# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2019**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

**A** This return/report is for:
- [ ] a multiemployer plan
- [ ] a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)
- [X] a single-employer plan
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report
- [ ] the final return/report
- [ ] an amended return/report
- [ ] a short plan year return/report (less than 12 months)

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [X] Form 5558
- [ ] automatic extension
- [ ] the DFVC program
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
DEGOLYER AND MACNAUGHTON EMPLOYEES' SAVINGS PLAN

**1b** Three-digit plan number (PN) ▶ 001

**1c** Effective date of plan 09/01/1953

**2a** Plan sponsor's name (employer, if for a single-employer plan)
Mailing address (include room, apt., suite no. and street, or P.O. Box)
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)
D & M HOLDING INC.

5001 SPRING VALLEY ROAD, SUITE 800E
DALLAS, TX 75244

**2b** Employer Identification Number (EIN)
75-0771709

**2c** Plan Sponsor's telephone number
214-368-6391

**2d** Business code (see instructions)
541330

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/15/2020 | STEPHEN V. PIERCE |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/15/2020 | STEPHEN V. PIERCE |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

**3a** Plan administrator's name and address ☐ Same as Plan Sponsor

TRUSTEES OF DEGOLYER & MACNAUGHTON EMPLOYEE SAVINGS PLAN TRUST
STEPHEN PIERCE
5001 SPRING VALLEY ROAD, SUITE 800E
DALLAS, TX 75244

**3b** Administrator's EIN: 75-1623150

**3c** Administrator's telephone number: 214-891-1144

**4** If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report:
**a** Sponsor's name
**c** Plan Name

**4b** EIN

**4d** PN

| | | |
|---|---|---|
| **5** Total number of participants at the beginning of the plan year | **5** | 206 |
| **6** Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines **6a(1), 6a(2), 6b, 6c,** and **6d**). | | |
| **a(1)** Total number of active participants at the beginning of the plan year | **6a(1)** | 189 |
| **a(2)** Total number of active participants at the end of the plan year | **6a(2)** | 191 |
| **b** Retired or separated participants receiving benefits | **6b** | 0 |
| **c** Other retired or separated participants entitled to future benefits | **6c** | 19 |
| **d** Subtotal. Add lines **6a(2)**, **6b**, and **6c** | **6d** | 210 |
| **e** Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. | **6e** | 0 |
| **f** Total. Add lines **6d** and **6e** | **6f** | 210 |
| **g** Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 209 |
| **h** Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 3 |
| **7** Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

2E 2F 2H 2J 2T

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

| **9a** Plan funding arrangement (check all that apply) | | **9b** Plan benefit arrangement (check all that apply) | |
|---|---|---|---|
| **(1)** | ☐ Insurance | **(1)** | ☐ Insurance |
| **(2)** | ☐ Code section 412(e)(3) insurance contracts | **(2)** | ☐ Code section 412(e)(3) insurance contracts |
| **(3)** | ☒ Trust | **(3)** | ☒ Trust |
| **(4)** | ☐ General assets of the sponsor | **(4)** | ☐ General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

- **(1)** ☒ **R** (Retirement Plan Information)
- **(2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**

- **(1)** ☒ **H** (Financial Information)
- **(2)** ☐ **I** (Financial Information – Small Plan)
- **(3)** ☐ ___ **A** (Insurance Information)
- **(4)** ☒ **C** (Service Provider Information)
- **(5)** ☒ **D** (DFE/Participating Plan Information)
- **(6)** ☐ **G** (Financial Transaction Schedules)

## Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

**11a** If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

**11b** Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ..... ☐ Yes ☐ No

**11c** Enter the Receipt Confirmation Code for the 2019 Form M-1 annual report. If the plan was not required to file the 2019 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code_____

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2019**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

**A** Name of plan
DEGOLYER AND MACNAUGHTON EMPLOYEES' SAVINGS PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
D & M HOLDING INC.

**D** Employer Identification Number (EIN)
75-0771709

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

THE VANGUARD GROUP, INC.

23-1945930

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

THE VANGUARD GROUP, INC.

23-1945930

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| 15 25 37 52 | NONE | 1125 | Yes [X] No [ ] | Yes [X] No [ ] | 0 | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes [ ] No [ ] | Yes [ ] No [ ] | | Yes [ ] No [ ] |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| **(b)** Service Code(s) | **(c)** Relationship to employer, employee organization, or person known to be a party-in-interest | **(d)** Enter direct compensation paid by the plan. If none, enter -0-. | **(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | **(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | **(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | **(h)** Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3.** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

| | | | |
|---|---|---|---|
| **a** | Name: GRANT THORNTON LLP | **b** EIN: | 36-6055558 |
| **c** | Position: AUDITOR | | |
| **d** | Address: 1717 MAIN STREET, SUITE 1800<br>DALLAS, TX 75201-4667 | **e** Telephone: | 214-561-2300 |

Explanation: GRANT THORNTON SOLD THEIR BENEFIT PLAN AUDIT BUSINESS TO BKD IN OUR REGION. THE PARTNERS AND STAFF FROM GRANT THORNTON RELATED TO THAT PART OF THE BUSINESS HAVE TRANSITIONED WITH THE CLIENTS TO BKD.

| | | | |
|---|---|---|---|
| **a** | Name: | **b** EIN: | |
| **c** | Position: | | |
| **d** | Address: | **e** Telephone: | |

Explanation:

| | | | |
|---|---|---|---|
| **a** | Name: | **b** EIN: | |
| **c** | Position: | | |
| **d** | Address: | **e** Telephone: | |

Explanation:

| | | | |
|---|---|---|---|
| **a** | Name: | **b** EIN: | |
| **c** | Position: | | |
| **d** | Address: | **e** Telephone: | |

Explanation:

| | | | |
|---|---|---|---|
| **a** | Name: | **b** EIN: | |
| **c** | Position: | | |
| **d** | Address: | **e** Telephone: | |

Explanation:

# SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2019**

**This Form is Open to Public Inspection.**

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

**A** Name of plan
DEGOLYER AND MACNAUGHTON EMPLOYEES' SAVINGS PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
D & M HOLDING INC.

**D** Employer Identification Number (EIN)
75-0771709

**Part I** **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIRE. SAVINGS TRUST III

**b** Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| 38-7041744-024 | C | 8730750 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

## Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2019**

**This Form is Open to Public Inspection**

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

**A** Name of plan
DEGOLYER AND MACNAUGHTON EMPLOYEES' SAVINGS PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
D & M HOLDING INC.

**D** Employer Identification Number (EIN)
75-0771709

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | 930723 | 4970428 |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 4986113 | 5047442 |
| **(2)** Participant contributions | 1b(2) | | |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | 26705 | 52155 |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | 632507 | 385878 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 10002204 | 8730750 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 90373784 | 99280795 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | 8500000 | 8300000 |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | | |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 115452036 | 126767448 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 115452036 | 126767448 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 5649366 | |
| | **(B)** Participants | 2a(1)(B) | 1253946 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 6903312 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | 21154 | |
| | **(F)** Other | 2b(1)(F) | | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 21154 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 3626220 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 3626220 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | 8890673 | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | 7700068 | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | 1190605 |
| | **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate | 2b(5)(A) | | |
| | **(B)** Other | 2b(5)(B) | | |
| | **(C)** Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)** | 2b(5)(C) | | 0 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| **(6)** Net investment gain (loss) from common/collective trusts | 2b(6) | | 206771 |
| **(7)** Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| **(8)** Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| **(9)** Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| **(10)** Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | 13454633 |
| **c** Other income | 2c | | 1196874 |
| **d** Total income. Add all **income** amounts in column (b) and enter total | 2d | | 26599569 |
| **Expenses** | | | |
| **e** Benefit payment and payments to provide benefits: | | | |
| **(1)** Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 15178437 | |
| **(2)** To insurance carriers for the provision of benefits | 2e(2) | | |
| **(3)** Other | 2e(3) | | |
| **(4)** Total benefit payments. Add lines **2e(1)** through **(3)** | 2e(4) | | 15178437 |
| **f** Corrective distributions (see instructions) | 2f | | |
| **g** Certain deemed distributions of participant loans (see instructions) | 2g | | |
| **h** Interest expense | 2h | | |
| **i** Administrative expenses: **(1)** Professional fees | 2i(1) | | |
| **(2)** Contract administrator fees | 2i(2) | | |
| **(3)** Investment advisory and management fees | 2i(3) | | |
| **(4)** Other | 2i(4) | 105720 | |
| **(5)** Total administrative expenses. Add lines **2i(1)** through **(4)** | 2i(5) | | 105720 |
| **j** Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 15284157 |
| **Net Income and Reconciliation** | | | |
| **k** Net income (loss). Subtract line **2j** from line **2d** | 2k | | 11315412 |
| **l** Transfers of assets: | | | |
| **(1)** To this plan | 2l(1) | | |
| **(2)** From this plan | 2l(2) | | |

## Part III Accountant's Opinion

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

**(1)** [X] Unmodified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

**(1)** Name: BKD, LLP **(2)** EIN: 44-0160260

**d** The opinion of an independent qualified public accountant is **not attached** because:

**(1)** [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) | 4a | | X | |
| **b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) | 4b | | X | |

| | | | Yes | No | Amount |
|---|---|---|---|---|---|
| c | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) | 4c | | X | |
| d | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) | 4d | | X | |
| e | Was this plan covered by a fidelity bond? | 4e | X | | 1000000 |
| f | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? | 4f | | X | |
| g | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4g | X | | 8300000 |
| h | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? | 4h | | X | |
| i | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) | 4i | X | | |
| j | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) | 4j | | X | |
| k | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? | 4k | | X | |
| l | Has the plan failed to provide any benefit when due under the plan? | 4l | | X | |
| m | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) | 4m | | X | |
| n | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. | 4n | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

**5c** If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ..... ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year_____. (See instructions.)

