UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

☒

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2022

OR

☐

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .
Commission File Number 001-33147

Evolve Transition Infrastructure LP
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**11-3742489**
(State of organization)	**(I.R.S. Employer Identification No.)**
1360 Post Oak Blvd, Suite 2400 **Houston, Texas**	**77056**
(Address of Principal Executive Offices)	**(Zip Code)**

(713) 783-8000
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Units representing limited partner interests	SNMP	NYSE American

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Exchange Act, indicate by check mark whether financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of Evolve Transition Infrastructure LP common units held by non-affiliates as of June 30, 2022 was approximately $14,097,297 based upon the NYSE American closing price as of such date.

Common units outstanding on March 24, 2023: 231,032,052 common units.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

TABLE OF CONTENTS

		Page
	Part I	6
Item 1.	Business	6
Item 1A.	Risk Factors	17
Item 1B.	Unresolved Staff Comments	43
Item 2.	Properties	43
Item 3.	Legal Proceedings	43
Item 4.	Mine Safety Disclosures	43
	Part II	44
Item 5.	Market for Registrant’s Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities	44
Item 6.	Reserved.	46
Item 7.	Management’s Discussion and Analysis of Financial Condition and Results of Operation	47
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	55
Item 8.	Financial Statements and Supplementary Data	55
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	55
Item 9A.	Controls and Procedures	55
Item 9B.	Other Information	56
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	56
	Part III	56
Item 10.	Directors, Executive Officers and Corporate Governance	56
Item 11.	Executive Compensation	61
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	66
Item 13.	Certain Relationships and Related Transactions, and Director Independence	67
Item 14.	Principal Accountant Fees and Services	70
	Part IV	72
Item 15.	Exhibit and Financial Statement Schedules	72
Item 16.	Form 10-K Summary	79
	Signatures	80

COMMONLY USED DEFINED TERMS

As used in this Annual Report on Form 10-K (this "Form 10-K"), unless the context indicates or otherwise requires, the following terms have the following meanings:

- "2022 Settlement Agreement" means that certain Settlement Agreement, dated as of May 27, 2022, by and among SN Catarina, LLC, Catarina Midstream, LLC, Mesquite, the Partnership, our general partner, SP Holdings and SN Operating, LLC.
- "Bankruptcy Court" means that United States Bankruptcy Court for the Southern District of Texas, Houston Division.
- "Bbl" means one barrel of 42 U.S. gallons of oil.
- "Board" means the board of directors of our general partner.
- "Class C Preferred Units" means our Class C Preferred Units representing limited partner interests in Evolve Transition Infrastructure.
- "common units" means our common units representing limited partner interests in Evolve Transition Infrastructure.
- "Credit Agreement" means collectively, the Third Amended and Restated Credit Agreement, dated as of March 31, 2015, among the Partnership, Royal Bank of Canada, as administrative agent and collateral agent, and the lenders party thereto, as amended by (i) Amendment and Waiver of Third Amended and Restated Credit Agreement, dated as of August 12, 2015, (ii) Joinder, Assignment and Second Amendment to Third Amended and Restated Credit Agreement, dated as of October 14, 2015, (iii) Third Amendment to Third Amended and Restated Credit Agreement, dated as of November 12, 2015, (iv) Fourth Amendment to Third Amended and Restated Credit Agreement, dated as of July 5, 2016, (v) Fifth Amendment to Third Amended and Restated Credit Agreement, dated as of April 17, 2017, (vi) Sixth Amendment to Third Amended and Restated Credit Agreement, dated as of November 7, 2017, (vii) Seventh Amendment to Third Amended and Restated Credit Agreement, dated as of February 5, 2018, (viii) Eighth Amendment to Third Amended and Restated Credit Agreement, dated as of May 7, 2018, (ix) Ninth Amendment to Third Amended and Restated Credit Agreement, dated as of November 22, 2019, (x) Tenth Amendment to Third Amended and Restated Credit Agreement, dated as of November 6, 2020, (xi) Eleventh Amendment to Third Amended and Restated Credit Agreement, dated as of July 28, 2021, and (xii) Twelfth Amendment to Third Amended and Restated Credit Agreement, dated as of August 20, 2021.
- "Evolve Transition Infrastructure," "the Partnership," "we," "us," "our" or like terms refer collectively to Evolve Transition Infrastructure LP, its consolidated subsidiaries and, where the context provides, the entities in which we have a 50% ownership interest.
- "GAAP" means U.S. generally accepted accounting principles.
- "Gathering Agreement" means (i) at all times from October 14, 2015 through and including March 31, 2022, the Firm Gathering and Processing Agreement, dated as of October 14, 2015, by and between Catarina Midstream, LLC and SN Catarina LLC, as amended by Amendment No. 1 thereto, dated June 30, 2017 (individually, the "Original Gathering Agreement"), and (ii) at all times after and including April 1, 2022, the Amended and Restated Firm Gathering and Processing Agreement, dated as of May 27, 2022, by effective for all purposes as of April 1, 2022 (individually, the "A&R Gathering Agreement").
- "GHGs" mean greenhouse gases.
- "MBbl/d" means one thousand barrels of oil or other liquid hydrocarbons per day.
- "Mesquite" means (i) at all times prior to June 30, 2020, Sanchez Energy Corporation and its consolidated subsidiaries, and (ii) at all times after and including June 30, 2020, Mesquite Energy, Inc. and its consolidated subsidiaries.

