

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-04321

TXO Partners, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

400 West 7th Street, Fort Worth, Texas
(Address of Principal Executive Offices)

32-0368858
(I.R.S. Employer
Identification No.)

76102
(Zip Code)

(817) 334-7800

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units	TXO	New York Stock Exchange
Common Units	TXO	NYSE Texas

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The registrant had outstanding 55,242,507 common units as of May 4, 2026.

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Part I - Financial Information

Item 1. Financial Statements

TXO PARTNERS, L.P.
Consolidated Balance Sheets
(in thousands)

	March 31, 2026 (Unaudited)	December 31, 2025
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,886	\$ 9,374
Accounts receivable, net	58,448	52,391
Derivative fair value	6,221	18,276
Other	17,672	15,293
Total Current Assets	90,227	95,334
Property and Equipment, at cost – successful efforts method:		
Proved properties	2,340,193	2,336,977
Unproved properties	18,998	18,863
Other	89,202	89,065
Total Property and Equipment	2,448,393	2,444,905
Accumulated depreciation, depletion and amortization	(1,232,891)	(1,204,261)
Net Property and Equipment	1,215,502	1,240,644
Other Assets:		
Note receivable from related party	7,168	7,131
Derivative fair value	1,401	5,576
Other	7,489	6,218
Total Other Assets	16,058	18,925
TOTAL ASSETS	\$ 1,321,787	\$ 1,354,903
LIABILITIES AND PARTNERS' CAPITAL		
Current Liabilities:		
Accounts payable	\$ 38,991	\$ 27,979
Deferred payment	70,000	70,000
Accrued liabilities	37,766	45,776
Derivative fair value	56,017	5,057
Asset retirement obligation, current portion	3,500	3,500
Other current liabilities	3,726	1,605
Total Current Liabilities	210,000	153,917
Long-term Debt	277,100	291,100
Other Liabilities:		
Asset retirement obligation	221,476	217,585
Derivative fair value	8,481	35
Other liabilities	262	534
Total Other Liabilities	230,219	218,154
Commitments and Contingencies		
Partners' Capital:		
Partners' capital	604,468	691,732
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$ 1,321,787	\$ 1,354,903

See accompanying notes to the Consolidated Financial Statements

TXO PARTNERS, L.P.
Consolidated Statements of Operations (Unaudited)

(in thousands)

	Three Months Ended March 31,	
	2026	2025
REVENUES		
Oil and condensate	\$ (2,746)	\$ 64,995
Natural gas liquids	9,335	8,562
Natural gas	21,687	10,768
Total Revenues	28,276	84,325
EXPENSES		
Production	47,737	42,271
Exploration	108	73
Taxes, transportation and other	19,762	17,881
Depreciation, depletion and amortization	28,838	21,429
Accretion of discount in asset retirement obligation	4,568	3,813
General and administrative	4,814	2,441
Total Expenses	105,827	87,908
OPERATING LOSS	(77,551)	(3,583)
OTHER INCOME (EXPENSE)		
Other income	8,856	9,517
Interest income	99	103
Interest expense	(5,740)	(3,621)
Total Other Income	3,215	5,999
NET (LOSS) INCOME	\$ (74,336)	\$ 2,416
NET (LOSS) INCOME PER COMMON UNIT		
Basic	\$ (1.35)	\$ 0.06
Diluted	\$ (1.35)	\$ 0.06
WEIGHTED AVERAGE COMMON UNITS OUTSTANDING		
Basic	55,090	41,083
Diluted	55,090	41,814

See accompanying notes to the Consolidated Financial Statements

TXO PARTNERS, L.P.
Consolidated Statements of Cash Flows (Unaudited)

(in thousands)

	Three Months Ended March 31,	
	2026	2025
OPERATING ACTIVITIES		
Net (loss) income	\$ (74,336)	\$ 2,416
Adjustments to reconcile net (loss) income to net cash provided by operating activities, net of effects of assets acquired and liabilities assumed:		
Depreciation, depletion and amortization	28,838	21,429
Accretion of discount in asset retirement obligation	4,568	3,813
Derivative fair value (gain) loss	91,280	9,487
Net cash received from (paid to) derivative counterparties	(15,644)	(1,896)
Non-cash incentive compensation	3,574	2,131
Other non-cash items	381	258
Changes in operating assets and liabilities <i>(a)</i>	(5,253)	(7,028)
Cash Provided by Operating Activities	33,408	30,610
INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	6,270	-
Proved property acquisitions	(695)	1,755
Development costs	(9,427)	(8,291)
Unproved property acquisitions	(135)	(53)
Other property and asset additions	(394)	(254)
Cash Used by Investing Activities	(4,381)	(6,843)
FINANCING ACTIVITIES		
Proceeds from long-term debt	23,000	36,000
Payments on long-term debt	(37,000)	(31,000)
Proceeds from sale of units to cover withholding taxes	1,508	1,215
Withholding taxes paid on vesting of restricted units	(1,446)	(1,151)
Debt issuance costs	(13)	-
Distributions	(16,564)	(25,294)
Cash Used by Financing Activities	(30,515)	(20,230)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,488)	3,537
Cash and Cash Equivalents, beginning of period	9,374	7,305
Cash and Cash Equivalents, end of period	\$ 7,886	\$ 10,842
(a) Changes in Operating Assets and Liabilities		
Accounts receivable	\$ (6,147)	\$ 1,195
Other current assets	(257)	(1,914)
Current liabilities	3,733	(4,475)
Other operating liabilities	(2,582)	(1,834)
	\$ (5,253)	\$ (7,028)

See accompanying notes to the Consolidated Financial Statements

TXO PARTNERS, L.P.
Consolidated Statements of Partners' Capital (Unaudited)

(in thousands)

	Units	\$
Balances, December 31, 2025	54,784	\$ 691,732
Net loss	—	(74,336)
Proceeds from sale of units to cover withholding taxes	—	1,508
Withholding taxes paid on vesting of restricted units	—	\$ (1,446)
Expensing of unit awards	458	\$ 3,574
Distributions to unitholders	—	\$ (16,564)
Balances, March 31, 2026	<u>55,242</u>	<u>\$ 604,468</u>

	Units	\$
Balances, December 31, 2024	40,913	\$ 609,416
Net income	—	2,416
Proceeds from sale of units to cover withholding taxes	—	1,215
Withholding taxes paid on vesting of restricted units	—	(1,151)
Expensing of unit awards	254	2,131
Distributions to unitholders	—	\$ (25,294)
Balances, March 31, 2025	<u>41,167</u>	<u>\$ 588,733</u>

See accompanying notes to the Consolidated Financial Statements

TXO PARTNERS, L.P.
Notes to Consolidated Financial Statements (Unaudited)

1. Organization and Summary of Significant Accounting Policies

TXO Partners, L.P. (TXO Partners or the Partnership) is an independent oil and gas company that was formed as a Delaware limited partnership in January 2012 (with an effective inception of operations at January 18, 2012). The operations of TXO Partners are governed by the provisions of the partnership agreement, as amended, executed by the general partner, TXO Partners GP, LLC (the General Partner) and the limited partners. The General Partner is the manager and operator of TXO Partners. The General Partner is managed by the board of directors and executive officers of our General Partner. The members of the board of directors of our General Partner are appointed by MorningStar Oil & Gas, LLC (“MSOG”), as the sole member of our General Partner. TXO Partners will remain in existence unless and until dissolved in accordance with the terms of the partnership agreement.

TXO Partners’ assets include its investment in an unincorporated joint venture, Cross Timbers Energy, LLC (“Cross Timbers Energy”). TXO Partners owns 50% of Cross Timbers Energy, and TXO Partners is the manager of Cross Timbers Energy. Cross Timbers Energy is governed by a Member Management Committee (MMC) and is comprised of six representatives, three from each group, with each group having one voting member. All matters that come before the MMC require the unanimous consent of the voting members. On the last day of each calendar quarter, Cross Timbers Energy distributes all excess cash to the members based on their ownership percentage of 50% each, except for earnings from the note receivable which is owned 5% by TXO Partners. Cross Timbers Energy’s properties are located primarily in the San Juan Basin of New Mexico and Colorado and the Permian Basin of West Texas and New Mexico. Cross Timbers Energy entered into purchase and sale agreements with multiple private buyers to sell its oil and gas properties (Note 3).

TXO Partners also has a wholly-owned subsidiary, MorningStar Operating LLC which owns oil and gas assets primarily in the San Juan Basin of New Mexico and Colorado, the Permian Basin of West Texas and New Mexico and the Williston Basin of Montana and North Dakota.

2. Basis of Presentation and Significant Accounting Policies

The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) and on the same basis as our audited financial statements as of December 31, 2025 included in our Annual Report on Form 10-K for the year ended December 31, 2025. The consolidated balance sheet as of March 31, 2026 and the consolidated statements of operations and cash flows for the periods presented herein are not audited but reflect all adjustments that are of a normal recurring nature and are necessary for a fair statement of results for the periods shown. Certain information and note disclosures normally included in annual financial statements have been omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Because the consolidated interim financial statements do not include all of the information and notes required by US GAAP for a complete set of financial statements, they should be read in conjunction with the audited consolidated financial statements referred to above. The results and trends in these interim financial statements may not be indicative of results for the full year.

Significant Accounting Policies

For a complete description of TXO Partners’ significant accounting policies, see our annual audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025.

3. Acquisitions and Dispositions

In March 2026, the Partnership announced that Cross Timbers Energy executed three purchase and sale agreements with multiple private buyers to sell oil and gas properties for gross aggregate consideration of approximately \$200 million (each a “Cross Timbers Transaction” and collectively, the “Cross Timbers Transactions”), including a purchase and sale agreement with CTOC Energy, LLC (“CTOC”) for approximately \$123.5 million in aggregate gross consideration.

Also, in March 2026, we received \$6.2 million of deposits, net to TXO Partners, related to the Cross Timbers Transactions.

On April 1, 2026, the first Cross Timbers Transaction closed resulting in net proceeds to TXO Partners of approximately \$8.2 million, subject to customary purchase price adjustments.

On April 30, 2026, the second Cross Timbers Transaction closed resulting in net proceeds to TXO Partners of approximately \$30.8 million, subject to customary purchase price adjustments.

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Subject to customary closing conditions, the third Cross Timbers Transaction is expected to close by the end of the second quarter of 2026. There can be no assurance that all conditions to closing the third Cross Timbers Transaction will be satisfied.

The Partnership expects to receive approximately \$100 million in net proceeds from the Cross Timbers Transactions, subject to customary purchase price adjustments. The Partnership intends to use a portion of the net proceeds to pay the \$70.0 million deferred payment for its 2025 purchase of assets from White Rock Energy, LLC, due on July 31, 2026.

The carrying value of the Cross Timbers Energy oil and gas assets and liabilities includes net property and equipment of \$158.7 million and asset retirement obligation of \$68.6 million, net to TXO Partners' interest, as of March 31, 2026. The net income related to these properties, net to TXO Partners, was \$0.4 million for the three months ended March 31, 2026 and \$3.5 million for the three months ended March 31, 2025.

Subsequent to the closing of the Cross Timbers Transactions, we expect to begin the process of winding down Cross Timbers Energy.

In July 2025, we completed the acquisition of certain oil and gas assets from White Rock Energy, LLC, which are located in the Elm Coulee field in Montana and North Dakota for cash consideration of \$331.6 million (the "WRE Acquisition"), including a deferred payment of \$70.0 million which is due on July 31, 2026. Our purchase price allocation included \$343.0 million to proved properties, \$3.0 million to other properties, \$1.7 million to other current assets, \$6.9 million to other current liabilities and \$9.2 million to asset retirement obligation. The WRE Acquisition was funded by a combination of cash on hand from the Offering (Note 12) and borrowings under our Credit Facility (Note 5).

In the statements of operations, we recorded \$26.4 million of revenues and net income of \$10.9 million for the three months ended March 31, 2026 from the WRE Acquisition.

Pro forma financial information (Unaudited)

The following unaudited pro forma financial information represents a summary of the condensed consolidated results of operations for the three months ended March 31, 2025, assuming the WRE Acquisition had been completed as of January 1, 2025. The pro forma financial information is provided for illustrative purposes only and does not purport to represent what the actual consolidated results of operations would have been. Future results may vary significantly from the results reflected because of various factors.

<i>(in thousands)</i>	Three Months Ended March 31, 2025	
Total revenue	\$	132,077
Net income	\$	15,420

4. Related Party Transactions

We earned management fees from Cross Timbers Energy of \$1.4 million for the three months ended March 31, 2026 and \$1.2 million for the three months ended March 31, 2025.

