations that we did not sufficiently protect that information;
- data corruption or operational disruption of production infrastructure could result in loss of production, or accidental discharge;
- a cyber-attack on a vendor or service provider could result in supply chain disruptions which could delay or halt our major development projects; and
- a cyber-attack on a third party gathering, pipeline or rail service provider could delay or prevent us from marketing our production, resulting in a loss of revenues.

These events could damage our reputation and lead to financial losses from remedial actions, loss of business or potential liability, which could have a material adverse effect on our financial condition, results of operations or cash flows.