- “MMBtu” means one million British thermal units.
- “MMcf/d” means one million cubic feet of natural gas per day.
- “NGLs” means natural gas liquids such as ethane, propane, butane, natural gasolines and other components that when removed from natural gas become liquid under various levels of higher pressure and lower temperature.
- “NYSE American” means NYSE American LLC.
- “Operational Services Agreement” means that certain Services Agreement, effective as of November 1, 2020, between the Partnership, SEP Holdings IV, LLC, Catarina Midstream, LLC, SECO Pipeline and SNMP Services.
- “our general partner” means Evolve Transition Infrastructure GP LLC, our general partner.
- “our partnership agreement” means the Third Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 2, 2019, as amended by the Stonepeak Letter Agreement, dated as of November 16, 2020 and further amended by Amendment No. 1 thereto, dated as of February 26, 2021.
- “SEC” means the United States Securities and Exchange Commission.
- “Shared Services Agreement” means the Amended and Restated Shared Services Agreement between SP Holdings and the Partnership, dated as of March 6, 2015.
- “SNMP Services” means SNMP Services Inc., our wholly owned subsidiary which provides payroll, human resources, employee benefits and other consulting services to us and our subsidiaries.
- “SP Holdings” means SP Holdings, LLC, the sole member of our general partner.
- “Stonepeak” means Stonepeak Catarina and its subsidiaries, other than the Partnership.
- “Stonepeak Catarina” means Stonepeak Catarina Holdings, LLC.
- “Stonepeak Letter Agreement” means that certain letter agreement, dated as of November 16, 2020, by and between the Partnership and Stonepeak Catarina, wherein the parties agreed that Stonepeak Catarina will be able to elect to receive distributions on the Class C Preferred Units in common units for any quarter following the third quarter of 2020 by providing written noticed to the Partnership no later than the last day of the calendar month following the end of such quarter.
- “Stonepeak Warrant” means (i) at all times prior to February 24, 2021, that certain Warrant Exercisable for Junior Securities, issued to Stonepeak Catarina on August 2, 2019 (the “Original Warrant”); (ii) at all times from February 24, 2021 to May 3, 2021, the Original Warrant, as amended by Amendment No. 1 thereto, dated February 24, 2021 (“Warrant Amendment 1”); (iii) at all times from May 3, 2021 to August 2, 2021, the Original Warrant, as amended by Warrant Amendment 1, and Amendment No. 2 thereto, dated May 3, 2021 (“Warrant Amendment 2”); (iv) at all times from August 2, 2021 through November 5, 2021, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2 and Amendment No. 3 thereto, dated August 2, 2021 (“Warrant Amendment 3”); (v) at all times from November 5, 2021 through November 9, 2021, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3 and Amendment No. 4 thereto, dated November 5, 2021 (“Warrant Amendment 4”); (vi) at all times from November 9, 2021 through February 1, 2022, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3, Warrant Amendment 4 and Amendment No. 5 thereto, dated November 9, 2021 (“Warrant Amendment 5”); (vii) at all times from February 1, 2022 to May 2, 2022, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3, Warrant Amendment 4, Warrant Amendment 5, and Amendment No. 6 thereto, dated February 1, 2022 (“Warrant Amendment 6”); and (viii) at all times from May 2, 2022 to August 1, 2022, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3, Warrant Amendment 4, Warrant Amendment 5, Warrant Amendment 6, and Amendment No. 7 thereto, dated May 2, 2022 (“Warrant Amendment 7”); (ix) at all times from August 1, 2022 to December 28, 2022, the Original Warrant, as amended

by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3, Warrant Amendment 4, Warrant Amendment 5, Warrant Amendment 6, Warrant Amendment 7, and Amendment No. 8 thereto, dated August 1, 2022 ("Warrant Amendment 8"); and (x) at all times after December 28, 2022, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3, Warrant Amendment 4, Warrant Amendment 5, Warrant Amendment 6, Warrant Amendment 7, Warrant Amendment 8, and Amendment No. 9 thereto, dated December 28, 2022 ("Warrant Amendment 9").