5. Debt

<i>(in thousands)</i>	March 31, 2026	December 31, 2025
Credit Facility, 7.4% at March 31, 2026 and 7.6% at December 31, 2025	\$ 270,000	\$ 284,000
September 2016 Loan, 7.0% at March 31, 2026 and 7.4% at December 31, 2025	\$ 7,100	\$ 7,100
Total Long-term Debt	<u>\$ 277,100</u>	<u>\$ 291,100</u>

November 2021 Credit Facility

On July 31, 2025, we entered into Amendment No. 5 and Borrowing Base Agreement ("Amendment No. 5") on our senior secured credit facility (the "Credit Facility") with certain commercial banks, as the lenders, and JPMorgan Chase Bank, N.A., as the administrative agent. We use the Credit Facility for general corporate purposes. Amendment No. 5 increased the borrowing base from \$275 million to \$410 million, extended the maturity date to August 30, 2029 and joined certain new Lenders to the Credit Facility. In connection with the Credit Facility, we incurred financing fees and expenses, which are included in other assets on the balance sheets, of approximately \$8.6 million as of March 31, 2026 and \$8.6 million as of December 31, 2025 before accumulated amortization of \$4.0 million as of March 31, 2026 and \$3.6 million as of December 31, 2025. We incurred \$2.4 million of financing fees and expenses

in conjunction with Amendment No. 5. These costs are being amortized over the life of the Credit Facility. Such amortized expenses are recorded as interest expense on the statements of operations.

Redetermination of the borrowing base under the credit facility is based primarily on reserve reports that reflect commodity prices at such time, occurs semi-annually, in March and September, as well as upon requested interim redeterminations, by the lenders at their sole discretion. We also have the right to request additional borrowing base redeterminations each year at our discretion. Significant declines in commodity prices may result in a decrease in the borrowing base. These borrowing base declines can be offset by any commodity price hedges we enter. Our obligations under the credit facility are secured by substantially all assets of the Partnership, including, without limitation, (i) our interest in the joint venture, (ii) all our deposit accounts, securities accounts, and commodities accounts, (iii) any receivables owed to us by the joint venture and (iv) any oil and gas properties owned directly by TXO Partners or its wholly-owned subsidiaries. We are required to maintain (i) a current ratio greater than 1.0 to 1.0 and current assets shall include availability under the Credit Facility, but shall exclude the fair value of derivative instruments, and current liabilities shall exclude the fair value of derivative instruments and any advances under the Credit Facility and (ii) a ratio of total indebtedness to EBITDAX of not greater than 3.0 to 1.0. For purposes of the total net debt-to-EBITDAX ratio ("Leverage Ratio"), total net debt includes total debt for borrowed money (including capital leases and purchase money debt), minus unrestricted cash and cash equivalents on hand at such time (not exceeding \$15.0 million in the aggregate), minus the unpaid balance of the FAM Loan. EBITDAX means sum of (i) net income plus interest expense; income taxes paid; depreciation, depletion and amortization; exploration expenses, including workover expenses; non-cash charges including unrealized losses on derivative instruments; and, any extraordinary or non-recurring charges, minus (ii) any extraordinary or non-recurring income and any non-cash income including unrealized gains on derivative instruments. Our hedge requirements are based on availability under the Credit Facility and the Leverage Ratio. If the Leverage Ratio is greater than 0.75 to 1.00, we are required to hedge at least 50% of reasonably anticipated projected production of proved developed producing reserves for the 24 months following the end of the most recent quarter. If the Leverage Ratio is less than 0.75 to 1.00 and availability under the Credit Facility is greater than 20% of the then current borrowing base, the minimum required hedge volume would be 35% for the 12 months following the end of the most recent quarter. If the Leverage Ratio is less than 0.50 to 1.00 and availability under the Credit Facility is greater than 66.7% of the then current borrowing base, there would be no minimum required hedge volume. Our Credit Facility prohibits us from hedging more than 90% of our reasonably projected production for any fiscal year. Under the terms of the Credit Facility, we were in compliance with all of our debt covenants as of March 31, 2026 and December 31, 2025. Additionally, we believe we have adequate liquidity to continue as a going concern for at least the next twelve months from the date of this report.

At our election, interest on borrowings under the Credit Facility is determined by reference to either the secured overnight financing rate ("SOFR") plus an applicable margin between 3.00% and 4.00% per annum (depending on the then-current level of borrowings under the Credit Facility) or the alternate base rate ("ABR") plus an applicable margin between 2.00% and 3.00% per annum (depending on the then-current level of borrowings under the Credit Facility). Interest is generally payable quarterly for loans bearing interest based on the ABR and at the end of the applicable interest period for loans bearing interest at SOFR. We are required to pay a commitment fee to the lenders under the Credit Facility, which accrues at a rate per annum of 0.5% on the average daily unused amount of the lesser of: (i) the maximum commitment amount of the lenders and (ii) the then-effective borrowing base.

September 2016 Loan

On September 30, 2016, TXO Partners entered into an unsecured loan agreement with Cross Timbers Energy (the "FAM Loan"). The proceeds for the loan were taken from the cash held by the offshore subsidiary of Exxon Mobil Corporation and the loan was assigned to the offshore subsidiary (Note 6). The loan matures on November 29, 2029, but is automatically extended should the maturity date of the Credit Facility be extended. In all instances, this loan will mature ninety-one days after the maturity of the Credit Facility. Interest on the loan is the lesser of (a) SOFR plus three and one-quarter of one percent (3.25%) per annum, adjusted monthly or (b) the highest rate permitted by applicable law. Though the note is unsecured, we are required to stay in compliance with the terms of the Credit Facility.

6.Note Receivable from Related Party

We, through our 5% ownership interest in investment assets at Cross Timbers Energy, had a note receivable totaling \$7.2 million as of March 31, 2026 and \$7.1 million as of December 31, 2025 with a highly-rated, offshore subsidiary of Exxon Mobil Corporation. Under the terms of the agreement, the maturity date is February 10, 2046, but Cross Timbers Energy may demand repayment of all or any portion of the outstanding balance on five business days' notice. Interest is earned based on the quarterly SOFR rate plus 4.3% and is paid quarterly. Interest income totaled \$0.1 million in the first three months of 2026 and \$0.1 million in the first three months of 2025.

The note receivable is treated as a non-current asset, since Cross Timbers Energy does not have any intention of demanding repayment of all or any portion of the outstanding balance at this time. Repayment would require the approval of the Cross Timbers Energy MMC.

7. Asset Retirement Obligation

Our asset retirement obligation primarily represents the estimated present value of the amount we will incur to plug, abandon and remediate our proved producing properties at the end of their productive lives, in accordance with applicable state and federal laws. We determine our asset retirement obligation by calculating the present value of estimated cash flows related to the liability. The following is a summary of changes in TXO Partners' asset retirement obligation activity for the three months ended March 31, 2026:

	<i>(in thousands)</i>
Asset retirement obligation, January 1	221,085
Liability settled upon plugging and abandoning wells	(677)
Accretion of discount expense	4,568
Asset retirement obligation, March 31	224,976
Less current portion	(3,500)
Asset retirement obligation, long term	<u>\$ 221,476</u>

8. Commitments and Contingencies

From time to time, the Partnership is subject to various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Partnership.

To date, our expenditures to comply with environmental and occupational health and safety laws and regulations have not been significant and are not expected to be significant in the future. However, new regulations, enforcement policies, claims for damages or other events could result in significant future costs.

9. Fair Value

We periodically use commodity-based and financial derivative contracts to manage exposures to commodity price. We do not hold or issue derivative financial instruments for speculative or trading purposes. We periodically enter into futures contracts, costless collars, energy swaps, swaptions and basis swaps to hedge our exposure to price fluctuations on crude oil, natural gas liquids and natural gas sales (Note 10).

Fair Value of Financial Instruments

Because of their short-term maturity, the fair value of cash and cash equivalents, accounts receivable and accounts payable approximates their carrying values at March 31, 2026 and December 31, 2025. The following are estimated fair values and carrying values of our other financial instruments at each of these dates:

<i>(in thousands)</i>	Asset (Liability)			
	March 31, 2026		December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Note receivable from related party	\$ 7,168	\$ 7,168	\$ 7,131	\$ 7,131
Long-term debt	\$ (277,100)	\$ (277,100)	\$ (291,100)	\$ (291,100)
Derivative asset	\$ 7,622	\$ 7,622	\$ 23,852	\$ 23,852
Derivative liability	\$ (64,498)	\$ (64,498)	\$ (5,092)	\$ (5,092)

The fair value of our note receivable from related party approximates the carrying amount because the interest rate is based on current market interest rates and can be called upon five business days' notice (Note 6). The fair value of our long-term debt approximates the carrying amount because the interest rate is reset periodically at then current market rates (Note 5).

The fair value of our note receivable from related party (Note 6), derivative asset/(liability) (Note 10) and our long-term debt (Note 5) is measured using Level II inputs, and are determined by either market prices on an active market for similar assets or other market-corroborated prices. Counterparty credit risk is considered when determining the fair value of our note receivable and derivative asset (liability). Since our counterparty is highly rated, the fair value of our note receivable from related party does not require an adjustment to account for the risk of nonperformance by the counterparty, however, an adjustment for counterparty credit risk has been applied to the derivative asset (liability).

The following table summarizes our fair value measurements and the level within the fair value hierarchy in which the fair value measurements fall.

	Fair Value Measurements	
	March 31, 2026 Significant Other Observable Inputs (Level 2)	December 31, 2025 Significant Other Observable Inputs (Level 2)
<i>(in thousands)</i>		
Note receivable from related party	\$ 7,168	\$ 7,131
Long-term debt	\$ (277,100)	\$ (291,100)
Derivative asset	\$ 7,622	\$ 23,852
Derivative liability	\$ (64,498)	\$ (5,092)

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis. These assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments whenever events or circumstances indicate that the carrying value of those assets may not be recoverable and are based upon Level 3 inputs. These assets and liabilities can include assets and liabilities acquired in a business combination, proved and unproved oil and natural gas properties, asset retirement obligations and other long-lived assets that are written down to fair value when they are impaired. Such fair value estimates require assumptions and judgments regarding the existence of liabilities, the amount and timing of cash outflows required to settle the liability, what constitutes adequate restoration, inflation factors, credit adjusted discount rates, and consideration of changes in legal, regulatory, environmental and political environments.

We periodically review our long-lived assets to be held and used, including proved oil and natural gas properties, whenever events or circumstances indicate that the carrying value of those assets may not be recoverable. We review our oil and natural gas properties by asset group. The estimated future net cash flows are based upon the underlying reserves and anticipated future pricing. An impairment loss is recognized if the sum of the expected undiscounted future net cash flows is less than the carrying amount of the assets. If the estimated undiscounted future net cash flows are less than the carrying amount of a particular asset, the Partnership recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds the estimated fair value of such assets. The fair value of the proved properties is measured based on the income approach, which incorporates a number of assumptions involving expectations of future product prices, which the Partnership bases on the forward-price curves, estimates of oil and gas reserves, estimates of future expected operating and capital costs and a risk adjusted discount rate of 10%. These inputs are categorized as Level 3 in the fair value hierarchy.

Commodity Price Hedging Instruments

We periodically enter into futures contracts, energy swaps, swaptions, collars and basis swaps to hedge our exposure to price fluctuations on crude oil, natural gas and natural gas liquids sales. When actual commodity prices exceed the fixed price provided by these contracts we pay this excess to the counterparty, and when the commodity prices are below the contractually provided fixed price, we receive this difference from the counterparty. See Note 10.

The fair value of our derivatives contracts consists of the following:

	Asset Derivatives		Liability Derivatives	
	March 31, 2026	December 31, 2025	March 31, 2026	December 31, 2025
<i>(in thousands)</i>				
Derivatives not designated as hedging instruments:				
Crude oil futures and differential swaps	\$ —	\$ 21,771	\$ (62,399)	\$ —
Natural gas liquids futures	\$ 42	\$ 19	\$ —	\$ —
Natural gas futures, collars and basis swaps	\$ 7,580	\$ 2,062	\$ (2,099)	\$ (5,092)
Total	\$ 7,622	\$ 23,852	\$ (64,498)	\$ (5,092)

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Derivative fair value (gain) loss, included as part of the related revenue line on the consolidated income statements, comprises the following components:

(in thousands)	Three Months Ended March 31,	
	2026	2025
Net cash paid to counterparties	\$ 15,644	\$ 1,896
Non-cash change in derivative fair value	\$ 75,636	\$ 7,591
Derivative fair value (gain) loss	\$ 91,280	\$ 9,487

Concentrations of Credit Risk

Our receivables are from a diverse group of companies including major energy companies, pipeline companies, marketing companies, local distribution companies and end-users in various industries. Letters of credit or other appropriate security are obtained as considered necessary to limit risk of loss from the other companies. We currently have greater concentrations of credit with several investment-grade (BBB- or better) rated companies.

10.Commodity Sales Commitments

Our policy is to consider hedging a portion of our production at commodity prices the general partner deems attractive. While there is a risk we may not be able to realize the benefit of rising prices, the general partner may enter into hedging agreements because of the benefits of predictable, stable cash flows.