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Retirement Plan Information

This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2019**

**This Form is Open to Public Inspection.**

For calendar plan year 2019 or fiscal plan year beginning 01/01/2019 and ending 12/31/2019

**A** Name of plan
DEGOLYER AND MACNAUGHTON EMPLOYEES' SAVINGS PLAN

**B** Three-digit plan number (PN) ▶ 001

**C** Plan sponsor's name as shown on line 2a of Form 5500
D & M HOLDING INC.

**D** Employer Identification Number (EIN)
75-0771709

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... **1**

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 23-2186884 75-1934919

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year ..... **3**

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6 a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

**11 a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**20** **PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

**a** Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

**b** If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation_____

# DeGolyer and MacNaughton Employees' Savings Plan

EIN 75-0771709 PN 001

Independent Auditor’s Report and Financial Statements

December 31, 2019 and 2018

# DeGolyer and MacNaughton Employees' Savings Plan

**December 31, 2019 and 2018**

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Statement of Changes in Net Assets Available for Benefits ..... 4

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BKD
CPAs & Advisors

14241 Dallas Parkway, Suite 1100 | Dallas, TX 75254-2961
972.702.8262 | Fax 972.702.0673 | bkd.com

# Independent Auditor's Report

Plan Administrator
DeGolyer and MacNaughton Employees' Savings Plan
Dallas, TX

## Report on the Financial Statements

We have audited the accompanying financial statements of DeGolyer and MacNaughton Employees' Savings Plan, which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### *Opinion*

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of DeGolyer and MacNaughton Employees' Savings Plan as of December 31, 2019, and the changes in its net assets available for benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Prior Year Audited by Other Auditors*

The 2018 financial statements were audited by other auditors and their report thereon, dated October 15, 2019, expressed an unmodified opinion on those statements. The other auditors subjected the supplemental schedule to the auditing procedures applied in the audit of the financial statements and certain additional procedures and determined the supplementary information is fairly stated in all material respects in relation to the 2018 financial statements as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the 2019 financial statements as a whole. The accompanying supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 supplementary information is fairly stated in all material respects in relation to the 2019 financial statements as a whole.

BKD, LLP

October 15, 2020
Dallas, Texas

Federal Employer Identification Number: 44-0160260

# DeGolyer and MacNaughton Employees' Savings Plan

## Statements of Net Assets Available for Benefits

## December 31, 2019 and 2018

### Assets

| | 2019 | 2018 |
|---|---|---|
| **Investments, at Fair Value** | | |
| Mutual funds | $ 99,332,950 | $ 90,400,489 |
| Collective trust fund | 8,730,750 | 10,002,204 |
| Producing oil and gas royalty interests | 8,300,000 | 8,500,000 |
| Total investments | 116,363,700 | 108,902,693 |
| **Receivables** | | |
| Employer contribution | 5,047,442 | 4,986,113 |
| Notes receivable from participants | 385,878 | 632,507 |
| Total receivables | 5,433,320 | 5,618,620 |
| **Noninterest-bearing Cash** | 4,970,428 | 930,723 |
| **Net Assets Available For Benefits** | $ 126,767,448 | $ 115,452,036 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Statement of Changes in Net Assets Available for Benefits

## Year Ended December 31, 2019

| | |
|---|---|
| **Investment Income** | |
| Net appreciation in fair value of investments | $ 13,661,404 |
| Interest and dividends | 3,626,220 |
| Gain on sale of investments | 1,190,605 |
| Oil and gas royalties | 1,196,874 |
| Net investment income | 19,675,103 |
| **Interest Income on Notes Receivable from Participants** | 21,154 |
| **Contributions** | |
| Employer | 5,649,366 |
| Participants | 1,253,946 |
| | 6,903,312 |
| Total additions | 26,599,569 |
| **Deductions** | |
| Benefits paid to participants | 15,178,437 |
| Administrative expenses | 105,720 |
| Total deductions | 15,284,157 |
| **Net Increase** | 11,315,412 |
| **Net Assets Available for Benefits, Beginning of Year** | 115,452,036 |
| **Net Assets Available for Benefits, End of Year** | $ 126,767,448 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Notes to Financial Statements

## December 31, 2019 and 2018

## Note 1: Description of the Plan

### *General*

The following description of DeGolyer and MacNaughton Employees' Savings Plan (Plan) provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan sponsored by D & M Holding Inc. (Company) for the benefit of its eligible full-time employees who have at least six months of service and are age 18 or older. The Plan is subject to the provisions of the *Employee Retirement Income Security Act of 1974* (ERISA). Vanguard Fiduciary Trust Company is the trustee of the Plan.

### *Contributions*

The Plan permits eligible employees through a salary deferral election to have the Company make annual contributions of up to 100 percent of their eligible compensation. Employee rollover contributions are also permitted. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. The Company makes safe harbor contributions of 3 percent of employees' eligible compensation. Contributions are subject to certain limitations.

Company profit-sharing contributions are discretionary as determined by the Company's Board of Directors. The profit-sharing contribution cannot exceed certain percentage limits of the total compensation paid or accrued to all participants during the year as renumeration for services rendered. This limit was 14 percent for 2019.

### *Participant Investment Account Options*

Each participant has the option of directing their contributions and Company safe harbor contributions into any of the various investment options offered by the Plan and may change the allocation daily. Employer profit-sharing contributions to the Plan are invested at the discretion of the Company.

### *Participant Accounts*

Two separate accounts are maintained under the Plan for each participant, a participant directed, and a trustee directed investment account. Each participant directed account is credited with the participant's contribution, the Company's contributions and plan earnings and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Each trustee directed participant account is credited with the Company's profit-sharing contribution and plan earnings and is charged with an allocation of administrative expenses. Profit-sharing contributions are allocated to the participants' trustee directed account in the proportion that their respective total eligible compensation bears to the total eligible compensation of all participants. Plan earnings related to non-vested discretionary profit-sharing contributions are allocated and credited to the participants' trustee directed accounts quarterly in the proportion that their individual account balance bears to the total trustee directed accounts of all participants. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### *Vesting*

Participants are immediately vested in their voluntary contributions and Company contributions plus earnings thereon. Vesting in the Company's profit-sharing contribution portion of their accounts plus earnings thereon is based on years of continuous service. A participant is vested 20% after two years of service, and vests 20% for each additional year of service thereafter with a participant becoming fully vested after 6 years of continuous service.

### *Notes Receivable from Participants*

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their account balance. The loans are secured by the balance in the participant's account. The loan interest rate is set at the prime rate, as defined. Principal and interest is paid ratably through monthly payroll deductions.

### *Payment of Benefits*

Upon termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the vested interest in their account or as an annuity. Upon termination of service for other reasons, a participant may receive the value of the vested interest in their account only as a lump-sum distribution. The Plan also permits withdrawals from the Plan due to circumstances of financial hardship, in accordance with provisions specified in the Plan Document. Additionally, a participant who has attained age 59 ½ may withdraw all or any of the participant's vested account balance.

### *Forfeited Accounts*

At December 31, 2019 and 2018, forfeited nonvested accounts totaled $52,155 and $26,725, respectively. These accounts will be reallocated to participants in the same manner as employer profit-sharing contributions. Forfeitures in the amount of $7,359 were allocated among participants in from forfeited nonvested accounts during 2019.

## Note 2: Summary of Significant Accounting Policies

### *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets, changes in net assets and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

The Plan considers all liquid investments with original maturities of three months or less to be cash equivalents.

### *Investment Valuation and Income Recognition*

Investments are reported at fair value. Quoted market prices, if available, are used to value investments. Mutual funds are valued at the net asset value (NAV) of shares held by the Plan at year end.

The Plan’s interest in the collective trust fund is at the NAV of shares held by the Plan at yearend. The NAV of the collective trust fund, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Producing oil and gas royalty interests are valued at fair value using the present value of estimated future cash flows. The estimated future cash flows are determined using unobservable inputs detailed in *Note 4*.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

### *Notes Receivable from Participants*

Notes receivable from participants are reported at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan Document.

### *Payment of Benefits*

Benefit payments to participants are recorded upon distribution.

### *Administrative Expenses*

Administrative expenses may be paid by the Company or the Plan, at the Company's discretion.

### *Transfers Between Fair Value Hierarchy Levels*

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

### *Reclassifications*

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on net assets available for benefits.