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K contains “forward-looking statements” within the meaning of the federal securities laws. Except for statements of historical fact, all statements in this Form 10-K constitute forward-looking statements. Forward-looking statements may be identified by words like “may,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “pursue,” “target,” “continue,” the negative of such terms or other similar expressions. The absence of such words or expressions does not necessarily mean the statements are not forward-looking.

The forward-looking statements contained in this Form 10-K are largely based on our expectations, which reflect estimates and assumptions made by the management of our general partner. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management’s assumptions about future events may prove to be inaccurate.

Important factors that could cause our actual results to differ materially from the expectations reflected in the forward-looking statements include, among others:

- our ability to successfully execute our business, acquisition and financing strategies, including our business strategy to focus on the ongoing energy transition in the industries in which we operate;
- our ability to successfully meet our future funding obligations in connection with HOBO Renewable Diesel LLC’s (“HOBO”) initial project, should we elect to fund such obligations, and in connection with the Levo JV (as defined in Note 6 “Derivative and Financial Instruments”);
- we are currently not in compliance with the NYSE American listing standards. If our common units are delisted, it could result in even further reductions in the trading price and liquidity of our common units, which could materially adversely affect our ability to raise capital or pursue strategic transactions on acceptable terms, or at all;
- changes in general economic conditions, including market and macro-economic disruptions resulting from (i) recent inflation increases, (ii) ongoing supply chain disruptions, (iii) impacts of world health events, including the coronavirus (“COVID-19”) pandemic, and (iv) escalating global trade tensions and the conflict between Russia and Ukraine;
- the possibility of cyber and malware attacks;
- the ability of our customers to meet their drilling and development plans on a timely basis, or at all, and perform under gathering, processing and other agreements;
- the creditworthiness and performance of our counterparties, including financial institutions, operating partners, customers and other counterparties;
- our ability to extend, replace or refinance our Credit Agreement;
- our ability to grow enterprise value;
- the ability of our partners to perform under our joint ventures;
- the availability, proximity and capacity of, and costs associated with, gathering, processing, compression and transportation facilities;
- our ability to access the credit and capital markets to obtain financing on terms we deem acceptable, if at all, and to otherwise satisfy our capital expenditure requirements;
- the timing and extent of changes in prices for, and demand for, natural gas, NGLs and oil;

- competition in the oil and natural gas industry for employees and other personnel, equipment, materials and services and, related thereto, the availability and cost of employees and other personnel, equipment, materials and services;
- the extent to which our assets operated by others are operated successfully and economically;
- our ability to compete with other companies in the oil and natural gas and energy transition infrastructure industries;
- the impact of, and changes in, government policies, laws and regulations, including tax laws and regulations, environmental laws and regulations relating to air emissions, waste disposal, hydraulic fracturing and access to and use of water, laws and regulations imposing conditions and restrictions on drilling and completion operations;
- unexpected results of litigation filed against us or other legal proceedings we are involved in;
- disruptions due to extreme weather conditions, such as extreme temperatures, rainfall, hurricanes or tornadoes;
- the extent to which we incur uninsured losses and liabilities or losses and liabilities in excess of our insurance coverage; and
- the other factors described under "Part I, Item 1A. Risk Factors" and elsewhere in this Form 10-K and any updates to those factors set forth in our subsequent Quarterly Reports on Form 10-Q or other public filings with the SEC.

Management cautions all readers that the forward-looking statements contained in this Form 10-K are not guarantees of future performance, and we cannot assure any reader that such statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in forward-looking statements. The forward-looking statements speak only as of the date made, and other than as required by law, we do not intend to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.

PART I

Item 1. Business

The following section generally provides disclosure regarding business developments during the year ended December 31, 2022. Discussion of prior period business developments that are not included in this Form 10-K can be found in "Part I, Item 1. Business" of our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC on March 30, 2022.

Overview

We are a publicly-traded limited partnership formed in 2005 focused on the acquisition, development, and ownership of infrastructure critical to the transition of energy supply to lower carbon sources. We own natural gas gathering systems, pipelines, and processing facilities in South Texas and continue to pursue energy transition infrastructure opportunities. We are managed by our general partner, which is owned by a subsidiary of Stonepeak Catarina. Our common units are currently listed on the NYSE American under the symbol "SNMP."