We periodically enter futures contracts, energy swaps, swaptions and basis swaps to hedge our exposure to price fluctuations on crude oil, natural gas liquids and natural gas sales. When actual commodity prices exceed the fixed price provided by these contracts we pay this excess to the counterparty, and when the commodity prices are below the contractually provided fixed price, we receive this difference from the counterparty. We also enter costless price collars, which set a ceiling and floor price to hedge our exposure to price fluctuations on commodity prices. When actual commodity prices exceed the ceiling price provided by these contracts we pay this excess to the counterparty, and when the commodity prices are below the floor price, we receive this difference from the counterparty. If the actual commodity price falls in between the ceiling and floor price, there is no cash settlement.

Crude Oil

We have entered into crude oil futures contracts and swap agreements that effectively fix prices for the production and periods shown below. Prices to be realized for hedged production may be less than these fixed prices because of location, quality and other adjustments.

Production Period	Bbls per Day	Weighted Average NYMEX Price per Bbl
April 2026—June 2026	10,000	\$ 62.89
July 2026—September 2026	10,000	\$ 61.44
October 2026—December 2026	10,000	\$ 59.29
January 2027—June 2027	3,000	\$ 60.56
July 2027—December 2027	3,000	\$ 63.43
January 2028—March 2028	3,000	\$ 63.07

The price we receive for our oil production is generally different than the NYMEX price because of changes in the roll component of the NYMEX price due to the timing of when the monthly NYMEX price is set. We have entered sell basis swap agreements that effectively fix the roll component of the NYMEX price for the production and periods shown below.

Production Period	Bbls per Day	Weighted Average Roll Price per Bbl (a)
April 2026—December 2026	4,000	\$ 1.80

a)Increases to NYMEX oil price for roll component

Net settlements on oil futures and sell basis swap contracts decreased oil revenues by \$8.4 million in the three months ended March 31, 2026 and increased oil revenues by \$0.1 million in the three months ended March 31, 2025. An unrealized loss decreased

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oil revenues by \$84.2 million in the three months ended March 31, 2026 and an unrealized gain increased oil revenues by \$3.1 million in the three months ended March 31, 2025.

Natural Gas Liquids

We have entered into natural gas liquids futures contracts and swap agreements for ethane that effectively fix prices for the production and periods shown below. Prices to be realized for hedged production may be less than these fixed prices because of location, quality and other adjustments.

Production Period	Ethane	Gallons per Day	Weighted Average NGL OPIS Price per Gallon
January 2027—March 2027		14,700	\$ 0.29

Net settlements on NGL futures contracts had no impact on NGL revenues in the three months ended March 31, 2026 and no impact on NGL revenues in the three months ended March 31, 2025. An unrealized gain increased NGL revenues by \$23.0 thousand in the three months ended March 31, 2026 and an unrealized loss decreased NGL revenues by \$13.0 thousand in the three months ended March 31, 2025.

Natural Gas

We have entered into natural gas futures contracts and swap agreements that effectively fix prices for the production and periods shown below. Prices to be realized for hedged production may be less than these fixed prices because of location, quality and other adjustments.

Production Period	MMBtu per Day	Weighted Average NYMEX Price per MMBtu
April 2026—September 2026	50,000	\$ 3.49
October 2026—December 2026	50,000	\$ 3.93
January 2027—March 2027	42,500	\$ 4.36
April 2027—December 2027	32,500	\$ 3.76
January 2028—March 2028	20,000	\$ 4.18

We have also entered into gas collars that set a ceiling and floor price for the production and periods shown below.

Production Period	MMBtu per Day	Floor	Weighted Average NYMEX Price per MMBtu	Ceiling
January 2028— March 2028	10,000	\$	3.50	\$ 5.40

The price we receive for our gas production is generally less than the NYMEX price because of adjustments for delivery location (“basis”), relative quality and other factors. We have entered into sell basis swap agreements that effectively fix the basis adjustment for the San Juan Basin delivery location for the production and periods shown below.

Production Period	MMBtu per Day	Weighted Average Sell Basis Price per MMBtu(a)
April 2026—March 2028	30,000	\$ (0.89)

(a)Reductions to NYMEX gas price for delivery location

Net settlements on gas futures and sell basis swap contracts decreased gas revenues by \$7.3 million in the three months ended March 31, 2026 and \$2.0 million in the three months ended March 31, 2025. An unrealized gain to record the fair value of derivative contracts increased gas revenues by \$8.5 million in the three months ended March 31, 2026 and an unrealized loss decreased gas revenues by \$10.6 million in the three months ended March 31, 2025.

11.Earnings per Unit

The following represents basic and diluted earnings per common unit for the three months ended March 31, 2026 and 2025:

(in thousands, except per unit data)	Net (loss) income	Units	(Loss) Income per Unit
2026			
Basic	\$ (74,336)	55,090	\$ (1.35)
Dilutive effect of phantom units	—	—	
Diluted	<u>\$ (74,336)</u>	<u>55,090</u>	<u>\$ (1.35)</u>
2025			
Basic	\$ 2,416	41,083	\$ 0.06
Dilutive effect of phantom units	—	731	
Diluted	<u>\$ 2,416</u>	<u>41,814</u>	<u>\$ 0.06</u>

All restricted units, totaling 1.3 million, were excluded from the calculation of earnings per common unit for the three months ended March 31, 2026, because the units are anti-dilutive. No units were excluded for the three months ended March 31, 2025.

12.Partners' Capital

On May 15, 2025, we completed an underwritten public offering for the sale of 11,666,667 common units at a price of \$15.00 per common unit resulting in proceeds of approximately \$165.6 million net of underwriting discounts, commissions and other costs. On May 19, 2025, we completed the sale of an additional 1,750,000 common units at a price of \$15.00 per common unit pursuant to the underwriter's exercise in full of its option to purchase additional common units in the Offering, resulting in additional net proceeds of approximately \$23.9 million, after deducting underwriting discounts, commissions and other costs. We used the net proceeds from the Offering to fund a portion of the cash consideration for the WRE Acquisition (Note 3).

On May 4, 2026, the board of directors of our general partner declared a cash distribution of \$0.36 per common unit for the quarter ended March 31, 2026. The distribution will be paid on May 22, 2026, to unitholders of record on May 15, 2026.

Our fourth quarter distribution of \$0.30 per unit with respect to cash available for distribution for the three months ended December 31, 2025, was paid on March 17, 2026.

13.Revenue from Contracts with Customers

The Partnership recognizes sales of oil, natural gas, and NGLs when it satisfies a performance obligation by transferring control of the product to a customer, in an amount that reflects the consideration to which the Partnership expects to be entitled in exchange for the product.

As discussed in Note 10, the Partnership recognizes the impact of derivative gains and losses as a component of revenue. See table below for the reconciliation of revenue from contracts with customers and derivative gains and losses.

	Oil and condensate	Three Months Ended March 31, 2026		Total Revenues
		Natural gas liquids	Natural gas	
		(in thousands)		
Revenue from customers	\$ 89,777	\$ 9,312	\$ 20,467	\$ 119,556
Unrealized gain (loss) on derivatives	(84,170)	23	8,511	(75,636)
Realized gain (loss) on derivatives	(8,353)	—	(7,290)	(15,644)
Total revenues	<u>\$ (2,746)</u>	<u>\$ 9,335</u>	<u>\$ 21,687</u>	<u>\$ 28,276</u>
	Oil and condensate	Three Months Ended March 31, 2025		Total Revenues
		Natural gas liquids	Natural gas	
		(in thousands)		
Revenue from customers	\$ 61,838	\$ 8,575	\$ 23,399	\$ 93,812
Unrealized gain (loss) on derivatives	3,071	(13)	(10,649)	(7,591)
Realized gain (loss) on derivatives	86	—	(1,982)	(1,896)
Total Revenues	<u>\$ 64,995</u>	<u>\$ 8,562</u>	<u>\$ 10,768</u>	<u>\$ 84,325</u>

Natural Gas and NGL Sales

Under our natural gas processing contracts, we deliver natural gas to a midstream processing entity at the wellhead or at the inlet of a facility. The midstream provider gathers and processes the product, and both the residue gas and the resulting natural gas liquids are sold at the tailgate of the plant. The Partnership's natural gas production is primarily sold under market-sensitive contracts that are typically priced at a differential to the published natural gas index price for the producing area due to the natural gas quality and the proximity to the market. We evaluated these arrangements and determined that control of the products transfers at the tailgate of the plant, meaning that the Partnership is the principal, and the third-party purchaser is its customer. As such, we present the gas and NGL sales on a gross basis and the related gathering and processing costs as a component of taxes, transportation, and other expenses on the statement of operations.

Oil and Condensate Sales

Oil production is typically sold at the wellhead or at the outlet of a gathering system under market-sensitive contracts at an index price, net of pricing differentials. The Partnership recognizes revenue when control transfers to the purchaser at the wellhead at the net price received from the customer.

Production imbalances

The Partnership uses the sales method to account for production imbalances. If the Partnership's sales volumes for a well exceed the Partnership's proportionate share of production from the well, a liability is recognized to the extent that the Partnership's share of estimated remaining recoverable reserves from the well is insufficient to satisfy the imbalance. No receivables are recorded for those wells on which the Partnership has taken less than its proportionate share of production.

Contract Balances

Under the Partnership's product sales contracts, its customers are invoiced once the Partnership's performance obligations have been satisfied, at which point payment is unconditional. Accordingly, the Partnership's product sales contracts do not give rise to contract assets or contract liabilities.

Performance Obligations

The majority of the Partnership's sales are short-term in nature with a contract term of one year or less. For those contracts, the Partnership has utilized the practical expedient in ASC 606-10-50-14 exempting the Partnership from disclosures of the transaction price allocated to remaining performance obligations if the performance obligation is part of a contract that has an original duration of one year or less.

For the Partnership's product sales that have a contract term greater than one year, the Partnership has utilized the practical expedient in ASC 606-10-50-14(a), which states the Partnership is not required to disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. Under these contracts, each unit of product generally represents a separate performance obligation; therefore, future volumes are wholly unsatisfied, and disclosure of the transaction price allocated to remaining performance obligation is not required.

14. Employee Benefit Plans

In January 2026, the Compensation Committee of the Board (the "Compensation Committee") approved grants of 632,353 time-vesting phantom units with distribution equivalent rights to the non-employee directors, officers and certain key employees. These phantom units will vest ratably over a three-year period for the officers and key employees and will fully vest on the one-year anniversary of the grant for the non-employee directors. The phantom units will be settled in common units and distribution equivalents will be paid to holders of outstanding phantom units, including unvested phantom units.

Additionally, in January 2026, the Compensation Committee approved grants of 510,552 performance-vesting phantom units to the officers and certain key employees. These performance-based phantom units will be earned based on the Company's performance during the 2026 calendar year according to certain performance objectives and will vest in one-half increments on January 31, 2028 and January 31, 2029. Prior to determination of the achievement of the performance objectives, distribution equivalent rights will be paid according to the target number of phantom unit grants; following determination of the number of earned phantom units based on achievement of the performance objectives, distribution equivalent rights will be paid according to the number of earned phantom

units. The phantom units will be settled in common units and distribution equivalents will be paid to holders of outstanding phantom units, including unvested phantom units.

Additionally, in January 2025, the Compensation Committee approved grants of 249,380 performance-vesting phantom units to the officers and certain key employees. Based on the results of the Company's performance during 2025 according to certain performance objectives, 243,142 performance-vesting phantom units were earned and will vest in one-half increments on January 31, 2027 and January 31, 2028. The phantom units will be settled in common units and distribution equivalents will be paid to holders of outstanding phantom units, including unvested phantom units.

We recognized compensation expense related to these and prior grants of \$3.6 million for the three months ended March 31, 2026 and \$2.1 million for the three months ended March 31, 2025. As of March 31, 2026, we had total deferred compensation expense of \$20.7 million. For these non-vested unit awards, we estimate that compensation expense for service periods after March 31, 2026 will be \$8.0 million in 2026, \$7.7 million in 2027, \$4.6 million in 2028 and \$0.4 million in 2029. The weighted average remaining vesting period is 1.8 years.

15. Accrued Liabilities

Accrued liabilities consist of the following at March 31, 2026 and December 31, 2025:

	March 31, 2026	December 31, 2025
Accrued production expenses	\$ 25,828	\$ 27,409
Accrued capital expenditures	\$ 4,094	\$ 4,826
Accrued bonuses	\$ 1,439	\$ 6,100
Accrued ad valorem taxes	\$ 2,494	\$ 3,978
Accrued severance taxes	\$ 3,733	\$ 2,944
Other accrued liabilities	\$ 178	\$ 519
Total accrued liabilities	<u>\$ 37,766</u>	<u>\$ 45,776</u>

16. Segment Reporting

We have one reportable segment, our exploration and production of oil, natural gas and natural gas liquids segment ("E&P segment"). Our E&P segment derives revenues from customers by selling oil, natural gas and natural gas liquids under contracts of various terms and durations (See Note 13). The operating segments within the reportable segment have been aggregated based on the similarity of their economic and other characteristics, including product type and services. All of our assets are located in the United States, and all revenues are attributable to United States customers.