## Note 3: Related-Party and Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer or employee association or relatives of such persons.

Certain Plan investments are shares of mutual funds managed by Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net appreciation in fair value of the investment, as they are paid through revenue sharing, rather than a direct payment. The Company directly pays any other fees related to the Plan's operations. The Company provides certain administrative services at no cost to the Plan.

## Note 4: Disclosures About Fair Value of Plan Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

### *Recurring Measurements*

The following table presents the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

| | December 31, 2019 Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobserv-able Inputs (Level 3) |
| Noninterest-bearing Cash | $ 4,970,428 | $ 4,970,428 | $ - | $ - |
| Mutual funds | 99,332,950 | 99,332,950 | - | - |
| Producing Oil and Gas Royalties | 8,300,000 | - | - | 8,300,000 |
| Total assets in the fair value hierarchy | 112,603,378 | 104,303,378 | - | 8,300,000 |
| Investments measured at net asset value (A) | 8,730,750 | - | - | - |
| Investments at fair value | $ 121,334,128 | $ 104,303,378 | $ - | $ 8,300,000 |

| | December 31, 2018 Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobserv-able Inputs (Level 3) |
| Noninterest-bearing Cash | $ 930,723 | $ 930,723 | $ - | $ - |
| Mutual funds | 90,400,489 | 90,400,489 | - | - |
| Producing Oil and Gas Royalties | 8,500,000 | - | - | 8,500,000 |
| Total assets in the fair value hierarchy | 99,831,212 | 91,331,212 | - | 8,500,000 |
| Investments measured at net asset value (A) | 10,002,204 | - | - | - |
| Investments at fair value | $ 109,833,416 | $ 91,331,212 | $ - | $ 8,500,000 |

(A) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2019 and 2018. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

### *Level 3 Valuation Process*

Fair value determinations for Level 3 measurements are the responsibility of the Plan Administrator. The fair value of producing oil and gas royalty interests are determined using the present value of estimated future cash flows. Inputs to the cash flow calculation include engineering valuations of the properties' proven reserves, estimates of probable and possible reserves, and market prices of the underlying commodities.

### *Level 3 Reconciliation*

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets available for benefits using significant unobservable (Level 3) inputs:

| | Producing Oil and Gas Royalty Interests |
|---|---|
| **Balance, January 1, 2019** | $ 8,500,000 |
| Unrealized loss | (200,000) |
| **Balance, December 31, 2019** | $ 8,300,000 |

### *Unobservable (Level 3) Inputs*

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at December 31, 2019 and 2018.

| | Fair Value at 12/31/19 | Valuation Technique | Unobservable Inputs | Value of Inputs |
|---|---|---|---|---|
| Producing oil and gas royalty interests | $ 8,300,000 | Discounted cash flow | Escalated inflation | 2% |
| | | | Present value factors | 5% - 30% |

| | Fair Value at 12/31/18 | Valuation Technique | Unobservable Inputs | Value of Inputs |
|---|---|---|---|---|
| Producing oil and gas royalty interests | $ 8,500,000 | Discounted cash flow | Escalated inflation | 2% |
| | | | Present value factors | 5% - 30% |

The present value of estimated future cash flows may be impacted by changes in the rate of inflation in future periods. Use of different present value factors may result in changes to the estimated fair value.

### *Investments Measured Using the Net Asset Value per Share Practical Expedient*

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2019 and 2018.

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Collective Trust Fund | $ 8,730,750 | $ - | Daily | 30 days |

| | December 31, 2018 | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Collective Trust Fund | $ 10,002,204 | $ - | Daily | 30 days |

## Note 5: Net Assets by Participant and Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the participant and nonparticipant-directed investments is as follows:

| | 2019 | | |
|---|---|---|---|
| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
| **Investments, at Fair Value** | | | |
| Mutual funds | $ 16,605,313 | $ 82,727,637 | $ 99,332,950 |
| Collective trust fund | - | 8,730,750 | 8,730,750 |
| Producing oil and gas royalty interests | 8,300,000 | - | 8,300,000 |
| Total investments | 24,905,313 | 91,458,387 | 116,363,700 |
| **Receivables** | | | |
| Employer contribution | 4,630,000 | 417,442 | 5,047,442 |
| Notes receivable from participants | - | 385,878 | 385,878 |
| Total receivables | 4,630,000 | 803,320 | 5,433,320 |
| **Noninterest-bearing Cash** | 4,970,428 | - | 4,970,428 |
| **Net Assets Available For Benefits** | $ 34,505,741 | $ 92,261,707 | $ 126,767,448 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Notes to Financial Statements

## December 31, 2019 and 2018

| | 2018 | | |
|---|---|---|---|
| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
| **Investments, at Fair Value** | | | |
| Mutual funds | $ 15,566,701 | $ 74,833,788 | $ 90,400,489 |
| Collective trust fund | - | 10,002,204 | 10,002,204 |
| Producing oil and gas royalty interests | 8,500,000 | - | 8,500,000 |
| Total investments | 24,066,701 | 84,835,992 | 108,902,693 |
| **Receivables** | | | |
| Employer contribution | 4,560,000 | 426,113 | 4,986,113 |
| Notes receivable from participants | - | 632,507 | 632,507 |
| Total receivables | 4,560,000 | 1,058,620 | 5,618,620 |
| **Noninterest-bearing Cash** | 930,723 | - | 930,723 |
| **Net Assets Available For Benefits** | $ 29,557,424 | $ 85,894,612 | $ 115,452,036 |

| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
|---|---|---|---|
| **Additions** | | | |
| Net appreciation in fair value of investments | $ 918,807 | $ 12,742,597 | $ 13,661,404 |
| Interest and dividends | 629,201 | 2,997,019 | 3,626,220 |
| Gain on sale of investments | 1,190,605 | - | 1,190,605 |
| Oil and gas royalties | 1,196,874 | - | 1,196,874 |
| Net investment income | 3,935,487 | 15,739,616 | 19,675,103 |
| **Interest Income on Notes Receivable from Participants** | - | 21,154 | 21,154 |
| Contributions | | | |
| Employer | 4,630,000 | 1,019,366 | 5,649,366 |
| Participants | - | 1,253,946 | 1,253,946 |
| | 4,630,000 | 2,273,312 | 6,903,312 |
| Total additions | 8,565,487 | 18,034,082 | 26,599,569 |
| **Deductions** | | | |
| Benefits paid to participants | 3,512,350 | 11,666,087 | 15,178,437 |
| Administrative expenses | 104,820 | 900 | 105,720 |
| Total deductions | 3,617,170 | 11,666,987 | 15,284,157 |
| **Net Increase** | 4,948,317 | 6,367,095 | 11,315,412 |
| **Net Assets Available for Benefits, Beginning of Year** | 29,557,424 | 85,894,612 | 115,452,036 |
| **Net Assets Available for Benefits, End of Year** | $ 34,505,741 | $ 92,261,707 | $ 126,767,448 |

## Note 6: Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

## Note 7: Tax Status

The IRS has determined and informed the Company by a letter dated March 5, 2020, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax exempt.

## Note 8: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

## Note 9: Subsequent Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent events have been evaluated through October 15, 2020, which is the date the financial statements were available to be issued.

# Supplemental Schedule

# DeGolyer and MacNaughton Employees' Savings Plan

## EIN 75-0771709 PN 001

## Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

## December 31, 2019

| | Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|---|
| | **Participant Directed Investments:** | | | |
| | **Common Collective Trust** | | | |
| * | Vanguard | Retirement Savings Trust III | ** | $ 8,730,750 |
| | **Mutual Funds:** | | | |
| * | Vanguard | Federal Money Market Fund | ** | 52,155 |
| | Hartford | Small Cap Growth Fund; Class Y | ** | 895,403 |
| | Invesco | Oppenheimer Developing Markets Fund; Class R6 | ** | 1,166,159 |
| | JP Morgan | High Yield Fund; Class R6 | ** | 1,426,696 |
| * | Vanguard | 500 Index Fund Admiral Shares | ** | 5,201,759 |
| * | Vanguard | Developed Markets Index Fund Admiral Shares | ** | 662,874 |
| * | Vanguard | Energy Fund Admiral Shares | ** | 1,797,696 |
| * | Vanguard | Extended Market Index Fund Admiral Shares | ** | 3,284,752 |
| * | Vanguard | GNMA Fund Admiral Shares | ** | 69,557 |
| * | Vanguard | Health Care Fund Admiral Shares | ** | 2,562,765 |
| * | Vanguard | Inflation-Protected Securities Fund: Adm Shares | ** | 674,395 |
| * | Vanguard | Institutional Target Retirement 2015 Fund | ** | 1,123,220 |
| * | Vanguard | Institutional Target Retirement 2020 Fund | ** | 6,692,417 |
| * | Vanguard | Institutional Target Retirement 2025 Fund | ** | 16,817,316 |
| * | Vanguard | Institutional Target Retirement 2030 Fund | ** | 7,838,126 |
| * | Vanguard | Institutional Target Retirement 2035 Fund | ** | 2,055,326 |
| * | Vanguard | Institutional Target Retirement 2040 Fund | ** | 3,340,091 |
| * | Vanguard | Institutional Target Retirement 2045 Fund | ** | 4,724,387 |
| * | Vanguard | Institutional Target Retirement 2050 Fund | ** | 2,372,347 |
| * | Vanguard | Institutional Target Retirement 2055 Fund | ** | 231,409 |
| * | Vanguard | Institutional Target Retirement 2060 Fund | ** | 361,531 |
| * | Vanguard | Institutional Target Retirement 2065 Fund | ** | 32,516 |
| * | Vanguard | Institutional Target Retirement Income Fund | ** | 364,070 |
| * | Vanguard | International Explorer Fund | ** | 163,952 |
| * | Vanguard | International Growth Fund Admiral Shares | ** | 1,297,655 |
| * | Vanguard | International Value Fund | ** | 636,721 |
| * | Vanguard | Mid-Cap Growth Fund | ** | 1,598,612 |
| * | Vanguard | PRIMECAP Fund Admiral Shares | ** | 7,480,207 |
| * | Vanguard | Selected Value Fund | ** | 813,707 |
| * | Vanguard | Short-Term Bond Index Fund Admiral Shares | ** | 1,621,934 |
| * | Vanguard | Small-Cap Value Index Fund Admiral | ** | 1,316,060 |
| * | Vanguard | Total Bond Market Index Fund Admiral Shares | ** | 2,182,768 |
| * | Vanguard | Windsor II Fund Admiral Shares | ** | 1,869,054 |
| | | | | 82,727,637 |
| * | Participant Loans | Various maturity dates through June 2024; interest at 3.25% - 5.50% | | 385,878 |
| | | Total Participant Directed Investments | | $ 91,844,265 |