Business Developments during the Year Ended December 31, 2022

2022 Settlement Agreement

On May 27, 2022, SN Catarina, LLC ("SN Catarina"), Catarina Midstream, LLC ("Catarina Midstream"), Mesquite, the Partnership, our general partner, SP Holdings, and SN Operating LLC ("SN Operating," collectively, with SN Catarina, Catarina Midstream, Mesquite, the Partnership, our general partner, and SP Holdings, the "Settlement Parties") entered into the 2022 Settlement Agreement in order to resolve the various claims, defenses, causes of action, and other disputes between and among the Settlement Parties, including with respect to (i) the non-administered arbitration initiated by Catarina Midstream on August 30, 2021 against SN Catarina pursuant to the International Institute for Conflict Prevention & Resolution Non-Administered Arbitration Rules (the "Catarina Arbitration"), and (ii) adversary proceeding 21-03931 (MI) initiated by Mesquite and SN Catarina on October 15, 2021 ("collectively, the "Mesquite Plaintiffs") against the Partnership and Catarina Midstream in the Bankruptcy Court (the "Mesquite Adversary").

In the Catarina Arbitration, Catarina Midstream asserted claims for declaratory judgment and breach of contract arising from SN Catarina's failure to pay increased tariff rates for interruptible throughput volumes from Eastern Catarina and its refusal to pay the incremental infrastructure fee since July 2021. Catarina Midstream also sought its attorneys' fees, costs, and pre- and post-judgment interest from SN Catarina. SN Catarina filed a counterclaim against Catarina Midstream alleging Catarina Midstream's June 24, 2021 tariff rate increase, and its two prior tariff rate increases under the Gathering Agreement, constituted breaches of contract. SN Catarina also alleged that Catarina Midstream's continued addition of the incremental infrastructure fee on a month-to-month basis after March 31, 2018 constituted an additional breach of the Gathering Agreement. SN Catarina sought declaratory and injunctive relief, monetary damages, and attorneys' fees and costs.

In the Mesquite Adversary, the Mesquite Plaintiffs sought recharacterization of the Catarina Transaction (as defined below under "—Midstream Business— Catarina Gathering System") as a disguised financing and claimed that SN Catarina was the legal owner of the Catarina Gathering System (as defined below under "—Midstream Business— Catarina Gathering System") and demanded its return. The Mesquite Plaintiffs also asserted various claims for constructive and actual fraudulent transfer arising from (1) the Catarina Transaction; (2) payments made by SN Catarina to Catarina Midstream under the Gathering Agreement after Catarina Midstream increased tariff rates for interruptible throughput volumes from the eastern portion ("Eastern Catarina") of Mesquite's acreage position in Dimmit, La Salle and Webb counties in Texas; and (3) payments made by SN Catarina to Catarina Midstream for the incremental infrastructure fee under the Gathering Agreement amendment and on a month-to-month basis by mutual agreement of the parties after the amendment's expiration. The Mesquite Plaintiffs sought declaratory relief related to the recharacterization claim as well as avoidance of the alleged constructive and actual fraudulent transfers and recovery of the amounts transferred to Catarina Midstream.

Pursuant to the 2022 Settlement Agreement, the Settlement Parties agreed, among other things, to the following actions and agreements effective as of May 27, 2022: (i) to promptly and diligently seek a stay of all deadlines and proceedings in both the Catarina Arbitration and the Mesquite Adversary, in each case, pending the effectiveness of releases to be executed by each Settlement Party and delivered to each other Settlement Party within five (5) days after the effective date of the Approval Order, such releases including customary releases providing for, among other things, the release of any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, contracts, damages, judgments, claims, and demands whatsoever, in law or equity, known or unknown, asserted or unasserted, including, but not limited to claims that were or could have been asserted through May 27, 2022, in each case with respect to the accounts receivable attributable to the Tariff Short-Pay or otherwise in connection with the Catarina Arbitration or the Mesquite Adversary (the "Releases"), (ii) that the Tolling Period (as defined in the 2022 Settlement Agreement) shall not be included in computing any statute of limitations or statute of repose for any claim or cause of action subject to the Releases (the "Tolled Claims"), nor will the Tolling Period be considered in support of other listed defenses in the 2022 Settlement Agreement, including lawsuits or actions involving Tolled Claims, and (iii) concurrently with the execution of the 2022 Settlement Agreement, SN Catarina and SN Operating filed with the Bankruptcy Court a motion pursuant to Rule 9019 of the Bankruptcy Rules (the "9019 Motion") seeking the approval (the "Approval Order") of the 2022 Settlement Agreement, including the Releases included therein, on an expedited basis. The Bankruptcy Court granted the 9019 Motion and issued of the Approval Order on June 7, 2022, and the Approval Order became final and non-appealable on June 21, 2022.