The Partnership's Chief Operating Decision Maker ("CODM") is a group of executives, including the Co-Chief Executive Officers. The CODM assesses performance for the E&P segment and decides how to allocate resources based on cash provided by operations which is also reported on the statement of cash flows as consolidated cash provided by operations. The measure of segment assets is reported on the balance sheet as total consolidated assets.

The CODM uses net income to evaluate income generated from segment assets in deciding whether to reinvest profits into the E&P segment or to pay distributions.

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Selected financial information related to our one reportable segment is included below:

(in thousands)

	Three months ended March 31,	
	2026	2025
REVENUES		
Oil and condensate	\$ (2,746)	\$ 64,995
Natural gas liquids	9,335	8,562
Gas	21,687	10,768
Total Revenues	28,276	84,325
EXPENSES		
Production	47,737	42,271
Exploration	108	73
Taxes, transportation and other	19,762	17,881
Depreciation, depletion, and amortization	28,838	21,429
Accretion of discount in asset retirement obligation	4,568	3,813
General and administrative	4,814	2,441
Total Expenses	105,827	87,908
OPERATING LOSS	(77,551)	(3,583)
OTHER INCOME		
Other income	8,856	9,517
SEGMENT (LOSS) INCOME FROM OPERATIONS	<u>\$ (68,695)</u>	<u>\$ 5,934</u>
Reconciliation:		
Interest income	99	103
Interest expense	(5,740)	(3,621)
Other Expense	(5,641)	(3,518)
NET (LOSS) INCOME	<u>\$ (74,336)</u>	<u>\$ 2,416</u>
CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 33,408</u>	<u>\$ 30,610</u>

17. Supplemental Cash Flow Information

Interest payments totaled \$5.7 million for the three months ended March 31, 2026 and \$3.2 million for the three months ended March 31, 2025. State income tax payments were insignificant for the three months ended March 31, 2026 and \$0.2 million during the three months ended March 31, 2025.

18. Subsequent Events

We have evaluated subsequent events through the date the financial statements were available to be issued. See Note 3.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with our unaudited consolidated financial statements and notes thereto presented in Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report"). Additionally, the following discussion and analysis should be read in conjunction with our audited consolidated financial statements and notes thereto and the related "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our Annual Report on Form 10-K for the year ended December 31, 2025.

Unless otherwise stated or the context indicates otherwise, references in this Quarterly Report to "our general partner" refers to TXO Partners GP, LLC, a Delaware limited liability company, and the terms "partnership," the "Company," "we," "our," "us" or similar terms refer to TXO Partners, L.P., a Delaware limited partnership (the "Partnership" or "TXO Partners") and its subsidiaries. Unless otherwise indicated, throughout this discussion the term "MBoe" refers to thousands of barrels of oil equivalent quantities produced for the indicated period, with natural gas and NGL quantities converted to Bbl on an energy equivalent ratio of six Mcf to one barrel of oil.

Cautionary Statement Regarding Forward-Looking Statements

Some of the information in this Quarterly Report on Form 10-Q may contain "forward-looking statements." All statements, other than statements of historical fact included in this Quarterly Report on Form 10-Q, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this Quarterly Report on Form 10-Q, words such as "may," "assume," "forecast," "could," "should," "will," "plan," "believe," "anticipate," "intend," "estimate," "expect," "project," "budget" and similar expressions are used to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events at the time such statement was made. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements described under the heading "Risk Factors" included in this Quarterly Report on Form 10-Q.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, most of which are difficult to predict and many of which are beyond our control, incident to the exploration for and development and production of oil, natural gas and natural gas liquids ("NGL"). We disclose important factors that could cause our actual results to differ materially from our expectations as discussed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Quarterly Report on Form 10-Q. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statement include:

- commodity price volatility;
- the impact of epidemics, outbreaks or other public health events, and the related effects on financial markets, worldwide economic activity and our operations;
- uncertainties about our estimated oil, natural gas and NGL reserves, including the impact of commodity price declines on the economic producibility of such reserves, and in projecting future rates of production;
- the concentration of our operations in the Permian Basin, the San Juan Basin and the Williston Basin;
- difficult and adverse conditions in the domestic and global capital and credit markets;
- lack of transportation and storage capacity as a result of oversupply, government regulations or other factors;
- lack of availability of drilling and production equipment and services;
- potential financial losses or earnings reductions resulting from our commodity price risk management program or any inability to manage our commodity risks;
- failure to realize expected value creation from property acquisitions and trades;
- access to capital and the timing of development expenditures;
- environmental, weather, drilling and other operating risks;
- regulatory changes, including potential shut-ins or production curtailments mandated by the Railroad Commission of Texas;

- competition in the oil and natural gas industry;
- loss of production and leasehold rights due to mechanical failure or depletion of wells and our inability to re-establish their production;
- our ability to service our indebtedness;
- cost inflation;
- changes to U.S. and foreign governmental regulation, taxation and tariffs;
- our ability to integrate the acquired assets and realize the anticipated benefits of the WRE Acquisition, including, among other things, operating efficiencies, revenue synergies and other cost savings;
- political and economic conditions and events in foreign oil and natural gas producing countries, including embargoes, the recent military conflict involving Iran, attacks in the Red Sea and other continued hostilities in the Middle East and other sustained military campaigns, the armed conflict in Ukraine and associated economic sanctions on Russia, conditions in South America, Central America, China and Russia, and acts of terrorism or sabotage;
- evolving cybersecurity risks such as those involving unauthorized access, denial-of-service attacks, malicious software, data privacy breaches by employees, insider or other with authorized access, cyber or phishing-attacks, ransomware, social engineering, physical breaches or other actions; and
- risks related to our ability to expand our business, including through the recruitment and retention of qualified personnel.

Reserve engineering is a process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data, the interpretation of such data and price and cost assumptions made by reservoir engineers. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, such revisions would change the schedule of any further production and development drilling. Accordingly, our reserve and PV-10 estimates may differ significantly from the quantities of oil, natural gas and NGLs that are ultimately recovered.

Should one or more of the risks or uncertainties described in this Quarterly Report on Form 10-Q occur, or should underlying assumptions prove to be incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, expressed or implied, included in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Except as otherwise required by applicable law, we disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section, to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q.

Overview

We are an independent oil and natural gas company focused on the acquisition, development, optimization and exploitation of conventional and unconventional oil, natural gas and natural gas liquid reserves in North America. Our properties are predominately located in the Permian Basin of New Mexico and Texas, the San Juan Basin of New Mexico and Colorado and the Williston Basin of Montana and North Dakota.

Recent Developments

Cross Timbers Energy, LLC Disposition

In March 2026, we announced that Cross Timbers Energy executed three purchase and sale agreements with multiple private buyers to sell oil and gas properties for gross aggregate consideration of approximately \$200 million, including a purchase and sale agreement with CTOC for approximately \$123.5 million in gross aggregate consideration.

Also, in March 2026, we received approximately \$6.2 million of deposits, net to TXO Partners, related to the Cross Timbers Transactions.

On April 1, 2026, the first Cross Timbers Transaction closed resulting in net proceeds of approximately \$8.2 million, subject to customary purchase price adjustments. The preliminary allocation of the proceeds included \$8.3 million to proved properties and \$0.1 million to other current liabilities.

On April 30, 2026, the second Cross Timbers Transaction closed resulting in net proceeds of approximately \$30.8 million, subject to customary purchase price adjustments, of which all was allocated to proved properties.

Subject to customary closing conditions, the third Cross Timbers Transaction is expected to close by the end of the second quarter of 2026. There can be no assurance that all conditions to closing the third Cross Timbers Transaction will be satisfied.

We expect to receive approximately \$100.0 million in net proceeds from the Cross Timbers Transactions, subject to customary purchase price adjustments. We intend to use a portion of the net proceeds to pay the \$70.0 million deferred payment for our 2025 purchase of assets from White Rock Energy, LLC, due on July 31, 2026.

Market Outlook

The oil and natural gas industry is cyclical and commodity prices are highly volatile. For example, during the period from January 1, 2025 through March 31, 2026, NYMEX prices for crude oil and natural gas reached a high of \$102.88 per Bbl and \$7.46 per MMBtu, respectively, and a low of \$55.27 per Bbl and \$2.70 per MMBtu, respectively. Oil prices increased in the first quarter of 2026 due to hostilities in the Middle East which led to unexpected production cuts and supply constraints. These increases began to moderate in April 2026 due to the cease fire announcement, however, oil prices remain volatile.

We expect the crude oil and natural gas markets will continue to be volatile in the future. Our revenue, profitability and future growth are highly dependent on the prices we receive for our oil and natural gas production. Please see “Risk Factors--Risks Related to the Natural Gas, NGL and Oil Industry and Our Business--Commodity prices are volatile--A sustained decline in commodity prices may adversely affect our business, financial condition or results of operations and our ability to meet our capital expenditure obligations and financial commitments.”

With our anticipated cash flows from our long-lived property base, we intend to provide dynamic allocation of funds to prudently meet our goals. These goals include the highest projected economic returns on our capital budget, acquisition opportunities that fulfill our strategy, and cash distributions for the life of our legacy assets. From time to time, we may choose to prioritize the repayment of debt incurred in acquisitions to support the longer-term financial stewardship of our business. At other times, given fluctuations in industry costs and commodity prices, we may modify our capital budget or cash balances to shift funds towards cash distributions. We will use all of these tools to support our underlying strategy as a “production and distribution” enterprise.

Concerns over global economic conditions, energy costs, supply chain disruptions, increased demand, labor shortages associated with a fully employed U.S. labor force, war, geopolitical issues, inflation, tariffs, the availability and cost of credit and the United States financial markets and other factors have contributed to increased economic uncertainty and diminished expectations for the global economy. Rising inflation has been pervasive for the last several years, increasing the cost of salaries, wages, supplies, material, freight, and energy. While we have seen inflation moderate, inflation continues to run higher than the Federal Reserve target, resulting in higher costs. We continue to undertake actions and implement plans to address these pressures and protect the requisite access to commodities and services, however, these mitigation efforts may not succeed or be insufficient. Nevertheless, we expect for the foreseeable future to experience inflationary pressure on our cost structure. Principally, commodity costs for steel and chemicals required for drilling, higher transportation and fuel costs and wage increases have increased our operating costs. We do not expect these cost increases to reverse in the short term. Typically, as prices for oil and natural gas increase, so do associated costs. Conversely, in a period of declining prices, associated cost declines are likely to lag and may not adjust downward in proportion to prices. We cannot predict the future inflation rate but to the extent these higher costs do not begin to reverse or start to increase again, we may experience a higher cost environment going forward. If we are unable to recover higher costs through higher commodity prices, our current revenue stream, estimates of future reserves, borrowing base calculations, impairment assessments of oil and natural gas properties, and values of properties in purchase and sale transactions would all be significantly impacted.

We are taking actions to mitigate inflationary pressures. We are working closely with other suppliers and contractors to ensure availability of supplies on site, especially fuel, steel and chemical supplies, which are critical to many of our operations. However, these mitigation efforts may not succeed or be insufficient.

How We Evaluate Our Operations

We use a variety of financial and operational metrics to assess the performance of our operations, including:

- production volumes;

- realized prices on the sale of oil, NGLs and natural gas;
- production expenses;
- acquisition and development expenditures;
- Adjusted EBITDAX; and
- Cash Available for Distribution.

Non-GAAP Financial Measures

Adjusted EBITDAX

We include in this Quarterly Report the non-GAAP financial measure Adjusted EBITDAX and provide our calculation of Adjusted EBITDAX and a reconciliation of Adjusted EBITDAX to net income (loss), our most directly comparable financial measures calculated and presented in accordance with GAAP. We define Adjusted EBITDAX as net income (loss) before (1) interest income, (2) interest expense, (3) depreciation, depletion and amortization, (4) impairment expenses, (5) accretion of discount on asset retirement obligations, (6) exploration expenses, (7) unrealized (gains) losses on commodity derivative contracts, (8) non-cash incentive compensation, (9) non-cash (gain) loss on forgiveness of debt and (10) certain other non-cash expenses.

Adjusted EBITDAX is used as a supplemental financial measure by our management and by external users of our financial statements, such as industry analysts, investors, lenders, rating agencies and others, to more effectively evaluate our operating performance and our results of operation from period to period and against our peers without regard to financing methods, capital structure or historical cost basis. We exclude the items listed above from net income (loss) in arriving at Adjusted EBITDAX because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures and the method by which the assets were acquired. Adjusted EBITDAX is not a measurement of our financial performance under GAAP and should not be considered as an alternative to, or more meaningful than, net income (loss) as determined in accordance with GAAP or as indicators of our operating performance. Certain items excluded from Adjusted EBITDAX are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax burden, as well as the historic costs of depreciable assets, none of which are reflected in Adjusted EBITDAX. Our presentation of Adjusted EBITDAX should not be construed as an inference that our results will be unaffected by unusual or non-recurring items. Our computations of Adjusted EBITDAX may not be identical to other similarly titled measures of other companies.