* Party-in-interest

** Cost not required for participant-directed funds

# DeGolyer and MacNaughton Employees' Savings Plan

## EIN 75-0771709 PN 001

## Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

## December 31, 2019

| | Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|---|
| | **Trustee Directed Investments:** | | | |
| | | Cash and cash equivalents | $ 4,970,428 | $ 4,970,428 |
| | **Mutual Funds:** | | | |
| * | Vanguard | PRIMECAP Fund Admiral Shares | 1,432,250 | 2,074,156 |
| * | Vanguard | Emerging Markets Select Stock Investment | 1,185,568 | 1,354,970 |
| * | Vanguard | Mid-Cap Growth Fund | 474,194 | 582,231 |
| * | Vanguard | Selected Value Fund | 509,386 | 610,395 |
| * | Vanguard | Inflation-Protected Securities | 1,126,025 | 1,152,129 |
| * | Vanguard | High-Yield Corporate Fund Admiral | 1,148,482 | 1,170,880 |
| * | Vanguard | Total Bond Market Index Fund | 3,014,632 | 3,181,374 |
| * | Vanguard | Intermediate Term Investment Grade Fund Admiral Shares | 972,665 | 994,421 |
| * | Vanguard | Equity Income Fund | 1,826,288 | 1,966,817 |
| * | Vanguard | FTSE All World Ex-US | 775,230 | 831,565 |
| * | Vanguard | Total Stock Market Index Fund | 1,210,958 | 1,348,421 |
| * | Vanguard | Small-Cap Growth Index Fund Admiral | 576,193 | 596,654 |
| * | Vanguard | Small-Cap Value Index Fund Admiral | 715,037 | 741,300 |
| | | Total Mutual Funds | 14,966,908 | 16,605,313 |
| * | | Producing oil and gas royalties | - | 8,300,000 |
| | | Total Trustee Directed Investments | $ 19,937,336 | $ 29,875,741 |
| | | Total | | $ 121,720,006 |

* Party-in-interest

# DeGolyer and MacNaughton Employees' Savings Plan

EIN 75-0771709 PN 001

Independent Auditor’s Report and Financial Statements

December 31, 2019 and 2018

# DeGolyer and MacNaughton Employees' Savings Plan

**December 31, 2019 and 2018**

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BKD
CPAs & Advisors

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# Independent Auditor's Report

Plan Administrator
DeGolyer and MacNaughton Employees' Savings Plan
Dallas, TX

## Report on the Financial Statements

We have audited the accompanying financial statements of DeGolyer and MacNaughton Employees' Savings Plan, which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### *Opinion*

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of DeGolyer and MacNaughton Employees' Savings Plan as of December 31, 2019, and the changes in its net assets available for benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Prior Year Audited by Other Auditors*

The 2018 financial statements were audited by other auditors and their report thereon, dated October 15, 2019, expressed an unmodified opinion on those statements. The other auditors subjected the supplemental schedule to the auditing procedures applied in the audit of the financial statements and certain additional procedures and determined the supplementary information is fairly stated in all material respects in relation to the 2018 financial statements as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the 2019 financial statements as a whole. The accompanying supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 supplementary information is fairly stated in all material respects in relation to the 2019 financial statements as a whole.

BKD, LLP

October 15, 2020
Dallas, Texas

Federal Employer Identification Number: 44-0160260

# DeGolyer and MacNaughton Employees' Savings Plan

## Statements of Net Assets Available for Benefits

## December 31, 2019 and 2018

### Assets

| | 2019 | 2018 |
|---|---|---|
| **Investments, at Fair Value** | | |
| Mutual funds | $ 99,332,950 | $ 90,400,489 |
| Collective trust fund | 8,730,750 | 10,002,204 |
| Producing oil and gas royalty interests | 8,300,000 | 8,500,000 |
| Total investments | 116,363,700 | 108,902,693 |
| **Receivables** | | |
| Employer contribution | 5,047,442 | 4,986,113 |
| Notes receivable from participants | 385,878 | 632,507 |
| Total receivables | 5,433,320 | 5,618,620 |
| **Noninterest-bearing Cash** | 4,970,428 | 930,723 |
| **Net Assets Available For Benefits** | $ 126,767,448 | $ 115,452,036 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Statement of Changes in Net Assets Available for Benefits

## Year Ended December 31, 2019

| | |
|---|---|
| **Investment Income** | |
| Net appreciation in fair value of investments | $ 13,661,404 |
| Interest and dividends | 3,626,220 |
| Gain on sale of investments | 1,190,605 |
| Oil and gas royalties | 1,196,874 |
| Net investment income | 19,675,103 |
| **Interest Income on Notes Receivable from Participants** | 21,154 |
| **Contributions** | |
| Employer | 5,649,366 |
| Participants | 1,253,946 |
| | 6,903,312 |
| Total additions | 26,599,569 |
| **Deductions** | |
| Benefits paid to participants | 15,178,437 |
| Administrative expenses | 105,720 |
| Total deductions | 15,284,157 |
| **Net Increase** | 11,315,412 |
| **Net Assets Available for Benefits, Beginning of Year** | 115,452,036 |
| **Net Assets Available for Benefits, End of Year** | $ 126,767,448 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Notes to Financial Statements

## December 31, 2019 and 2018

## Note 1: Description of the Plan

### *General*

The following description of DeGolyer and MacNaughton Employees' Savings Plan (Plan) provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan sponsored by D & M Holding Inc. (Company) for the benefit of its eligible full-time employees who have at least six months of service and are age 18 or older. The Plan is subject to the provisions of the *Employee Retirement Income Security Act of 1974* (ERISA). Vanguard Fiduciary Trust Company is the trustee of the Plan.

### *Contributions*

The Plan permits eligible employees through a salary deferral election to have the Company make annual contributions of up to 100 percent of their eligible compensation. Employee rollover contributions are also permitted. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. The Company makes safe harbor contributions of 3 percent of employees' eligible compensation. Contributions are subject to certain limitations.

Company profit-sharing contributions are discretionary as determined by the Company's Board of Directors. The profit-sharing contribution cannot exceed certain percentage limits of the total compensation paid or accrued to all participants during the year as renumeration for services rendered. This limit was 14 percent for 2019.

### *Participant Investment Account Options*

Each participant has the option of directing their contributions and Company safe harbor contributions into any of the various investment options offered by the Plan and may change the allocation daily. Employer profit-sharing contributions to the Plan are invested at the discretion of the Company.

### *Participant Accounts*

Two separate accounts are maintained under the Plan for each participant, a participant directed, and a trustee directed investment account. Each participant directed account is credited with the participant's contribution, the Company's contributions and plan earnings and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Each trustee directed participant account is credited with the Company's profit-sharing contribution and plan earnings and is charged with an allocation of administrative expenses. Profit-sharing contributions are allocated to the participants' trustee directed account in the proportion that their respective total eligible compensation bears to the total eligible compensation of all participants. Plan earnings related to non-vested discretionary profit-sharing contributions are allocated and credited to the participants' trustee directed accounts quarterly in the proportion that their individual account balance bears to the total trustee directed accounts of all participants. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### *Vesting*

Participants are immediately vested in their voluntary contributions and Company contributions plus earnings thereon. Vesting in the Company's profit-sharing contribution portion of their accounts plus earnings thereon is based on years of continuous service. A participant is vested 20% after two years of service, and vests 20% for each additional year of service thereafter with a participant becoming fully vested after 6 years of continuous service.