On June 23, 2022, in accordance with the terms of the 2022 Settlement Agreement, (i) Mesquite paid $10 million to the Partnership, (ii) each of the Settlement Parties executed and delivered to each other Settlement Party the Releases, (iii) the Partnership and Mesquite executed and delivered to each other an assignment agreement, in the form attached as Exhibit B to the 2022 Settlement Agreement, pursuant to which the Partnership assigned to Mesquite any claims of the Partnership arising out of or related to the conduct alleged in Sanchez Oil & Gas Corp., et al. v. Terra Energy Partners LLC, et al., Cause No. 2016-18909 (Dist. Ct., Harris County, Texas, 11th Jud'l Dist.), and (iv) the Settlement Parties sign and submit stipulations of dismissal, or such other documents as may be required, to effectuate dismissal of the Catarina Arbitration and the Mesquite Adversary with prejudice.

Amended and Restated Firm Gathering and Processing Agreement

On the May 27, 2022, Catarina Midstream and SN Catarina entered into that certain Amended and Restated Firm Gathering and Processing Agreement (the "A&R Gathering Agreement"). The A&R Gathering Agreement amends and restates in its entirety the Gathering Agreement. The A&R Gathering Agreement provides for, among other things, (i) a new dedication of Eastern Catarina, whereas only the western portion of such acreage ("Western Catarina") was dedicated under the Gathering Agreement, (ii) different established gathering and processing fee rates for existing production on Western Catarina or Eastern Catarina consistent with rates charged and paid until June 2021 as well as new rates for new production from the Dedicated Acreage (as defined in the A&R Gathering Agreement) or from the Subject Wells (as defined in the A&R Gathering Agreement), and (iii) new obligations with respect to pressure limitations at certain measurement points attributable to SN Catarina or Catarina Midstream and with respect to FL&U (as defined in the A&R Gathering Agreement). The A&R Gathering Agreement provided to the Partnership the payment of amounts equaling approximately $5 million from Mesquite. The extension of the Partnership's previous firm gathering and processing agreement with Mesquite and provision of a separate rate for new production in Mesquite's Catarina acreage solidifies the Partnership's commercial position regarding its current gathering and processing operations with Mesquite.

Gathering Agreement Side Letter

On May 27, 2022, concurrently with the execution of the A&R Gathering Agreement, Catarina Midstream and SN Catarina also entered into a side letter agreement (the "Gathering Agreement Side Letter"), pursuant to which SN Catarina agreed to (i) seek dismissal with prejudice of the proceeding initiated by SN Catarina and SN Operating, LLC with the Texas Railroad Commission on February 18, 2022, (ii) make a one-time payment to Catarina Midstream of $4,443,248, and (iii) pay an amount equal to $687,333 representing the difference between the amount paid by SN Catarina for services for the month of April 2022 and the amount that is due under the terms of the A&R Gathering Agreement.

Kodiak Sale

On each of March 11, 2022, and May 9, 2022, we entered into a purchase and sale agreements with Kodiak Gas Services, LLC, pursuant to which we sold to Kodiak natural gas compression equipment, which resulted in certain owned equipment being replaced with equipment leased from Kodiak (the "Kodiak Sale"). The Kodiak Sale followed our entrance into a gas compression agreement with Kodiak on November 9, 2021 (the "Kodiak Compression Agreement").

Subsequent Events

Termination of Chief Executive Officer and Director and Chief Operating Officer

Effective March 15, 2023, the Board terminated Randall Gibbs, the Chief Executive Officer of our general partner, and Michael Keuss, the President and Chief Operating Officer of our general partner. The terminations of Messrs. Gibbs and Keuss were each without "Cause," as such term is defined in each of the Executive Services Agreements, each dated November 3, 2021, between our general partner and each of Messrs. Gibbs and Keuss, respectively. SP Holdings, the sole member of our general partner, also removed Mr. Gibbs from his position on the Board effective as of March 15, 2023. The removal of Mr. Gibbs from his position on the Board was not the result of any disagreement with the Partnership, the Board or our general partner.

Appointment of Interim Chief Executive Officer

On March 15, 2023, the Board appointed Charles C. Ward, the current Chief Financial Officer and Secretary of our general partner, to serve as the Interim Chief Executive Officer of our general partner, in addition to continuing as Chief Financial Officer and Secretary. Mr. Ward's appointment as Interim Chief Executive Officer was effective on the March 15, 2023. As a result of Mr. Ward's appointment as Interim Chief Executive Officer, Mr. Ward will be designated as both our principal executive officer and our principal financial officer.

Amended Executive Agreement

In connection with Mr. Ward's appointment as the Interim Chief Executive Officer of our general partner, our general partner and Mr. Ward entered into that certain Second Amended and Restated Executive Services Agreement, effective as of March 15, 2023 (the "Amended Executive Agreement"), which was approved by the Board on March 10, 2023 and amends and restates the Amended and Restated Executive Services Agreement, between Mr. Ward and our general partner, dated as of September 2, 2022 (the "Ward Executive Agreement").