Cash Available for Distribution

Cash available for distribution is not a measure of net income or net cash flow provided by or used in operating activities as determined by GAAP. Cash available for distribution is a supplemental non-GAAP financial measure used by our management and by external users of our financial statements, such as investors, lenders and others (including industry analysts and rating agencies who will be using such measure), to assess our ability to internally fund our exploration and development activities, pay distributions, and to service or incur additional debt. We define cash available for distribution as Adjusted EBITDAX less net cash interest expense, exploration expense, non-recurring (gain) / loss and development costs. Development costs include all of our capital expenditures made for oil and gas properties, other than acquisitions. Cash available for distribution will not reflect changes in working capital balances. Cash available for distribution is not a measurement of our financial performance or liquidity under GAAP and should not be considered as an alternative to, or more meaningful than, net income (loss) or net cash provided by or used in operating activities as determined in accordance with GAAP or as indicators of our financial performance and liquidity. The GAAP measures most directly comparable to cash available for distribution are net income and net cash provided by operating activities. Cash available for distribution should not be considered as an alternative to, or more meaningful than, net income or net cash provided by operating activities.

You should not infer from our presentation of Adjusted EBITDAX that its results will be unaffected by unusual or non-recurring items. You should not consider Adjusted EBITDAX or cash available for distribution in isolation or as a substitute for analysis of our results as reported under GAAP. Additionally, because Adjusted EBITDAX and cash available for distribution may be defined differently by other companies in our industry, our definition of Adjusted EBITDAX and cash available for distribution may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

Reconciliation of Adjusted EBITDAX and Cash Available for Distribution to GAAP Financial Measures

	Three Months Ended March 31,	
	2026	2025
	<i>(in thousands)</i>	
Net (loss) income	\$ (74,336)	\$ 2,416
Interest expense	5,740	3,621
Interest income	(99)	(103)
Depreciation, depletion and amortization	28,838	21,429
Accretion of discount in asset retirement obligation	4,568	3,813
Exploration expense	108	73
Unrealized (gains) losses on commodity derivative contracts	75,636	7,591
Non-cash incentive compensation	3,574	2,131
Non-recurring (gain)/loss	43	5
Adjusted EBITDAX	\$ 44,072	\$ 40,976
Cash Interest expense	(5,402)	(3,368)
Cash Interest income	99	103
Exploration expense	(108)	(73)
Development costs	(9,427)	(8,291)
Cash Available for Distribution	<u>\$ 29,234</u>	<u>\$ 29,347</u>
Net cash provided by operating activities	\$ 33,408	\$ 30,610
Changes in operating assets and liabilities	5,253	7,028
Development costs	(9,427)	(8,291)
Cash Available for Distribution	<u>\$ 29,234</u>	<u>\$ 29,347</u>

Results of Operations

Three Months Ended March 31, 2026 Compared to the Three Months Ended March 31, 2025

	Three months ended March 31,	
	2026	2025
REVENUES		
Oil and condensate	\$ (2,746)	\$ 64,995
Natural gas liquids	9,335	8,562
Natural gas	21,687	10,768
Total Revenues	28,276	84,325
EXPENSES		
Production	47,737	42,271
Exploration	108	73
Taxes, transportation and other	19,762	17,881
Depreciation, depletion and amortization	28,838	21,429
Accretion of discount in asset retirement obligation	4,568	3,813
General and administrative	4,814	2,441
Total Expenses	105,827	87,908
OPERATING LOSS	(77,551)	(3,583)
OTHER INCOME (EXPENSE)		
Other income	8,856	9,517
Interest income	99	103
Interest expense	(5,740)	(3,621)
Total Other Income	3,215	5,999
NET (LOSS) INCOME	\$ (74,336)	\$ 2,416

The following table provides a summary of our sales volumes, average prices (both including and excluding the effects of derivatives) and operating expenses on a per Boe basis for the periods indicated:

	Three Months Ended March 31,	
	2026	2025
Sales:		
Oil and condensate sales (MBbls)	1,310	902
Natural gas liquids sales (MBbls)	425	295
Natural gas sales (MMcf)	7,027	6,791
Total (MBoe)	2,906	2,329
Total (MBoe/d)	32	26
Average sales prices:		
Oil and condensate excluding the effects of derivatives (per Bbl)	\$ 68.54	\$ 68.58
Oil and condensate (per Bbl) (1)	\$ (2.10)	\$ 72.08
Natural gas liquids excluding the effects of derivatives (per Bbl)	\$ 21.91	\$ 29.04
Natural gas liquids (per Bbl) (2)	\$ 21.96	\$ 29.00
Natural gas excluding the effects of derivatives (per Mcf)	\$ 2.91	\$ 3.45
Natural gas (per Mcf) (3)	\$ 3.09	\$ 1.59
Expense per Boe:		
Production	\$ 16.43	\$ 18.15
Taxes, transportation and other	\$ 6.80	\$ 7.68
Depreciation, depletion and amortization	\$ 9.92	\$ 9.20
General and administrative expenses	\$ 1.66	\$ 1.05

(1)Oil and condensate prices include both realized and unrealized gains and losses from derivatives. Unrealized losses were \$84.2 million for the three months ended March 31, 2026 and unrealized gains were \$3.1 million for the three months ended March 31, 2025. Realized losses were \$8.4 million for the three months ended March 31, 2026 and realized gains were \$0.1 million for the three months ended March 31, 2025.

(2)Natural gas liquids prices include unrealized gains and losses from derivatives. Unrealized gains were \$23.0 thousand for the three months ended March 31, 2026 and unrealized losses were \$13.0 thousand for the three months ended March 31, 2025. There were no realized gains or losses for either the three months ended March 31, 2026 or the three months ended March 31, 2025.

(3)Natural gas prices include both realized gains and unrealized gains and losses from derivatives. Unrealized gains were \$8.5 million for the three months ended March 31, 2026 and unrealized losses were \$10.6 million for the three months ended March 31, 2025. Realized losses were \$7.3 million for the three months ended March 31, 2026 and \$2.0 million for the three months ended March 31, 2025.

Revenues

Revenues decreased \$56.0 million, or 66%, from \$84.3 million for the three months ended March 31, 2025 to \$28.3 million for the three months ended March 31, 2026. The decrease was primarily attributable to net losses on our hedging activity of \$91.3 million for the three months ended March 31, 2026, compared to net hedging losses of \$9.5 million for the three months ended March 31, 2025, resulting in a year-over-year increase in hedging losses of \$81.8 million, of which \$68.0 million were unrealized losses and \$13.7 million were realized losses. Additionally, a 15% decrease in the average selling price of natural gas, excluding the effects of derivatives, resulted in a decrease in revenue of \$3.6 million and a 25% decrease in the average selling price of NGLs, excluding the effects of derivatives, resulted in a decrease in revenue of \$2.1 million. These decreases were partially offset by increases in production of 577 MBoe which resulted in increased revenue of \$31.5 million primarily as a result of the acquisition of producing assets in the Williston Basin (the "Williston Acquisition") being offset by natural declines in the historical properties.

Production expenses

Production expenses increased \$5.5 million, or 13%, from \$42.3 million for the three months ended March 31, 2025 to \$47.7 million for the three months ended March 31, 2026. This increase is primarily due to increased costs of \$3.3 million related to the Williston Acquisition and increased maintenance and electricity costs on our historical properties.

On a per unit basis, production expenses decreased from \$18.15 per Boe sold for the three months ended March 31, 2025 to \$16.43 per Boe sold for the three months ended March 31, 2026. The decrease is primarily related to an increase in production of 577 MBoe partially offset by increased costs attributable to production from the Williston Acquisition.

Taxes, transportation, and other

Taxes, transportation, and other increased \$1.9 million, or 11%, from \$17.9 million for the three months ended March 31, 2025 to \$19.8 million for the three months ended March 31, 2026. The increase is primarily attributable to the increase in production partially offset by decreased oil, gas and NGL prices excluding the effects of derivatives.

On a per unit basis, taxes, transportation, and other decreased from \$7.68 per Boe sold for the three months ended March 31, 2025 to \$6.80 per Boe sold for the three months ended March 31, 2026. The decrease is primarily related to increased production partially offset by increased costs.

Depreciation, depletion, and amortization

Depreciation, depletion, and amortization ("DD&A") increased \$7.4 million, or 35%, from \$21.4 million for the three months ended March 31, 2025 to \$28.8 million for the three months ended March 31, 2026. The increase is primarily attributable to the DD&A from increased production associated with the Williston Acquisition which has a higher rate than the historical properties partially offset by decreased production on our historical properties.

On a per unit basis, depreciation, depletion, and amortization increased from \$9.20 per Boe sold for the three months ended March 31, 2025 to \$9.92 per Boe sold for the three months ended March 31, 2026. The increase is primarily related to the production associated with the Williston Acquisition, which has a higher rate than the historical properties.

General and administrative

General and administrative ("G&A") expenses increased \$2.4 million, or 97%, from \$2.4 million for the three months ended March 31, 2025 to \$4.8 million for the three months ended March 31, 2026. The increase is primarily attributable to higher personnel costs of \$1.7 million, principally due to amortization of unit-based compensation.

On a per unit basis, G&A expense increased from \$1.05 per Boe sold for the three months ended March 31, 2025 to \$1.66 per Boe sold for the three months ended March 31, 2026. The increase is primarily related to increased costs partially offset by increased production.

Other income

Other income decreased \$0.7 million, or 7%, from \$9.5 million for the three months ended March 31, 2025 to \$8.9 million for the three months ended March 31, 2026. The decrease is primarily attributable to lower CO₂ and plant income of \$1.7 million and the absence of bonus payments from term leases of \$1.2 million partially offset by increased marketing income of \$1.5 million. The CO₂ and plant income is ancillary to the operations of the gas processing plant in the Permian Basin in New Mexico and CO₂ assets in Colorado.

Interest expense

Interest expense increased \$2.1 million, or 59%, from \$3.6 million for the three months ended March 31, 2025 to \$5.7 million for the three months ended March 31, 2026. The increase is primarily attributable to increased borrowings partially offset by a lower average interest rate.

Liquidity and Capital Resources

Our primary sources of liquidity and capital will be cash flows generated by operating activities and borrowings under our Credit Facility. Outstanding borrowings under our Credit Facility were \$270.0 million at March 31, 2026 and \$284.0 million at December 31, 2025, and the remaining availability under our Credit Facility was \$140.0 million at March 31, 2026 and \$126.0 million at December 31, 2025. Additionally, we had negative net working capital (including cash and excluding the effects of derivative instruments) of \$70.0 million at March 31, 2026 and negative net working capital of \$71.8 million at December 31, 2025. The negative working capital of \$70.0 million at March 31, 2026 and \$71.8 million at December 31, 2025 is primarily related to the \$70.0 million deferred payment on the Williston Acquisition that is due July 31, 2026.

Our partnership agreement requires that we distribute all of our available cash (as defined in the partnership agreement) to our unitholders. Our quarterly cash distributions may vary from quarter to quarter as a direct result of variations in the performance of our business, including those caused by fluctuations in the prices of oil and natural gas. Such variations may be significant and quarterly distributions paid to our unitholders may be zero. Our first quarter distribution of \$0.36 per unit with respect to cash available for distribution for the three months ended March 31, 2026, was declared on May 4, 2026 and will be paid on May 22, 2026 to unitholders of record on May 15, 2026.

Our acquisition and development expenditures consist of acquisitions of proved, unproved and other property and development expenditures. Our capital expenditures including acquisitions and net of sales were \$4.4 million for the three months ended March 31, 2026 and \$6.8 million for the three months ended March 31, 2025. Included in the three months ended March 31, 2026, is \$6.2 million related to TXO Partners' share of deposits related to the Cross Timbers Transactions.

In order to mitigate volatility in oil and natural gas prices, we have entered into commodity derivative contracts. See “Quantitative and Qualitative Disclosures About Market Risk—Commodity Price Risk.”

We incurred costs of approximately \$8.7 million for drilling, completion and recompletion activities and facilities costs in the three months ended March 31, 2026 and we have budgeted approximately \$70.0 million for such costs in 2026.

The amount and timing of these capital expenditures is substantially within our control and subject to management’s discretion. We retain the flexibility to defer a portion of these planned capital expenditures depending on a variety of factors, including, but not limited to the prevailing and anticipated prices for oil, NGLs and natural gas, the availability of necessary equipment, infrastructure and capital, seasonal conditions and drilling and acquisition costs. Any postponement or elimination of our development program could result in a reduction of proved reserve volumes, production and cash flow, including distributions to unitholders.

Based on current commodity prices and our drilling success rate to date, we expect to be able to fund our distributions, meet our debt obligations and fund our 2026 capital development programs from cash flow from operations and borrowings under our Credit Facility.