### *Notes Receivable from Participants*

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their account balance. The loans are secured by the balance in the participant's account. The loan interest rate is set at the prime rate, as defined. Principal and interest is paid ratably through monthly payroll deductions.

### *Payment of Benefits*

Upon termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the vested interest in their account or as an annuity. Upon termination of service for other reasons, a participant may receive the value of the vested interest in their account only as a lump-sum distribution. The Plan also permits withdrawals from the Plan due to circumstances of financial hardship, in accordance with provisions specified in the Plan Document. Additionally, a participant who has attained age 59 ½ may withdraw all or any of the participant's vested account balance.

### *Forfeited Accounts*

At December 31, 2019 and 2018, forfeited nonvested accounts totaled $52,155 and $26,725, respectively. These accounts will be reallocated to participants in the same manner as employer profit-sharing contributions. Forfeitures in the amount of $7,359 were allocated among participants in from forfeited nonvested accounts during 2019.

## Note 2: Summary of Significant Accounting Policies

### *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets, changes in net assets and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

The Plan considers all liquid investments with original maturities of three months or less to be cash equivalents.

### *Investment Valuation and Income Recognition*

Investments are reported at fair value. Quoted market prices, if available, are used to value investments. Mutual funds are valued at the net asset value (NAV) of shares held by the Plan at year end.

The Plan’s interest in the collective trust fund is at the NAV of shares held by the Plan at yearend. The NAV of the collective trust fund, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Producing oil and gas royalty interests are valued at fair value using the present value of estimated future cash flows. The estimated future cash flows are determined using unobservable inputs detailed in *Note 4*.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

### *Notes Receivable from Participants*

Notes receivable from participants are reported at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan Document.

### *Payment of Benefits*

Benefit payments to participants are recorded upon distribution.

### *Administrative Expenses*

Administrative expenses may be paid by the Company or the Plan, at the Company's discretion.

### *Transfers Between Fair Value Hierarchy Levels*

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

### *Reclassifications*

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on net assets available for benefits.

## Note 3: Related-Party and Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer or employee association or relatives of such persons.

Certain Plan investments are shares of mutual funds managed by Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net appreciation in fair value of the investment, as they are paid through revenue sharing, rather than a direct payment. The Company directly pays any other fees related to the Plan's operations. The Company provides certain administrative services at no cost to the Plan.

## Note 4: Disclosures About Fair Value of Plan Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

### *Recurring Measurements*

The following table presents the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

| | December 31, 2019 Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobserv-able Inputs (Level 3) |
| Noninterest-bearing Cash | $ 4,970,428 | $ 4,970,428 | $ - | $ - |
| Mutual funds | 99,332,950 | 99,332,950 | - | - |
| Producing Oil and Gas Royalties | 8,300,000 | - | - | 8,300,000 |
| Total assets in the fair value hierarchy | 112,603,378 | 104,303,378 | - | 8,300,000 |
| Investments measured at net asset value (A) | 8,730,750 | - | - | - |
| Investments at fair value | $ 121,334,128 | $ 104,303,378 | $ - | $ 8,300,000 |

| | December 31, 2018 Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobserv-able Inputs (Level 3) |
| Noninterest-bearing Cash | $ 930,723 | $ 930,723 | $ - | $ - |
| Mutual funds | 90,400,489 | 90,400,489 | - | - |
| Producing Oil and Gas Royalties | 8,500,000 | - | - | 8,500,000 |
| Total assets in the fair value hierarchy | 99,831,212 | 91,331,212 | - | 8,500,000 |
| Investments measured at net asset value (A) | 10,002,204 | - | - | - |
| Investments at fair value | $ 109,833,416 | $ 91,331,212 | $ - | $ 8,500,000 |

(A) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2019 and 2018. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

### *Level 3 Valuation Process*

Fair value determinations for Level 3 measurements are the responsibility of the Plan Administrator. The fair value of producing oil and gas royalty interests are determined using the present value of estimated future cash flows. Inputs to the cash flow calculation include engineering valuations of the properties' proven reserves, estimates of probable and possible reserves, and market prices of the underlying commodities.

### *Level 3 Reconciliation*

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets available for benefits using significant unobservable (Level 3) inputs:

| | Producing Oil and Gas Royalty Interests |
|---|---|
| **Balance, January 1, 2019** | $ 8,500,000 |
| Unrealized loss | (200,000) |
| **Balance, December 31, 2019** | $ 8,300,000 |

### *Unobservable (Level 3) Inputs*

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at December 31, 2019 and 2018.

| | Fair Value at 12/31/19 | Valuation Technique | Unobservable Inputs | Value of Inputs |
|---|---|---|---|---|
| Producing oil and gas royalty interests | $ 8,300,000 | Discounted cash flow | Escalated inflation | 2% |
| | | | Present value factors | 5% - 30% |

| | Fair Value at 12/31/18 | Valuation Technique | Unobservable Inputs | Value of Inputs |
|---|---|---|---|---|
| Producing oil and gas royalty interests | $ 8,500,000 | Discounted cash flow | Escalated inflation | 2% |
| | | | Present value factors | 5% - 30% |

The present value of estimated future cash flows may be impacted by changes in the rate of inflation in future periods. Use of different present value factors may result in changes to the estimated fair value.

### *Investments Measured Using the Net Asset Value per Share Practical Expedient*

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2019 and 2018.

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Collective Trust Fund | $ 8,730,750 | $ - | Daily | 30 days |

| | December 31, 2018 | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Collective Trust Fund | $ 10,002,204 | $ - | Daily | 30 days |

## Note 5: Net Assets by Participant and Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the participant and nonparticipant-directed investments is as follows:

| | 2019 | | |
|---|---|---|---|
| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
| **Investments, at Fair Value** | | | |
| Mutual funds | $ 16,605,313 | $ 82,727,637 | $ 99,332,950 |
| Collective trust fund | - | 8,730,750 | 8,730,750 |
| Producing oil and gas royalty interests | 8,300,000 | - | 8,300,000 |
| Total investments | 24,905,313 | 91,458,387 | 116,363,700 |
| **Receivables** | | | |
| Employer contribution | 4,630,000 | 417,442 | 5,047,442 |
| Notes receivable from participants | - | 385,878 | 385,878 |
| Total receivables | 4,630,000 | 803,320 | 5,433,320 |
| **Noninterest-bearing Cash** | 4,970,428 | - | 4,970,428 |
| **Net Assets Available For Benefits** | $ 34,505,741 | $ 92,261,707 | $ 126,767,448 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Notes to Financial Statements

## December 31, 2019 and 2018

| | 2018 | | |
|---|---|---|---|
| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
| **Investments, at Fair Value** | | | |
| Mutual funds | $ 15,566,701 | $ 74,833,788 | $ 90,400,489 |
| Collective trust fund | - | 10,002,204 | 10,002,204 |
| Producing oil and gas royalty interests | 8,500,000 | - | 8,500,000 |
| Total investments | 24,066,701 | 84,835,992 | 108,902,693 |
| **Receivables** | | | |
| Employer contribution | 4,560,000 | 426,113 | 4,986,113 |
| Notes receivable from participants | - | 632,507 | 632,507 |
| Total receivables | 4,560,000 | 1,058,620 | 5,618,620 |
| **Noninterest-bearing Cash** | 930,723 | - | 930,723 |
| **Net Assets Available For Benefits** | $ 29,557,424 | $ 85,894,612 | $ 115,452,036 |

| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
|---|---|---|---|
| **Additions** | | | |
| Net appreciation in fair value of investments | $ 918,807 | $ 12,742,597 | $ 13,661,404 |
| Interest and dividends | 629,201 | 2,997,019 | 3,626,220 |
| Gain on sale of investments | 1,190,605 | - | 1,190,605 |
| Oil and gas royalties | 1,196,874 | - | 1,196,874 |
| Net investment income | 3,935,487 | 15,739,616 | 19,675,103 |
| **Interest Income on Notes Receivable from Participants** | - | 21,154 | 21,154 |
| Contributions | | | |
| Employer | 4,630,000 | 1,019,366 | 5,649,366 |
| Participants | - | 1,253,946 | 1,253,946 |
| | 4,630,000 | 2,273,312 | 6,903,312 |
| Total additions | 8,565,487 | 18,034,082 | 26,599,569 |
| **Deductions** | | | |
| Benefits paid to participants | 3,512,350 | 11,666,087 | 15,178,437 |
| Administrative expenses | 104,820 | 900 | 105,720 |
| Total deductions | 3,617,170 | 11,666,987 | 15,284,157 |
| **Net Increase** | 4,948,317 | 6,367,095 | 11,315,412 |
| **Net Assets Available for Benefits, Beginning of Year** | 29,557,424 | 85,894,612 | 115,452,036 |
| **Net Assets Available for Benefits, End of Year** | $ 34,505,741 | $ 92,261,707 | $ 126,767,448 |

## Note 6: Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

## Note 7: Tax Status

The IRS has determined and informed the Company by a letter dated March 5, 2020, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax exempt.

## Note 8: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

## Note 9: Subsequent Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent events have been evaluated through October 15, 2020, which is the date the financial statements were available to be issued.