The Amended Executive Agreement, among other things, provides for Mr. Ward's appointment as the Interim Chief Executive Officer of our general partner on a temporary basis and amends the definition of "Good Reason" to establish that "Good Reason" will not include (whether pursuant to the Ward Executive Agreement or the Amended Executive Agreement) Mr. Ward's appointment to the position of Interim Chief Executive Officer, or the replacement of Mr. Ward as Interim Chief Executive Officer with a permanent President and Chief Executive Officer; provided that Mr. Ward continues to serve as the Chief Financial Officer and Secretary of our general partner following the appointment of a permanent President and Chief Executive Officer.

First Amendment to Framework Agreement

On February 17, 2023, we and HOBO entered into the First Amendment to the Framework Agreement (the "Framework Amendment"). The Framework Amendment, among other things, (i) provides that the Partnership will pay the Initial Development Fee (as defined in the Framework Agreement) if the Partnership is in its sole discretion satisfied and elects to proceed with the Initial Project (as defined in the Framework Agreement); (ii) amended the termination provisions to provide for immediate termination following notice by either the Partnership or HOBO from and after June 1, 2023; (iii) removed the exclusivity period; and (iv) removed certain HOBO information reporting requirements.

Stonepeak Election

On February 10, 2023, the Partnership received written notice of Stonepeak's election to receive distributions on the Class C Preferred Units for the quarter ended December 31, 2022 in Class C Preferred PIK Units. The aggregate distribution of 1,276,605 Class C Preferred PIK Units was paid on February 28, 2023 to holders of record on February 20, 2023.

Our Relationship with Stonepeak

Since October 14, 2015, Stonepeak Catarina has owned all of our issued and outstanding preferred units. As of March 24, 2023, Stonepeak owns (i) 200,202,635 common units, representing approximately 78.5% of our total 254,893,417 outstanding common units (the common unit amounts include 23,861,365 common units Stonepeak Catarina has the right to acquire upon exercise of the Stonepeak Warrant), (ii) all of our issued and outstanding Class C Preferred Units, (iii) the Stonepeak Warrant, which entitles Stonepeak Catarina to receive junior securities of the Partnership (including common units) representing 10% of all junior securities deemed outstanding when exercised, (iv) the non-economic general partner interest in the Partnership and (v) all of our incentive distribution rights. Stonepeak also owns 100% of the issued and outstanding equity interests in SP Holdings, which is the sole member of our general partner. SP Holdings has the right to appoint all of the members of the Board of directors other than two directors which Stonepeak Catarina is entitled to designate pursuant to that certain Amended and Restated Board Representation and Standstill Agreement, dated as of August 2, 2019. As a result of the foregoing, Stonepeak controls us and our general partner and has the ability to appoint all of the members of the Board.

Pursuant to Section 15.1 of our partnership agreement, if at any time Stonepeak holds more than 80% of our outstanding common units and transfers all of the common units held by it to our general partner or a controlled affiliate of our general partner (the “Stonepeak LCR Transfer”), Stonepeak will be able to cause our general partner or a controlled affiliate of our general partner to exercise its right to acquire all, but not less than all, of our common units held by persons other than our general partner and its controlled affiliates (the “limited call right”). During the period from December 28, 2022 to March 15, 2023, Stonepeak held more than 80% of our outstanding common units. As of the date of this Form 10-K Stonepeak holds approximately 76.3% of our common units. If Stonepeak holds more than 80% of our common units at any point following the date of this Form 10-K, Stonepeak will be able to cause our general partner to exercise the limited call right at any time after Stonepeak completes the Stonepeak LCR Transfer by causing our general partner to exercise its limited call right at a price equal to the greater of (1) the average of the daily closing price of our common units over the 20 trading days preceding the date three days before notice of exercise of our general partner’s limited call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its controlled affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, common unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Common unitholders may also incur tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of common units to be repurchased upon exercise of its limited call right. If our general partner exercises its limited call right, the effect would be to take the Partnership private and, if the common units are subsequently deregistered, the Partnership will no longer be subject to the reporting requirements of the Exchange Act.

Stonepeak Catarina is indirectly managed by Stonepeak Partners LP, a leading North American infrastructure private equity firm (“Stonepeak Partners”). Stonepeak Partners’ significant infrastructure and midstream energy expertise and deep financial resources are reflected in over $53 billion of assets under management, with investments to date including, among others, preferred and common interests in the Partnership, MPLX LP and Plains All American Pipeline, L.P. We believe that, as a result of Stonepeak’s significant ownership interest in us, Stonepeak is incentivized to support and promote our business plan and to encourage us to pursue projects that enhance the overall value of our business. While our relationship with Stonepeak is a significant strength, it is also a source of potential risks and conflicts. Please read “Part I, Item 1A. Risk Factors—Risks Inherent in an Investment in Our Common Units” and “Part III, Item 13. Certain Relationships and Related Transactions, and Director Independence.”