If cash flow from operations does not meet our expectations, we may reduce our expected level of capital expenditures and/or distributions to unitholders. Alternatively, we may fund these expenditures using borrowings under our Credit Facility, issuances of debt and equity securities or from other sources, such as asset sales. We cannot assure you that necessary capital will be available on acceptable terms or at all. Our ability to raise funds through the incurrence of additional indebtedness could be limited by covenants in our debt arrangements. If we are unable to obtain funds when needed or on acceptable terms, we may not be able to complete acquisitions that may be favorable to us, finance the capital expenditures necessary to maintain our production or proved reserves, or make distributions to unitholders.

Cash flows

The following table summarizes our cash flows for the periods indicated (in thousands):

		Three Months Ended March 31,	
	2026		2025
Net cash provided by operating activities	\$	33,408	\$ 30,610
Net cash used by investing activities		(4,381)	(6,843)
Net cash used by financing activities		(30,515)	(20,230)

Three Months Ended March 31, 2026 Compared to Three Months Ended March 31, 2025

Net cash provided by operating activities

Net cash provided by operating activities increased \$2.8 million for the three months ended March 31, 2026 compared to the three months ended March 31, 2025 due to increased production and improved operating results, excluding the effects of derivatives partially offset by higher expenses and lower oil, gas and NGL prices.

Net cash used by investing activities

Net cash used by investing activities decreased \$2.5 million for the three months ended March 31, 2026 compared to the three months ended March 31, 2025 due to proceeds from sale of property and equipment of \$6.3 million partially offset by an increase in proved property acquisitions of \$2.5 million and development costs of \$1.1 million.

Net cash used by financing activities

		Three Months Ended March 31,	
	2026		2025
		<i>(in thousands)</i>	
Proceeds from long-term debt	\$	23,000	\$ 36,000
Payments on long-term debt		(37,000)	(31,000)
Proceeds from sale of units to cover withholding taxes		1,508	1,215
Withholding taxes paid on vesting of restricted units		(1,446)	(1,151)
Debt issuance costs		(13)	—
Distributions		(16,564)	(25,294)
Net cash used by financing activities	\$	<u>(30,515)</u>	<u>(20,230)</u>

Net cash used by financing activities increased \$10.3 million for the three months ended March 31, 2026 compared to the three months ended March 31, 2025 primarily due to increased net repayments under our Credit Facility of \$19.0 million partially offset by decreased distributions to unitholders of \$8.7 million.

Revolving credit agreement

On July 31, 2025, we entered into Amendment No. 5 to our Credit Facility with certain commercial banks, as the lenders, and JPMorgan Chase Bank, N.A., as the administrative agent. We use the Credit Facility for general corporate purposes. Amendment No. 5 increased the borrowing base from \$275 million to \$410 million, extended the maturity date to August 30, 2029 and joined certain new Lenders to the Credit Facility.

Our Credit Facility contains certain customary representations, warranties and covenants, including but not limited to, limitations on incurring debt and liens, limitations on merging or consolidating with another company, limitations on making certain restricted payments, limitations on investments, limitations on paying distributions on, redeeming, or repurchasing common units, limitations on entering into transactions with affiliates, and limitations on asset sales. The Credit Facility also contains customary events of default, including non-payment, breach of covenants, materially incorrect representations, cross-default, bankruptcy and change of control. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the Credit Facility to be immediately due and payable.

At our election, interest on borrowings under the credit facility is determined by reference to either the secured overnight financing rate (“SOFR”) plus an applicable margin between 3.00% and 4.00% per annum (depending on the then-current level of borrowings under the Credit Facility) or the alternate base rate (“ABR”) plus an applicable margin between 2.00% and 3.00% per annum (depending on the then-current level of borrowings under the Credit Facility). The weighted average interest rate on Credit Facility borrowings was 7.4% in the three months ended March 31, 2026.

We are required to maintain (i) a current ratio (the ratio of current assets to current liabilities) greater than 1.0 to 1.0, which for purposes of this definition includes availability under the Credit Facility but excludes the fair value of derivative instruments, and (ii) a ratio of total net debt-to-EBITDAX of not greater than 3.0 to 1.0. For purposes of the total net debt-to-EBITDAX ratio, total net debt is total debt for borrowed money (including capital leases and purchase money debt) minus unrestricted cash and cash equivalents on hand at such time (not exceeding \$15.0 million in the aggregate), minus the unpaid balance of the FAM Loan. EBITDAX means the sum of (i) net income plus interest expense; income taxes paid; depreciation, depletion and amortization; exploration expenses, including workover expenses; non-cash charges including unrealized losses on derivative instruments; and, any extraordinary or non-recurring charges, minus (ii) any extraordinary or non-recurring income and any non-cash income including unrealized gains on derivative instruments. Under the terms of the Credit Facility, we were in compliance with all of our debt covenants as of March 31, 2026. Additionally, we believe we have adequate liquidity to continue as a going concern for at least the next twelve months from the date of this report.

We had \$270.0 million debt outstanding and \$140.0 million available under our Credit Facility as of March 31, 2026.

Contractual obligations and commitments

We have not guaranteed the debt or obligations of any other party, nor do we have any other arrangements or relationships with other entities that could potentially result in consolidated debt or losses.

Derivative contracts

We have entered into derivative instruments to hedge our exposure to commodity price fluctuations. If market prices are higher than the contract prices when the cash settlement amount is calculated, we are required to pay the contract counterparties. As of March 31, 2026, the current liability related to such contracts was \$56.0 million and the long-term liability related to such contracts was \$8.5 million. Such payments will generally be funded by higher prices received from the sale of oil, NGLs and natural gas. For further information on derivative contracts, see Note 10 in the financial statements included elsewhere in this Quarterly Report.

Asset Retirement Obligation

At March 31, 2026, we had asset retirement obligations of \$225.0 million inclusive of a current portion of \$3.5 million. For further information on asset retirement obligations, see Note 7 in the financial statements included elsewhere in this Quarterly Report.

Critical Accounting Policies

There has been no change in our critical accounting policies from those disclosed in our Annual Report on Form 10-K filed with the SEC on February 26, 2026.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk, including the effects of adverse changes in commodity prices and interest rates as described below. The primary objective of the following information is to provide quantitative and qualitative information about our potential exposure to market risks. The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses. All of our market risk sensitive instruments were entered into for purposes other than speculative trading. Also, gains and losses on these instruments are generally offset by losses and gains on the offsetting expenses.

Commodity price risk

Our major market risk exposure is in the pricing that we receive for our oil, NGL and natural gas production. Pricing for oil, NGLs, and natural gas has been volatile and unpredictable for several years, and this volatility is expected to continue in the future. The prices we receive for our oil, NGL, and natural gas production depend on many factors outside of our control, such as the strength of the global economy and global supply and demand for the commodities we produce.

To reduce the impact of fluctuations in oil, NGL and natural gas prices on our revenues, we periodically enter into commodity derivative contracts with respect to certain of our oil, NGL and natural gas production through various transactions that limit the risks of fluctuations of future prices. We plan to continue our practice of entering into such transactions to reduce the impact of commodity price volatility on our cash flow from operations. Future transactions may include price swaps whereby we will receive a fixed price for our production and pay a variable market price to the contract counterparty. Additionally, we may enter into collars, whereby we receive the excess, if any, of the fixed floor over the floating rate or pay the excess, if any, of the floating rate over the fixed ceiling. These hedging activities are intended to limit our exposure to product price volatility and to maintain stable cash flows.

As of March 31, 2026, the fair market value of our oil, NGL and natural gas derivative contracts was a net liability of \$56.9 million. Based upon our open commodity derivative positions at March 31, 2026, a hypothetical 10% change in the NYMEX WTI, Henry Hub prices, OPIS prices and basis prices would change our net oil, NGL and natural gas derivative liability by approximately \$40.6 million.

<i>(in thousands)</i>	Fair Value at March 31, 2026	Hypothetical Price Increase or Decrease of 10% Price Change
Derivative asset (liability) – Crude Oil	\$ (62,399)	\$ 32,014
Derivative asset (liability) – Natural Gas Liquids	\$ 42	\$ 34
Derivative asset (liability) – Natural Gas	\$ 5,481	\$ 8,525
Net derivative liability	<u>\$ (56,876)</u>	<u>\$ 40,573</u>

The hypothetical change in fair value could be a gain or loss depending on whether prices increase or decrease.

Counterparty and customer credit risk

Our cash and cash equivalents are exposed to concentrations of credit risk. We manage and control this risk by investing these funds in major financial institutions. We often have balances in excess of the federally insured limits.

We sell oil, NGL and natural gas production to various types of customers. Credit is extended based on an evaluation of the customer’s financial condition and historical payment record. The future availability of a ready market for our production depends on numerous factors outside of our control, none of which can be predicted with certainty. For the years ended December 31, 2025, we had three customers and December 31, 2024, we had two customers that each accounted for more than 10% of total revenues. We do not believe the loss of any single purchaser would materially impact our operating results because oil, NGLs and natural gas are fungible products with well-established markets and numerous purchasers.

At March 31, 2026, we had commodity derivative contracts with counterparties. We are currently not required to provide collateral or other security to counterparties to support derivative instruments; however, to minimize the credit risk in derivative instruments, it is our policy to enter into derivative contracts only with counterparties that are creditworthy financial institutions deemed by management as competent and competitive market makers. Additionally, we use master netting arrangements to minimize credit risk exposure. The creditworthiness of our counterparties is subject to periodic review.

Interest rate risk

At March 31, 2026, we had \$270.0 million of variable rate debt outstanding. Assuming no change in the amount outstanding, the impact on interest expense of a 1% increase or decrease in the average interest rate would be approximately \$2.7 million per year. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Revolving credit agreement.”

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Co-Chief Executive Officer and Chief Financial Officer, along with the Co-Chief Executive Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of March 31, 2026. Based on this evaluation, the Co-Chief Executive Officer and Chief Financial Officer, along with the Co-Chief Executive Officer concluded that as of March 31, 2026, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized, and reported as and when required, and that such information is accumulated and communicated to our management, including the Co-Chief Executive Officer and Chief Financial Officer, along with the Co-Chief Executive Officer, to allow timely decisions regarding its required disclosure. Based on the evaluation of our disclosure controls and procedures as of March 31, 2026, the Co-Chief Executive Officer and Chief Financial Officer, along with the Co-Chief Executive Officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2026 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

We are party to lawsuits arising in the ordinary course of our business. We cannot predict the outcome of any such lawsuits with certainty, but management believes it is remote that pending or threatened legal matters will have a material adverse impact on our financial condition. Due to the nature of our business, we are, from time to time, involved in other routine litigation or subject to disputes or claims related to our business activities, including workers' compensation claims and employment-related disputes. In the opinion of our management, none of these other pending litigation matters, disputes or claims against us, if decided adversely, will have a material adverse effect on our financial condition, cash flows or results of operations.

Item 1A. Risk Factors

There have been no material changes in the risk factors disclosed under Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

During the fiscal quarter ended March 31, 2026, there were no adoptions, modifications, or terminations by directors or officers of Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements, each as defined in Item 408 of Regulation S-K.

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Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Limited Partnership of TXO Partners, L.P. (incorporated by reference to Exhibit 3.1 to Quarterly Report on Form 10-Q filed on May 9, 2023)
3.2	Amended and Restated Certificate of Formation of TXO Partners GP, LLC (incorporated by reference to Exhibit 3.2 to Quarterly Report on Form 10-Q filed on May 9, 2023)
3.3	Seventh Amended and Restated Agreement of Limited Partnership of TXO Partners, L.P. (incorporated by reference to Exhibit 3.2 to Current Report on Form 8-K filed on January 31, 2023)
3.4	Amendment No. 1 to the Seventh Amended and Restated Agreement of Limited Partnership of TXO Partners, L.P. (incorporated by reference to Exhibit 3.3 to Quarterly Report on Form 10-Q filed on May 9, 2023)
3.5	Amended and Restated Limited Liability Company Agreement of TXO Partners GP, LLC (incorporated by reference to Exhibit 3.4 to Annual Report on Form 10-K filed on March 31, 2023)
3.6	Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of TXO Partners GP, LLC (incorporated by reference to Exhibit 3.4 to Quarterly Report on Form 10-Q filed on May 9, 2023)
10.1*#	TXO Partners GP, LLC Executive Severance Plan
10.2	Purchase and Sale Agreement with CTOC, dated as of March 10, 2026 (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed on March 10, 2026)
31.1*	Certification of Co-Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) and Rule 15d-14(a)
31.2*	Certification of Co-Chief Executive Officer and Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) and Rule 15d-14(a)
32.1*	Certification of Co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350
32.2*	Certification of Co-Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH	Inline XBRL Taxonomy Extension Schema with Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith

Management contract or compensatory plan or arrangement

SIGNATURES

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, thereunto duly authorized.

TXO Partners, L.P.

By: TXO Partners GP, LLC, its general partner

By: /s/ Brent W. Clum

Name: Brent W. Clum

Title: Co-Chief Executive Officer, Chief Financial Officer and Duly
Authorized Officer

**TXO PARTNERS GP, LLC
EXECUTIVE SEVERANCE PLAN**

I.PURPOSE

The purpose of this TXO Partners GP, LLC Executive Severance Plan (the “Plan”) is to encourage certain employees of TXO Partners GP, LLC (the “Company”), TXO Partners, L.P. (the “Partnership”) and their Affiliates (together, the “Company Group”) to remain in the employ of the Employer by providing, among other things, severance protections to such employees in the event their employment is terminated under the circumstances described in this Plan.