# Supplemental Schedule

# DeGolyer and MacNaughton Employees' Savings Plan

## EIN 75-0771709 PN 001

## Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

## December 31, 2019

| | Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|---|
| | **Participant Directed Investments:** | | | |
| | **Common Collective Trust** | | | |
| * | Vanguard | Retirement Savings Trust III | ** | $ 8,730,750 |
| | **Mutual Funds:** | | | |
| * | Vanguard | Federal Money Market Fund | ** | 52,155 |
| | Hartford | Small Cap Growth Fund; Class Y | ** | 895,403 |
| | Invesco | Oppenheimer Developing Markets Fund; Class R6 | ** | 1,166,159 |
| | JP Morgan | High Yield Fund; Class R6 | ** | 1,426,696 |
| * | Vanguard | 500 Index Fund Admiral Shares | ** | 5,201,759 |
| * | Vanguard | Developed Markets Index Fund Admiral Shares | ** | 662,874 |
| * | Vanguard | Energy Fund Admiral Shares | ** | 1,797,696 |
| * | Vanguard | Extended Market Index Fund Admiral Shares | ** | 3,284,752 |
| * | Vanguard | GNMA Fund Admiral Shares | ** | 69,557 |
| * | Vanguard | Health Care Fund Admiral Shares | ** | 2,562,765 |
| * | Vanguard | Inflation-Protected Securities Fund: Adm Shares | ** | 674,395 |
| * | Vanguard | Institutional Target Retirement 2015 Fund | ** | 1,123,220 |
| * | Vanguard | Institutional Target Retirement 2020 Fund | ** | 6,692,417 |
| * | Vanguard | Institutional Target Retirement 2025 Fund | ** | 16,817,316 |
| * | Vanguard | Institutional Target Retirement 2030 Fund | ** | 7,838,126 |
| * | Vanguard | Institutional Target Retirement 2035 Fund | ** | 2,055,326 |
| * | Vanguard | Institutional Target Retirement 2040 Fund | ** | 3,340,091 |
| * | Vanguard | Institutional Target Retirement 2045 Fund | ** | 4,724,387 |
| * | Vanguard | Institutional Target Retirement 2050 Fund | ** | 2,372,347 |
| * | Vanguard | Institutional Target Retirement 2055 Fund | ** | 231,409 |
| * | Vanguard | Institutional Target Retirement 2060 Fund | ** | 361,531 |
| * | Vanguard | Institutional Target Retirement 2065 Fund | ** | 32,516 |
| * | Vanguard | Institutional Target Retirement Income Fund | ** | 364,070 |
| * | Vanguard | International Explorer Fund | ** | 163,952 |
| * | Vanguard | International Growth Fund Admiral Shares | ** | 1,297,655 |
| * | Vanguard | International Value Fund | ** | 636,721 |
| * | Vanguard | Mid-Cap Growth Fund | ** | 1,598,612 |
| * | Vanguard | PRIMECAP Fund Admiral Shares | ** | 7,480,207 |
| * | Vanguard | Selected Value Fund | ** | 813,707 |
| * | Vanguard | Short-Term Bond Index Fund Admiral Shares | ** | 1,621,934 |
| * | Vanguard | Small-Cap Value Index Fund Admiral | ** | 1,316,060 |
| * | Vanguard | Total Bond Market Index Fund Admiral Shares | ** | 2,182,768 |
| * | Vanguard | Windsor II Fund Admiral Shares | ** | 1,869,054 |
| | | | | 82,727,637 |
| * | Participant Loans | Various maturity dates through June 2024; interest at 3.25% - 5.50% | | 385,878 |
| | | Total Participant Directed Investments | | $ 91,844,265 |

* Party-in-interest

** Cost not required for participant-directed funds

# DeGolyer and MacNaughton Employees' Savings Plan

## EIN 75-0771709 PN 001

## Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

## December 31, 2019

| | Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|---|
| | **Trustee Directed Investments:** | | | |
| | | Cash and cash equivalents | $ 4,970,428 | $ 4,970,428 |
| | **Mutual Funds:** | | | |
| * | Vanguard | PRIMECAP Fund Admiral Shares | 1,432,250 | 2,074,156 |
| * | Vanguard | Emerging Markets Select Stock Investment | 1,185,568 | 1,354,970 |
| * | Vanguard | Mid-Cap Growth Fund | 474,194 | 582,231 |
| * | Vanguard | Selected Value Fund | 509,386 | 610,395 |
| * | Vanguard | Inflation-Protected Securities | 1,126,025 | 1,152,129 |
| * | Vanguard | High-Yield Corporate Fund Admiral | 1,148,482 | 1,170,880 |
| * | Vanguard | Total Bond Market Index Fund | 3,014,632 | 3,181,374 |
| * | Vanguard | Intermediate Term Investment Grade Fund Admiral Shares | 972,665 | 994,421 |
| * | Vanguard | Equity Income Fund | 1,826,288 | 1,966,817 |
| * | Vanguard | FTSE All World Ex-US | 775,230 | 831,565 |
| * | Vanguard | Total Stock Market Index Fund | 1,210,958 | 1,348,421 |
| * | Vanguard | Small-Cap Growth Index Fund Admiral | 576,193 | 596,654 |
| * | Vanguard | Small-Cap Value Index Fund Admiral | 715,037 | 741,300 |
| | | Total Mutual Funds | 14,966,908 | 16,605,313 |
| * | | Producing oil and gas royalties | - | 8,300,000 |
| | | Total Trustee Directed Investments | $ 19,937,336 | $ 29,875,741 |
| | | Total | | $ 121,720,006 |

* Party-in-interest

# DeGolyer and MacNaughton Employees' Savings Plan

EIN 75-0771709 PN 001

Independent Auditor’s Report and Financial Statements

December 31, 2019 and 2018

# DeGolyer and MacNaughton Employees' Savings Plan

**December 31, 2019 and 2018**

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BKD
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# Independent Auditor's Report

Plan Administrator
DeGolyer and MacNaughton Employees' Savings Plan
Dallas, TX

## Report on the Financial Statements

We have audited the accompanying financial statements of DeGolyer and MacNaughton Employees' Savings Plan, which comprise the statement of net assets available for benefits as of December 31, 2019, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### *Opinion*

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of DeGolyer and MacNaughton Employees' Savings Plan as of December 31, 2019, and the changes in its net assets available for benefits for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Prior Year Audited by Other Auditors*

The 2018 financial statements were audited by other auditors and their report thereon, dated October 15, 2019, expressed an unmodified opinion on those statements. The other auditors subjected the supplemental schedule to the auditing procedures applied in the audit of the financial statements and certain additional procedures and determined the supplementary information is fairly stated in all material respects in relation to the 2018 financial statements as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the 2019 financial statements as a whole. The accompanying supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 supplementary information is fairly stated in all material respects in relation to the 2019 financial statements as a whole.

BKD, LLP

October 15, 2020
Dallas, Texas

Federal Employer Identification Number: 44-0160260

# DeGolyer and MacNaughton Employees' Savings Plan

## Statements of Net Assets Available for Benefits

## December 31, 2019 and 2018

### Assets

| | 2019 | 2018 |
|---|---|---|
| **Investments, at Fair Value** | | |
| Mutual funds | $ 99,332,950 | $ 90,400,489 |
| Collective trust fund | 8,730,750 | 10,002,204 |
| Producing oil and gas royalty interests | 8,300,000 | 8,500,000 |
| Total investments | 116,363,700 | 108,902,693 |
| **Receivables** | | |
| Employer contribution | 5,047,442 | 4,986,113 |
| Notes receivable from participants | 385,878 | 632,507 |
| Total receivables | 5,433,320 | 5,618,620 |
| **Noninterest-bearing Cash** | 4,970,428 | 930,723 |
| **Net Assets Available For Benefits** | $ 126,767,448 | $ 115,452,036 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Statement of Changes in Net Assets Available for Benefits

## Year Ended December 31, 2019

| | |
|---|---|
| **Investment Income** | |
| Net appreciation in fair value of investments | $ 13,661,404 |
| Interest and dividends | 3,626,220 |
| Gain on sale of investments | 1,190,605 |
| Oil and gas royalties | 1,196,874 |
| Net investment income | 19,675,103 |
| **Interest Income on Notes Receivable from Participants** | 21,154 |
| **Contributions** | |
| Employer | 5,649,366 |
| Participants | 1,253,946 |
| | 6,903,312 |
| Total additions | 26,599,569 |
| **Deductions** | |
| Benefits paid to participants | 15,178,437 |
| Administrative expenses | 105,720 |
| Total deductions | 15,284,157 |
| **Net Increase** | 11,315,412 |
| **Net Assets Available for Benefits, Beginning of Year** | 115,452,036 |
| **Net Assets Available for Benefits, End of Year** | $ 126,767,448 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Notes to Financial Statements

## December 31, 2019 and 2018

## Note 1: Description of the Plan

### *General*

The following description of DeGolyer and MacNaughton Employees' Savings Plan (Plan) provides only general information. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan sponsored by D & M Holding Inc. (Company) for the benefit of its eligible full-time employees who have at least six months of service and are age 18 or older. The Plan is subject to the provisions of the *Employee Retirement Income Security Act of 1974* (ERISA). Vanguard Fiduciary Trust Company is the trustee of the Plan.