Business Strategy

Our primary business objective is to create long-term value by generating stable and predictable cash flows that allow us to reduce the amount of our indebtedness and pursue energy transition infrastructure opportunities. We plan to achieve this objective by executing the following business strategy:

- grow our business through the acquisition and development of infrastructure critical to the transition of energy supply to lower carbon sources;
- pursue organic investments in our existing operating areas to support growth;
- pursue strategic relationships with third-party producers and other companies with operations in the area in which we operate in order to maximize the utilization of our midstream facilities or provide other revenue-generating services; and

- maintain financial flexibility and a strong capital structure.

Midstream Business

Our midstream business primarily consists of the following assets described below: the Catarina Gathering System, the Carnero Gathering Line and the Raptor Plant owned by the Carnero JV and the Seco Pipeline. All of our midstream assets are located in the Eagle Ford Shale in South Texas.

Catarina Gathering System

Our primary asset is a gathering system (the "Catarina Gathering System"), which is located on the western portion of Mesquite's acreage position in Dimmit, La Salle and Webb counties in Texas (such net acreage is collectively referred to herein as "Mesquite's Catarina Asset," and the western portion of such net acreage is individually referred to herein as "Western Catarina"). The Catarina Gathering System consists of approximately 160 miles of gathering pipelines, four main processing and gathering facilities, including stabilizers, storage tanks, dehydration units, and other related assets in Western Catarina, which are located in Dimmit and Webb counties in Texas, and services upstream production from Mesquite's Catarina Asset. We lease gas compression units from Kodiak pursuant to the Kodiak Compression Agreement. The gathering lines range in diameter from four to twelve inches, with a capacity of 200 MMcf/d for natural gas, and 40 MBbl/d for crude oil and NGLs. There are four main gathering and processing facilities, which includes eight stabilizers of 5,000 Bbls/d, approximately 25,000 Bbls of storage capacity, pressurized storage for NGLs, approximately 15,000 horsepower of compression and approximately 300 MMcf/d of dehydration capacity. The average age of the Catarina Gathering System assets is approximately ten years, and such assets have an average expected life of approximately 19 additional years. The Catarina Gathering System is currently used solely to support the gathering, processing and transportation of natural gas, NGLs and crude oil produced by Mesquite from Mesquite's Catarina Asset, for which Mesquite pays us gathering and processing fees pursuant to the Gathering Agreement. The Catarina Gathering System has oil interconnects with the Plains All American Pipeline, L.P. header system delivered to the Gardendale terminal, and to all four takeaway pipelines to Corpus Christi, and natural gas interconnects with Kinder Morgan Inc., Energy Transfer Operating, L.P. and Targa Resources Corp.

During the year ended December 31, 2022 Mesquite transported average daily production through the Catarina Gathering System of approximately 4.5 MBbls/d of oil, 63.5 MMcf/d of natural gas and 0.5 MBbls/d of water.

Carnero JV

We own a 50% equity interest in Carnero G&P LLC ("Carnero JV"), which is our joint venture with Targa Resources Corp. (NYSE:TRGP) ("Targa"). Carnero JV owns and Targa operates the following assets: (i) the 200 MMcf/d cryogenic natural gas processing plant located in Bee County, Texas ("Silver Oak II Plant"), (ii) the 260 MMcf/d cryogenic natural gas processing plant located in La Salle County, Texas (the "Raptor Plant"), and (iii) 45 miles of high pressure natural gas gathering pipelines with a design limited (without compression) of 400 MMcf/d (the "Carnero Gathering Line") which connect the Catarina Gathering System to nearby pipelines and the Raptor Plant. Mesquite and its working interest partners dedicated over 315,000 acres located in the Western Eagle Ford on Mesquite's acreage in Dimmit, Webb, La Salle, Zavala and Maverick counties in Texas (such acreage is collectively referred to herein as "Mesquite's Comanche Asset") to the Carnero JV pursuant to a long-term firm gas gathering and processing agreement.

Seco Pipeline

We own and operate a 30-mile natural gas pipeline with a 400 MMcf/d capacity that is designed and used to transport dry gas from the Raptor Plant to multiple markets in South Texas (the "Seco Pipeline"). The Seco Pipeline has an expected life of approximately 40 years and provides upstream producers with optionality to southern gas markets and creates the potential to export natural gas to premium priced markets in Mexico. From September 1, 2017 to February 12, 2020, we utilized the Seco Pipeline to provide transportation services to Mesquite pursuant to a firm transportation service agreement (the "Seco Pipeline Transportation Agreement"). Mesquite terminated the Seco Pipeline Transportation Agreement on February 12, 2020 and, since such termination, we have not contracted with a customer for transportation on the Seco Pipeline or utilized the pipeline other than transportation of de minimis volumes required to comply with requirements under certain of our rights-of-way. Our management team is actively pursuing new opportunities to contract with new customers or find other utilizations for the Seco Pipeline.