II.DEFINITIONS

For purposes of this Plan, the following terms shall have the meanings set forth below:

1.“Administrator” means the Committee or its designee. In the absence of a contrary designation by the Committee, the Administrator will be the Company’s Chief Accounting Officer.

2.“Affiliate” means, with respect to any person or entity, any other person or entity that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person or entity. For purposes of this definition, “control,” when used with respect to any person or entity, means the power to direct the management and policies of such person or entity, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

3.“Base Salary” means, with respect to any Participant, the Participant’s base salary at the rate in effect on the Participant’s Termination Date, disregarding for this purpose any decrease that provides a basis for Good Reason.

4.“Board” means the Board of Directors of the Company or any committee or subcommittee thereof.

5.“Cause” means Cause (or a term of similar effect) as defined in any written agreement in effect as of the relevant time between any member of the Company Group and the applicable Participant, or if no such agreement exists, Cause means: (i) a refusal by the Participant to perform the Participant’s material duties and responsibilities under any written agreement between the Participant and any member of the Company Group (other than due to physical or mental incapacity); (ii) any act of fraud, embezzlement, material theft or misappropriation by the Participant relating to the Company Group; (iii) the Participant’s commission of a felony or a crime involving moral turpitude (other than, in each case, a traffic-related offense); (iv) any gross negligence or intentional, willful or reckless misconduct on the part of the Participant in the conduct of the Participant’s duties and responsibilities with or on behalf of the Company Group or which has or could reasonably be expected to have a material adverse effect on the image,

reputation or business of the Company Group; or (v) any material breach by the Participant of any material, written agreement between any member of the Company Group and the Participant. Cause shall not exist, however, in the case of clauses (i) and (v) above, unless the Participant has been provided with written notice of the event(s) alleged to constitute Cause thereunder, and if such event(s) are susceptible to cure, the Participant has been given a thirty (30)-day period in which to cure such event(s) following the Participant's receipt of such written notice, and the Participant fails to cure such event(s) prior to the expiration of such cure period.

6. "Change in Control" means, and shall be deemed to have occurred upon the occurrence of one or more of the following events: (i) any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Exchange Act, other than the Company or an Affiliate of the Company (as determined immediately prior to such event), shall become the beneficial owner, by way of merger, acquisition, consolidation, recapitalization, reorganization or otherwise, of 50% or more of the combined voting power of the equity interests in the Company or the Partnership; (ii) the limited partners of the Partnership approve, in one or a series of transactions, a plan of complete liquidation of the Partnership; (iii) the sale or other disposition by either the Company or the Partnership of all or substantially all of the Company's or the Partnership's assets, respectively, in one or more transactions to any person other than the Company, the Partnership or an Affiliate of the Company or of the Partnership; or (iv) a transaction resulting in a person other than the Company or an Affiliate of the Company (as determined immediately prior to such event) being the sole general partner of the Partnership. Notwithstanding the foregoing, if a Change in Control constitutes a payment event with respect to any amount which provides for the deferral of compensation subject to Section 409A or such compensation otherwise would be subject to Section 409A, the transaction or event described in subsection (i), (ii), (iii) or (iv) above with respect to such amount must also constitute a "change in control event," as defined in Treasury Regulation §1.409A-3(i)(5), and as relates to the holder of such amount, to the extent required to comply with Section 409A.

7. "CIC Protection Period" means the period commencing on the date of and ending twenty-four (24) months following a Change in Control.

8. "CIC Qualifying Termination" means, with respect to any Participant, a termination of the Participant's employment with the Company Group by the Company Group without Cause or due to a resignation by the Participant for Good Reason, in either case, that occurs during the CIC Protection Period.

9. "CIC Severance Multiplier" means, with respect to any Participant, the number set forth opposite such Participant's Employment Level under the heading "CIC Severance Multiplier" on Schedule A.

10. "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

11. "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder, as in effect from time to time.

12. "Committee" means the compensation committee of the Board.

13. "Employer" means, with respect to a Participant, the Company Group member that employs the Participant.

14. "Employment Level" means, with respect to any Participant, the Participant's employment level with the Employer as in effect at the time of the Participant's Qualifying Termination, disregarding for this purpose any change in employment level that provides a basis for Good Reason.

15. "First Payment Date" means, with respect to a Qualifying Termination, the Company's first regularly scheduled payroll date that occurs at least five (5) business days after the date the applicable Release becomes effective and irrevocable, or if earlier, March 15 of the year following the year in which the Qualifying Termination occurs.

16. "Good Reason" means Good Reason (or a term of similar effect) as defined in any written agreement in effect as of the relevant time between any member of the Company Group and the applicable Participant, or if no such agreement exists, Good Reason means the occurrence of any of the following actions undertaken by the Company Group without the Participant's express written consent: (i) a material diminution in the Participant's Base Salary or Target Bonus Amount; (ii) a material diminution of the Participant's title, responsibilities or duties with the Company Group; (iii) any material breach by a Company Group member of any material, written agreement between the Participant and any member of the Company Group; or (iv) the relocation by the Company Group of the Participant's principal location of employment to a location that is more than twenty-five (25) miles from the Participant's then-current principal place of employment; provided, however, that Good Reason shall not exist unless the Participant has provided the Company with written notice of the event(s) alleged to constitute Good Reason within sixty (60) days of the first occurrence of such event(s), the Company has failed to cure such event(s) within thirty (30) days following its receipt of such written notice, and the Participant terminates the Participant's employment within thirty (30) days after such failure to cure.

17. "Non-CIC Participant" means a Participant with an Employment Level that is designated as a Non-CIC Participant under the heading "Non-CIC Participant" on Schedule A.

18. "Non-CIC Qualifying Termination" means, with respect to any Participant who is a Non-CIC Participant, a termination of the Participant's employment with the Company Group by the Company Group without Cause or due to a resignation by the Participant for Good Reason, in either case, that does not occur during the CIC Protection Period.

19. "Performance Award" means each equity or equity-based award (or the relevant portion thereof) under any equity compensation plan of the Company Group that, as of the relevant date, vests based upon the attainment of performance conditions.

20. "Qualifying Termination" means a CIC Qualifying Termination or a Non-CIC Qualifying Termination.

21. "Release" means, with respect to a Qualifying Termination, a general release of claims in a customary form provided by and satisfactory to the Company in its reasonable discretion that becomes effective and irrevocable within thirty (30) days, or in the event of a group termination, sixty (60) days following the Termination Date.

22. "Section 409A" means Section 409A of the Code.

23. "Severance Multiplier" means, with respect to any Participant, the number set forth opposite such Participant's Employment Level under the heading "Severance Multiplier" on Schedule A.

24. "Successor" means any employer (whether or not the employer is an Affiliate of the Company) which acquires (through merger, consolidation, reorganization, transfer, sublease, assignment or otherwise) all or substantially all of the business or assets of the Company or of a division or business of the Company.

25. "Target Bonus Amount" means, with respect to any Participant, the Participant's target annual bonus amount, if any, in effect at the time of the Participant's CIC Qualifying Termination.

26. "Termination Date" means, with respect to any Participant, the date on which a termination of the Participant's employment with the Company Group, in accordance with the terms of this Plan, is effective.

27. "Time Award" means each equity or equity-based award (or the portion thereof) under any equity compensation plan of the Company Group that, as of the relevant time, vests based solely on the Participant's continued service to the Company Group.

III. ELIGIBILITY

The participants in this Plan ("Participants") are those regular U.S. full-time employees of the Company Group at the Employment Level of Vice President or above.

IV. SEVERANCE BENEFITS

A. Non-CIC Qualifying Termination

If a Non-CIC Participant has a Non-CIC Qualifying Termination, then subject to the other conditions set forth in this Plan, the Participant will be entitled to receive the following payments and benefits:

1. An amount in cash equal to the product of the Severance Multiplier multiplied by the sum of the Participant's (a) Base Salary and (b) Target Bonus Amount, payable in a lump sum no later than the First Payment Date;

2.If the Participant timely and properly elects to receive continued medical, dental or vision coverage under one or more of the Company Group’s group medical, dental or vision plans (excluding any health flexible spending account) pursuant to COBRA, direct payment of or reimbursement (subject to the Company Group’s reimbursement procedures) to the Participant for the COBRA premiums for the Participant and the Participant’s covered dependents under such plans during the period commencing on the Termination Date and ending on the earlier of (a) the date that is eighteen (18) months following the Termination Date or (b) the date the Participant ceases to be eligible for COBRA (and the Participant agrees by executing the Release and accepting benefits hereunder to promptly notify the Company of eligibility under another employer’s group health plan) (the “COBRA Continuation Period”). Notwithstanding the foregoing, if the Company Group determines that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or incurring an excise tax or to avoid nondiscrimination issues, the Company Group shall in lieu thereof pay to the Participant taxable monthly payments in an amount equal to the monthly COBRA premium, which payments shall be made for the remainder of the COBRA Continuation Period;

3.Payment to the Participant of any earned but unpaid Base Salary and any other amounts or benefits, including accrued paid time off to the extent payable upon termination pursuant to the Employer’s policies, under the Company Group’s employee benefit plans, programs or arrangements to which the Participant is entitled pursuant to the terms of such plans, programs or arrangements or applicable law, payable in accordance with the terms of such plans, programs or arrangements or as otherwise required by applicable law (collectively, the “Accrued Rights”); and

4.Unless the Board otherwise determines (which determination will be included in the Release), (a) a prorated portion of each Time Award that is outstanding and unvested as of the Termination Date shall become immediately vested as of the Termination Date, with such proration based on the number of calendar days that have elapsed in the applicable vesting period through the Termination Date as compared to the total number of days in the applicable vesting period, and (b) a prorated portion of each Performance Award that has not vested as of the Termination Date shall remain outstanding and eligible to vest based on the actual level of performance achieved, as determined by the Board in a manner consistent with the determination of performance achievement for the applicable performance period for similar awards held by actively employed employees generally, with such proration based on the number of calendar days that have elapsed in the applicable performance period (and if applicable, any additional service-based vesting period that applies thereafter) through the Termination Date as compared to the total number of days in the applicable performance period (and, if applicable, any additional service-based vesting period that applies thereafter), and shall become vested as of the date the level of performance achievement is certified by the Board (provided, that with respect to any portion of a Performance Award for which the performance measure is solely based on the Board’s discretion (and not on any objective performance goal), such performance achievement will be deemed to be achieved at the target performance level and settlement or payment of the such portion of the Performance Award will in all events be made no later than March 15 of the year following the year in which the Termination Date occurs).

B.CIC Qualifying Termination

If a Participant has a CIC Qualifying Termination, then subject to the other conditions set forth in this Plan, the Participant shall be entitled to receive the following payments and benefits:

1. An amount in cash equal to the product of the CIC Severance Multiplier multiplied by the sum of (a) the Participant's Base Salary and (b) the greater of the Participant's Target Bonus Amount or the actual bonus the Participant received for the year prior to the year in which the Termination Date occurs, payable in a lump sum no later than the First Payment Date;

2. An amount in cash equal to the product of (a) the Participant's Target Bonus Amount multiplied by (b) a fraction, the numerator of which is equal to the number of calendar days elapsed in the year in which the CIC Qualifying Termination occurs and the denominator of which is the number of calendar days in the applicable year, payable in a lump sum no later than the First Payment Date;

3. The Participant's Accrued Rights;

4. If the Participant timely and properly elects to receive continued medical, dental or vision coverage under one or more of the Company Group's group medical, dental or vision plans (excluding any health flexible savings account) pursuant to COBRA, direct payment of or reimbursement to the Participant (subject to the Company Group's reimbursement procedures) for the COBRA premiums for the Participant and the Participant's covered dependents under such plans during the period commencing on the Termination Date and ending on the earlier of (a) the date that is twenty-four (24) months following the Termination Date and (b) the date the Participant ceases to be eligible for COBRA (and the Participant agrees by executing the Release and accepting benefits hereunder to promptly notify the Company of eligibility under another employer's group health plan) (the "CIC COBRA Continuation Period"). Notwithstanding the foregoing, if the Company Group determines that it cannot provide the foregoing benefit without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or incurring an excise tax or to avoid a nondiscrimination issue, the Company Group shall in lieu thereof pay to the Participant taxable monthly payments in an amount equal to the monthly COBRA premium, which payments shall be made for the remainder of the CIC COBRA Continuation Period; and

5. Unless the Board otherwise determines (which determination will be included in the Release), (a) all Time Awards that have not vested as of the Termination Date shall become immediately vested in full as of the Termination Date and (b) all Performance Awards that have not vested as of the Termination Date shall remain outstanding and eligible to vest based on the greater of target level performance and the actual level of performance achieved, as determined by the Board in a manner consistent with the determination of performance achievement for the applicable performance period for similar awards held by actively employed employees generally, and shall become vested as of the date the level of performance achievement is certified by the Board. Settlement or payment of the Performance Awards will in all events be made no later than March 15 of the year following the year in which the Termination Date occurs.