### *Contributions*

The Plan permits eligible employees through a salary deferral election to have the Company make annual contributions of up to 100 percent of their eligible compensation. Employee rollover contributions are also permitted. Participants who have attained age 50 before the end of the plan year are eligible to make catch-up contributions. The Company makes safe harbor contributions of 3 percent of employees' eligible compensation. Contributions are subject to certain limitations.

Company profit-sharing contributions are discretionary as determined by the Company's Board of Directors. The profit-sharing contribution cannot exceed certain percentage limits of the total compensation paid or accrued to all participants during the year as renumeration for services rendered. This limit was 14 percent for 2019.

### *Participant Investment Account Options*

Each participant has the option of directing their contributions and Company safe harbor contributions into any of the various investment options offered by the Plan and may change the allocation daily. Employer profit-sharing contributions to the Plan are invested at the discretion of the Company.

### *Participant Accounts*

Two separate accounts are maintained under the Plan for each participant, a participant directed, and a trustee directed investment account. Each participant directed account is credited with the participant's contribution, the Company's contributions and plan earnings and is charged with an allocation of administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Each trustee directed participant account is credited with the Company's profit-sharing contribution and plan earnings and is charged with an allocation of administrative expenses. Profit-sharing contributions are allocated to the participants' trustee directed account in the proportion that their respective total eligible compensation bears to the total eligible compensation of all participants. Plan earnings related to non-vested discretionary profit-sharing contributions are allocated and credited to the participants' trustee directed accounts quarterly in the proportion that their individual account balance bears to the total trustee directed accounts of all participants. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

### *Vesting*

Participants are immediately vested in their voluntary contributions and Company contributions plus earnings thereon. Vesting in the Company's profit-sharing contribution portion of their accounts plus earnings thereon is based on years of continuous service. A participant is vested 20% after two years of service, and vests 20% for each additional year of service thereafter with a participant becoming fully vested after 6 years of continuous service.

### *Notes Receivable from Participants*

Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50 percent of their account balance. The loans are secured by the balance in the participant's account. The loan interest rate is set at the prime rate, as defined. Principal and interest is paid ratably through monthly payroll deductions.

### *Payment of Benefits*

Upon termination of service due to death, disability or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the vested interest in their account or as an annuity. Upon termination of service for other reasons, a participant may receive the value of the vested interest in their account only as a lump-sum distribution. The Plan also permits withdrawals from the Plan due to circumstances of financial hardship, in accordance with provisions specified in the Plan Document. Additionally, a participant who has attained age 59 ½ may withdraw all or any of the participant's vested account balance.

### *Forfeited Accounts*

At December 31, 2019 and 2018, forfeited nonvested accounts totaled $52,155 and $26,725, respectively. These accounts will be reallocated to participants in the same manner as employer profit-sharing contributions. Forfeitures in the amount of $7,359 were allocated among participants in from forfeited nonvested accounts during 2019.

## Note 2: Summary of Significant Accounting Policies

### *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets, changes in net assets and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

The Plan considers all liquid investments with original maturities of three months or less to be cash equivalents.

### *Investment Valuation and Income Recognition*

Investments are reported at fair value. Quoted market prices, if available, are used to value investments. Mutual funds are valued at the net asset value (NAV) of shares held by the Plan at year end.

The Plan’s interest in the collective trust fund is at the NAV of shares held by the Plan at yearend. The NAV of the collective trust fund, as provided by the Trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Plan to initiate a full redemption of the collective trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Producing oil and gas royalty interests are valued at fair value using the present value of estimated future cash flows. The estimated future cash flows are determined using unobservable inputs detailed in *Note 4*.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

### *Notes Receivable from Participants*

Notes receivable from participants are reported at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan Document.

### *Payment of Benefits*

Benefit payments to participants are recorded upon distribution.

### *Administrative Expenses*

Administrative expenses may be paid by the Company or the Plan, at the Company's discretion.

### *Transfers Between Fair Value Hierarchy Levels*

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the actual transfer date.

### *Reclassifications*

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. These reclassifications had no effect on net assets available for benefits.

## Note 3: Related-Party and Party-in-Interest Transactions

Party-in-interest transactions include those with fiduciaries or employees of the Plan, any person who provides services to the Plan, an employer whose employees are covered by the Plan, an employee organization whose members are covered by the Plan, a person who owns 50% or more of such an employer or employee association or relatives of such persons.

Certain Plan investments are shares of mutual funds managed by Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees incurred by the Plan for the investment management services are included in net appreciation in fair value of the investment, as they are paid through revenue sharing, rather than a direct payment. The Company directly pays any other fees related to the Plan's operations. The Company provides certain administrative services at no cost to the Plan.

## Note 4: Disclosures About Fair Value of Plan Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities

### *Recurring Measurements*

The following table presents the fair value measurements of assets recognized in the accompanying statements of net assets available for benefits measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

| | December 31, 2019 Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobserv-able Inputs (Level 3) |
| Noninterest-bearing Cash | $ 4,970,428 | $ 4,970,428 | $ - | $ - |
| Mutual funds | 99,332,950 | 99,332,950 | - | - |
| Producing Oil and Gas Royalties | 8,300,000 | - | - | 8,300,000 |
| Total assets in the fair value hierarchy | 112,603,378 | 104,303,378 | - | 8,300,000 |
| Investments measured at net asset value (A) | 8,730,750 | - | - | - |
| Investments at fair value | $ 121,334,128 | $ 104,303,378 | $ - | $ 8,300,000 |

| | December 31, 2018 Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobserv-able Inputs (Level 3) |
| Noninterest-bearing Cash | $ 930,723 | $ 930,723 | $ - | $ - |
| Mutual funds | 90,400,489 | 90,400,489 | - | - |
| Producing Oil and Gas Royalties | 8,500,000 | - | - | 8,500,000 |
| Total assets in the fair value hierarchy | 99,831,212 | 91,331,212 | - | 8,500,000 |
| Investments measured at net asset value (A) | 10,002,204 | - | - | - |
| Investments at fair value | $ 109,833,416 | $ 91,331,212 | $ - | $ 8,500,000 |

(A) In accordance with Subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of net assets available for benefits.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of net assets available for benefits, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2019 and 2018. The Plan had no liabilities measured at fair value on a recurring basis. In addition, the Plan had no assets or liabilities measured at fair value on a nonrecurring basis. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

### *Level 3 Valuation Process*

Fair value determinations for Level 3 measurements are the responsibility of the Plan Administrator. The fair value of producing oil and gas royalty interests are determined using the present value of estimated future cash flows. Inputs to the cash flow calculation include engineering valuations of the properties' proven reserves, estimates of probable and possible reserves, and market prices of the underlying commodities.

### *Level 3 Reconciliation*

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of net assets available for benefits using significant unobservable (Level 3) inputs:

| | Producing Oil and Gas Royalty Interests |
|---|---|
| **Balance, January 1, 2019** | $ 8,500,000 |
| Unrealized loss | (200,000) |
| **Balance, December 31, 2019** | $ 8,300,000 |

### *Unobservable (Level 3) Inputs*

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at December 31, 2019 and 2018.

| | Fair Value at 12/31/19 | Valuation Technique | Unobservable Inputs | Value of Inputs |
|---|---|---|---|---|
| Producing oil and gas royalty interests | $ 8,300,000 | Discounted cash flow | Escalated inflation | 2% |
| | | | Present value factors | 5% - 30% |

| | Fair Value at 12/31/18 | Valuation Technique | Unobservable Inputs | Value of Inputs |
|---|---|---|---|---|
| Producing oil and gas royalty interests | $ 8,500,000 | Discounted cash flow | Escalated inflation | 2% |
| | | | Present value factors | 5% - 30% |

The present value of estimated future cash flows may be impacted by changes in the rate of inflation in future periods. Use of different present value factors may result in changes to the estimated fair value.

### *Investments Measured Using the Net Asset Value per Share Practical Expedient*

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of December 31, 2019 and 2018.

| | December 31, 2019 | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Collective Trust Fund | $ 8,730,750 | $ - | Daily | 30 days |

| | December 31, 2018 | | | |
|---|---|---|---|---|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Collective Trust Fund | $ 10,002,204 | $ - | Daily | 30 days |

## Note 5: Net Assets by Participant and Nonparticipant-Directed Investments

Information about the net assets and the significant components of the changes in net assets relating to the participant and nonparticipant-directed investments is as follows:

| | 2019 | | |
|---|---|---|---|
| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
| **Investments, at Fair Value** | | | |
| Mutual funds | $ 16,605,313 | $ 82,727,637 | $ 99,332,950 |
| Collective trust fund | - | 8,730,750 | 8,730,750 |
| Producing oil and gas royalty interests | 8,300,000 | - | 8,300,000 |
| Total investments | 24,905,313 | 91,458,387 | 116,363,700 |
| **Receivables** | | | |
| Employer contribution | 4,630,000 | 417,442 | 5,047,442 |
| Notes receivable from participants | - | 385,878 | 385,878 |
| Total receivables | 4,630,000 | 803,320 | 5,433,320 |
| **Noninterest-bearing Cash** | 4,970,428 | - | 4,970,428 |
| **Net Assets Available For Benefits** | $ 34,505,741 | $ 92,261,707 | $ 126,767,448 |

# DeGolyer and MacNaughton Employees' Savings Plan

## Notes to Financial Statements

## December 31, 2019 and 2018

| | 2018 | | |
|---|---|---|---|
| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
| **Investments, at Fair Value** | | | |
| Mutual funds | $ 15,566,701 | $ 74,833,788 | $ 90,400,489 |
| Collective trust fund | - | 10,002,204 | 10,002,204 |
| Producing oil and gas royalty interests | 8,500,000 | - | 8,500,000 |
| Total investments | 24,066,701 | 84,835,992 | 108,902,693 |
| **Receivables** | | | |
| Employer contribution | 4,560,000 | 426,113 | 4,986,113 |
| Notes receivable from participants | - | 632,507 | 632,507 |
| Total receivables | 4,560,000 | 1,058,620 | 5,618,620 |
| **Noninterest-bearing Cash** | 930,723 | - | 930,723 |
| **Net Assets Available For Benefits** | $ 29,557,424 | $ 85,894,612 | $ 115,452,036 |

| | Nonparticipant-Directed Employer Profit Sharing Fund | Participant-Directed Funds | Total |
|---|---|---|---|
| **Additions** | | | |
| Net appreciation in fair value of investments | $ 918,807 | $ 12,742,597 | $ 13,661,404 |
| Interest and dividends | 629,201 | 2,997,019 | 3,626,220 |
| Gain on sale of investments | 1,190,605 | - | 1,190,605 |
| Oil and gas royalties | 1,196,874 | - | 1,196,874 |
| Net investment income | 3,935,487 | 15,739,616 | 19,675,103 |
| **Interest Income on Notes Receivable from Participants** | - | 21,154 | 21,154 |
| Contributions | | | |
| Employer | 4,630,000 | 1,019,366 | 5,649,366 |
| Participants | - | 1,253,946 | 1,253,946 |
| | 4,630,000 | 2,273,312 | 6,903,312 |
| Total additions | 8,565,487 | 18,034,082 | 26,599,569 |
| **Deductions** | | | |
| Benefits paid to participants | 3,512,350 | 11,666,087 | 15,178,437 |
| Administrative expenses | 104,820 | 900 | 105,720 |
| Total deductions | 3,617,170 | 11,666,987 | 15,284,157 |
| **Net Increase** | 4,948,317 | 6,367,095 | 11,315,412 |
| **Net Assets Available for Benefits, Beginning of Year** | 29,557,424 | 85,894,612 | 115,452,036 |
| **Net Assets Available for Benefits, End of Year** | $ 34,505,741 | $ 92,261,707 | $ 126,767,448 |

## Note 6: Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

## Note 7: Tax Status

The IRS has determined and informed the Company by a letter dated March 5, 2020, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter, the Plan Administrator believes that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan is qualified, and the related trust is tax exempt.

## Note 8: Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the participants' account balances and the amounts reported in the statements of net assets available for benefits.

## Note 9: Subsequent Events

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which have resulted in significant volatility in the investment markets. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Subsequent events have been evaluated through October 15, 2020, which is the date the financial statements were available to be issued.

# Supplemental Schedule

# DeGolyer and MacNaughton Employees' Savings Plan

## EIN 75-0771709 PN 001

## Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

## December 31, 2019

| | Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|---|
| | **Participant Directed Investments:** | | | |
| | **Common Collective Trust** | | | |
| * | Vanguard | Retirement Savings Trust III | ** | $ 8,730,750 |
| | **Mutual Funds:** | | | |
| * | Vanguard | Federal Money Market Fund | ** | 52,155 |
| | Hartford | Small Cap Growth Fund; Class Y | ** | 895,403 |
| | Invesco | Oppenheimer Developing Markets Fund; Class R6 | ** | 1,166,159 |
| | JP Morgan | High Yield Fund; Class R6 | ** | 1,426,696 |
| * | Vanguard | 500 Index Fund Admiral Shares | ** | 5,201,759 |
| * | Vanguard | Developed Markets Index Fund Admiral Shares | ** | 662,874 |
| * | Vanguard | Energy Fund Admiral Shares | ** | 1,797,696 |
| * | Vanguard | Extended Market Index Fund Admiral Shares | ** | 3,284,752 |
| * | Vanguard | GNMA Fund Admiral Shares | ** | 69,557 |
| * | Vanguard | Health Care Fund Admiral Shares | ** | 2,562,765 |
| * | Vanguard | Inflation-Protected Securities Fund: Adm Shares | ** | 674,395 |
| * | Vanguard | Institutional Target Retirement 2015 Fund | ** | 1,123,220 |
| * | Vanguard | Institutional Target Retirement 2020 Fund | ** | 6,692,417 |
| * | Vanguard | Institutional Target Retirement 2025 Fund | ** | 16,817,316 |
| * | Vanguard | Institutional Target Retirement 2030 Fund | ** | 7,838,126 |
| * | Vanguard | Institutional Target Retirement 2035 Fund | ** | 2,055,326 |
| * | Vanguard | Institutional Target Retirement 2040 Fund | ** | 3,340,091 |
| * | Vanguard | Institutional Target Retirement 2045 Fund | ** | 4,724,387 |
| * | Vanguard | Institutional Target Retirement 2050 Fund | ** | 2,372,347 |
| * | Vanguard | Institutional Target Retirement 2055 Fund | ** | 231,409 |
| * | Vanguard | Institutional Target Retirement 2060 Fund | ** | 361,531 |
| * | Vanguard | Institutional Target Retirement 2065 Fund | ** | 32,516 |
| * | Vanguard | Institutional Target Retirement Income Fund | ** | 364,070 |
| * | Vanguard | International Explorer Fund | ** | 163,952 |
| * | Vanguard | International Growth Fund Admiral Shares | ** | 1,297,655 |
| * | Vanguard | International Value Fund | ** | 636,721 |
| * | Vanguard | Mid-Cap Growth Fund | ** | 1,598,612 |
| * | Vanguard | PRIMECAP Fund Admiral Shares | ** | 7,480,207 |
| * | Vanguard | Selected Value Fund | ** | 813,707 |
| * | Vanguard | Short-Term Bond Index Fund Admiral Shares | ** | 1,621,934 |
| * | Vanguard | Small-Cap Value Index Fund Admiral | ** | 1,316,060 |
| * | Vanguard | Total Bond Market Index Fund Admiral Shares | ** | 2,182,768 |
| * | Vanguard | Windsor II Fund Admiral Shares | ** | 1,869,054 |
| | | | | 82,727,637 |
| * | Participant Loans | Various maturity dates through June 2024; interest at 3.25% - 5.50% | | 385,878 |
| | | Total Participant Directed Investments | | $ 91,844,265 |

* Party-in-interest

** Cost not required for participant-directed funds

# DeGolyer and MacNaughton Employees' Savings Plan

## EIN 75-0771709 PN 001

## Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

## December 31, 2019

| | Identity of Issuer | Description of Investment | Cost | Current Value |
|---|---|---|---|---|
| | **Trustee Directed Investments:** | | | |
| | | Cash and cash equivalents | $ 4,970,428 | $ 4,970,428 |
| | **Mutual Funds:** | | | |
| * | Vanguard | PRIMECAP Fund Admiral Shares | 1,432,250 | 2,074,156 |
| * | Vanguard | Emerging Markets Select Stock Investment | 1,185,568 | 1,354,970 |
| * | Vanguard | Mid-Cap Growth Fund | 474,194 | 582,231 |
| * | Vanguard | Selected Value Fund | 509,386 | 610,395 |
| * | Vanguard | Inflation-Protected Securities | 1,126,025 | 1,152,129 |
| * | Vanguard | High-Yield Corporate Fund Admiral | 1,148,482 | 1,170,880 |
| * | Vanguard | Total Bond Market Index Fund | 3,014,632 | 3,181,374 |
| * | Vanguard | Intermediate Term Investment Grade Fund Admiral Shares | 972,665 | 994,421 |
| * | Vanguard | Equity Income Fund | 1,826,288 | 1,966,817 |
| * | Vanguard | FTSE All World Ex-US | 775,230 | 831,565 |
| * | Vanguard | Total Stock Market Index Fund | 1,210,958 | 1,348,421 |
| * | Vanguard | Small-Cap Growth Index Fund Admiral | 576,193 | 596,654 |
| * | Vanguard | Small-Cap Value Index Fund Admiral | 715,037 | 741,300 |
| | | Total Mutual Funds | 14,966,908 | 16,605,313 |
| * | | Producing oil and gas royalties | - | 8,300,000 |
| | | Total Trustee Directed Investments | $ 19,937,336 | $ 29,875,741 |
| | | Total | | $ 121,720,006 |

* Party-in-interest