V.RELEASE OF CLAIMS

Notwithstanding any provision of this Plan to the contrary, any payments and benefits provided to a Participant under this Plan, other than the Accrued Rights, shall be subject to and contingent upon the Participant's execution and delivery following the Termination Date of a Release.

VI.OFFERS OF EMPLOYMENT

A Participant shall not be entitled to any compensation or benefits under this Plan if the Participant rejects or fails to accept a written offer of employment from a Successor or from any Affiliate of the Company made on or before the Participant's Termination Date that is for substantially comparable employment.

VII.TAX MATTERS

A. Withholding

The Employer may deduct and withhold from any amounts payable under this Plan such federal, state, local, foreign or other taxes as are required to be withheld pursuant to any applicable law or regulation.

B.Section 409A

1.The payments and benefits under this Plan are intended to comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Plan shall be interpreted to be in compliance therewith. Notwithstanding any provision of this Plan to the contrary, in the event that the Administrator determines that any amounts payable hereunder would be immediately taxable to any Participant under Section 409A, the Administrator may (without any obligation to do so or to indemnify the Participant for failure to do so) (A) adopt such amendments to this Plan or adopt such other policies and procedures (including amendments, policies and procedures with retroactive effect) that it determines to be necessary or appropriate to preserve the intended tax treatment of the benefits provided by this Plan or the economic benefits of this Plan and (B) take such other actions it determines to be necessary or appropriate to exempt the amounts payable hereunder from Section 409A or to comply with the requirements of Section 409A and thereby avoid the application of penalty taxes thereunder.

2.Notwithstanding any provision of this Plan to the contrary, no termination or other similar payments and benefits under this Plan will be payable to a Participant unless the Participant's termination of employment constitutes a "separation from service" within the meaning of Section 409A (a "Separation from Service").

3. Notwithstanding any provision of this Plan to the contrary, if a Participant is deemed by the Company at the time of the Participant's Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which the Participant is entitled under this Plan is required in order to avoid a prohibited distribution under Section 409A, such portion of the Participant's benefits will not be provided to the Participant prior to the earlier of (i) the expiration of the six-month period measured from the date of the Participant's Separation from Service or (ii) the date of the Participant's death. As promptly as possible following the expiration of the applicable Section 409A period, all payments and benefits deferred pursuant to the preceding sentence will be paid in a lump sum to a Participant (or the Participant's estate), and any remaining payments due to the Participant under this Plan will be paid as otherwise provided herein.

4. A Participant's right to receive any installment payments under this Plan shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A. To the extent necessary to comply with Section 409A, if the designated payment period for any payment under this Plan begins in one taxable year and ends in the next taxable year, the payment will commence or otherwise be made in the later taxable year.

VIII. DURATION; TERMINATION; AMENDMENT; MODIFICATION

This Plan shall become effective on the date this Plan is approved by the Board. The Board or the Administrator (in a settlor, not fiduciary capacity), may amend, modify or terminate this Plan at any time; provided that, except as otherwise provided in Section VII.B.1.:

1. No amendment, modification or termination may affect any right of any Participant to claim benefits under this Plan as in effect prior to such amendment, modification or termination with respect to a Termination Date that occurs prior to the date of such amendment, modification or termination; and

2. During the CIC Protection Period, this Plan may not be amended or modified in any manner that decreases the payments or benefits payable to any Participant or otherwise adversely affects any Participant's economic rights or terminated.

IX. RELATION TO OTHER PLANS

Nothing in this Plan will prevent or limit a Participant's continuing or future participation in any plan, contract, agreement, practice, policy or program provided by the Company or any Affiliate thereof for which the Participant may qualify (an "Other Arrangement"), nor will anything in this Plan limit or otherwise affect any rights the Participant may have under any contract or agreement with the Company or any Affiliate thereof, provided that the benefits received under this Plan and an Other Arrangement shall not be duplicative. Therefore, notwithstanding any provision herein to the contrary, the payments and benefits payable hereunder shall be reduced (on a dollar for

dollar basis) by the amount of such severance payments and benefits payable under an Other Arrangement to the extent duplicative, such that a Participant who is entitled to receive payments and benefits hereunder receives, in the aggregate, not more than the amount of payments and benefits that would be provided hereunder if there were no such Other Arrangement (or, if greater, the amount that would be provided under such Other Arrangements without regard to this Plan). Any such reduction in payments and benefits provided hereunder shall be implemented in such manner as is determined by the Company in compliance with all applicable laws, including Section 409A, if applicable, without changing the time or form of payment of any severance payments and benefits payable under an Other Arrangement. Vested benefits and other amounts a Participant is otherwise entitled to receive under any incentive compensation (including any equity award agreement), deferred compensation, retirement, pension or other plan, practice, policy or program of, or any contract or agreement with, the Company or any Affiliate thereof shall be payable in accordance with the terms of each such plan, practice, policy, program, contract or agreement, as the case may be.

X.NOTICES

All notices or other communications required or permitted by this Plan will be made in writing and all such notices or communications will be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

Company: TXO Partners GP, LLC
400 West 7th Street
North, TX 76102
Attention: Secretary

Participant: The Participant’s last known address as set forth in the Company’s records.

XI.ADMINISTRATION

The Administrator will have the discretion to interpret the Plan and construe ambiguous, unclear, or implied (but omitted) terms in any fashion the Administrator deems to be appropriate in its reasonable discretion, and to make any findings of fact needed in the administration of the Plan. The validity of any such interpretation, construction, decision, or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly arbitrary or capricious. All determinations by the Administrator will be final and conclusive upon all persons and be given the maximum possible deference allowed by law. If, due to errors in drafting, any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Administrator in its reasonable discretion, the provision shall be considered ambiguous and shall be interpreted by the Administrator and all Plan fiduciaries in a fashion consistent with its intent, as determined in the reasonable discretion of the Administrator. The Administrator has full authority and discretion to decide claims and appeals, including to construe, interpret and apply the terms of the Plan, to determine all questions concerning eligibility for and entitlement to benefits under this Plan. The Administrator’s decisions shall be final and binding.

XII. CLAIMS PROCEDURE

The Company intends that the Plan shall, at all times, be maintained on an unfunded basis for federal income tax purposes under the Code and administered as a non-qualified, "top hat" pension plan, exempt from the substantive requirements of the Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA").

A Participant who believes he or she is entitled to a payment under the Plan that has not been received may submit a written claim for benefits to the Plan within 60 days after the Participant's Qualifying Termination. Claims should be addressed and sent to:

Administrator
Partners GP, LLC
1001 West 7th Street
Dallas, TX 76102
Attention: Secretary

If the Participant's claim is denied, in whole or in part, the Participant will be furnished with written notice of the denial within 90 days after the Administrator's receipt of the Participant's written claim, unless special circumstances require an extension of time for processing the claim, in which case a period not to exceed 180 days will apply. If such an extension of time is required, written notice of the extension will be furnished to the Participant before the termination of the initial 90-day period and will describe the special circumstances requiring the extension, and the date on which a decision is expected to be rendered.

Written notice of the denial of the Participant's claim will contain the following information: (i) the specific reason or reasons for the denial of the Participant's claim; (ii) references to the specific Plan provisions on which the denial of the Participant's claim was based; (iii) a description of any additional information or material required by the Administrator to reconsider the Participant's claim (to the extent applicable) and an explanation of why such material or information is necessary; and (iv) a description of the Plan's review procedures and time limits applicable to such procedures, including a statement of the Participant's right to bring a civil action under Section 502(a) of ERISA following a benefit claim denial on review.

If the Participant's claim is denied and he or she wishes to appeal the denied claim, the Participant or his or her authorized representative must follow the procedures described below:

(i) Upon receipt of the denied claim, the Participant (or his or her authorized representative) may file a request for review of the claim in writing with the Administrator. This request for review must be filed no later than 60 days after the Participant has received written notification of the denial.

(ii) The Participant has the right to submit in writing to the Administrator any comments, documents, records or other information relating to his or her claim for benefits.

(iii) The Participant has the right to be provided with, upon request and free of charge, reasonable access to and copies of all pertinent documents, records and other information that is relevant to his or her claim for benefits.

The review of the denied claim will take into account all comments, documents, records and other information that the Participant submitted relating to his or her claim, without regard to whether such information was submitted or considered in the initial denial of his or her claim.

The Administrator will provide the Participant with written notice of its decision within 60 days after the Administrator's receipt of the Participant's written claim for review. There may be special circumstances which require an extension of this 60-day period. In any such case, the Administrator will notify the Participant in writing within the 60-day period and the final decision will be made no later than 120 days after the Administrator's receipt of the Participant's written claim for review.

The Administrator's decision on the Participant's claim for review will be communicated to the Participant in writing and will clearly state: (i) the specific reason or reasons for the denial of the Participant's claim; (ii) reference to the specific Plan provisions on which the denial of the Participant's claim is based; (iii) a statement that the Participant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, the Plan and all documents, records and other information relevant to his or her claim for benefits; and (iv) a statement describing the Participant's right to bring an action under Section 502(a) of ERISA.

The exhaustion of these claims procedures is mandatory for resolving every claim and dispute arising under the Plan. As to such claims and disputes: (i) no claimant shall be permitted to commence any legal action to recover benefits or to enforce or clarify rights under the Plan under Section 502 or Section 510 of ERISA or under any other provision of law, whether or not statutory, until these claims procedures have been exhausted in their entirety; and (ii) in any such legal action, all explicit and implicit determinations by the Administrator (including, but not limited to, determinations as to whether the claim, or a request for a review of a denied claim, was timely filed) shall be afforded the maximum deference permitted by law.

If any judicial proceeding is undertaken to appeal the denial of a claim or bring any other action under ERISA other than a breach of fiduciary claim, the evidence presented may be strictly limited to the evidence timely presented to the Administrator. If the Participant wishes to file suit against the Plan, he or she must do so within 12 months of the date the final decision regarding the Participant's claim appeal is issued. Notwithstanding the foregoing, if the Participant fails to engage in or exhaust the claims and review procedures, he or she must file suit or legal action within 12 months of the date of the alleged facts or conduct giving rise to the claim (including, without limitation, the date the Participant alleges he or she became entitled to the Plan benefits requested in the suit or legal action); provided, however, that this limitation shall not be construed to relieve the Participant of the obligation to exhaust all of the claim and review procedures under the Plan before filing suit.

XIII.MISCELLANEOUS

All payments provided under this Plan shall be paid from the general funds of the Company, and no special or separate fund or other segregation of assets shall be required to be made to assure payment. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured creditor of the Company.

Nothing in this Plan shall interfere with or limit in any way the right of the Company Group to terminate any Participant's employment or service at any time or for any reason, nor shall this Plan itself confer upon any Participant any right to continue his or her employment or service for any specified period of time. Benefits arising under this Plan shall not constitute an employment contract with any member of the Company Group. No payment under the Plan will be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company Group except as expressly provided in writing in such other plan or an agreement thereunder. This Plan and any documents hereunder shall be interpreted and construed in accordance with the laws of the Delaware and applicable federal law.

* * * * *

Schedule A

Employment Level	Severance Multiplier	CIC Severance Multiplier	Non-CIC Participant
C-Suite Executive	2.0	3.0	Yes
Vice President	Not Applicable	2.0	No

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**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gary D. Simpson, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of TXO Partners, L.P.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2026

By: /s/ Gary D. Simpson
Gary D. Simpson
Co-Chief Executive Officer
TXO Partners GP, LLC, its general partner

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brent W. Clum, certify that:

- (1) I have reviewed this Quarterly Report on Form 10-Q of TXO Partners, L.P.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2026

By: /s/ Brent W. Clum
Brent W. Clum
Co-Chief Executive Officer and Chief Financial Officer
TXO Partners GP, LLC, its general partner

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of TXO Partners, L.P. (the "**Partnership**") hereby certifies, to such officer's knowledge, that:

(i) the Quarterly Report on Form 10-Q of the Partnership for the fiscal quarter ended March 31, 2026 (the "**Report**") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: May 4, 2026

By: /s/ Gary D. Simpson
Gary D. Simpson
Co-Chief Executive Officer
TXO Partners GP, LLC, its general partner

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Partnership, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of TXO Partners, L.P. (the "*Partnership*") hereby certifies, to such officer's knowledge, that:

(i) the Quarterly Report on Form 10-Q of the Partnership for the fiscal quarter ended March 31, 2026 (the "*Report*") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: May 4, 2026

By: /s/ Brent W. Clum
Brent W. Clum
Co-Chief Executive Officer and Chief Financial Officer
TXO Partners GP, LLC, its general partner

The foregoing certification is being furnished solely to accompany the Report pursuant to 18 U.S.C. § 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Partnership, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