Title to Properties

Title to the Catarina Gathering System and the Seco Pipeline assets are either owned in fee or derived from leases, easements, rights-of-way, permits or licenses from landowners or governmental authorities, permitting the use of such land for our operations. We have no knowledge of any challenge to the underlying fee title of any material lease, easement, right-of-way, permit or license that is held by us or to the title to any material lease, easement, right-of-way, permit or lease we own, and we believe that we have satisfactory title to all of the material leases, easements, rights-of-way, permits and licenses with respect to all Catarina Gathering System and Seco Pipeline assets.

Marketing and Major Customers

Mesquite accounted for 100% of our total revenue for the year ended December 31, 2022. We are highly dependent upon Mesquite as our most significant customer, and we expect to derive a substantial portion of our revenue from Mesquite for the foreseeable future. Accordingly, we are indirectly subject to the business risks of Mesquite. Any development that materially and adversely affects Mesquite's operations or financial condition could have a material adverse impact on us. For additional information on the risks associated with our reliance on Mesquite, please read "Part I, Item 1A. Risk Factors."

Markets and Competition

We operate in a competitive environment for acquiring, funding and developing infrastructure assets and properties and retaining trained personnel. Many of our competitors have substantially greater financial, technical and personnel resources than us. As a result, our competitors may be able to outbid us for assets or properties, more competitively price their gathering and transportation services, or utilize superior technical resources than our financial or personnel resources permit. Our ability to acquire additional assets will depend on our ability to evaluate and select suitable assets and to consummate transactions in a competitive environment.

The natural gas gathering, compression, treating and transportation business is very competitive. Upon such time that we seek to obtain customers in addition to Mesquite for the Catarina Gathering System, our competitors will include other midstream companies, producers and intrastate and interstate pipelines. Competition for volumes is primarily based on reputation, commercial terms, reliability, service levels, location, available capacity, capital expenditures and fuel efficiencies.

Stonepeak is not restricted from competing with us. Please read "Part I, Item 1A. Risk Factors—Stonepeak Catarina and its affiliates, including our general partner, will have conflicts of interest with us. They will not owe any fiduciary duties to us or our common unitholders, but instead will owe us and our common unitholders limited contractual duties, and they may favor their own interests to the detriment of us and our other common unitholders." Additional information regarding our relationship with Stonepeak is provided in "Part III, Item 13. Certain Relationships and Related Transactions, and Director Independence."

Governmental Regulation

Environmental Laws

Our operations are subject to stringent and complex federal, state and local laws and regulations governing environmental protection as well as the discharge of materials into the environment. These laws and regulations may, among other things:

- require the acquisition of various permits before drilling commences;
- restrict the types, quantities and concentrations of various substances, including water and waste, that can be released into the environment;
- limit or prohibit activities on lands lying within wilderness, wetlands and other protected areas; and
- require remedial measures to mitigate pollution from former and ongoing operations, such as requirements to close pits and plug abandoned wells.

These laws, rules and regulations may also restrict the rate of oil and natural gas production below the rate that would otherwise be possible in the absence of such regulations. The regulatory burden on the oil and natural gas industry increases the cost of doing business in the industry and consequently affects profitability. In addition, federal, state and local authorities frequently revise environmental laws and regulations, and any changes that result in more stringent and costly waste handling, disposal and cleanup requirements for the oil and natural gas industry could have a significant impact on our operating costs.

Environmental laws and regulations that could have a material impact on the oil and natural gas industry and our operations include the following:

Waste Handling

The Resource Conservation and Recovery Act ("RCRA") and comparable state laws regulate the generation, transportation, treatment, storage, disposal and cleanup of hazardous wastes and non-hazardous wastes. With the approval of the federal Environmental Protection Agency ("EPA"), the individual states can administer some or all of the provisions of RCRA, and some states have adopted their own, more stringent requirements. Drilling fluid, produced water and most other wastes associated with the exploration, development and production of oil and natural gas are currently regulated under RCRA's non-hazardous waste provisions. Although we do not believe that the current costs of managing any of our wastes are material under presently applicable laws, any future reclassification of oil and natural gas exploration, development and production wastes as hazardous wastes, could increase our costs to manage and dispose of wastes.

Comprehensive Environmental Response, Compensation and Liability Act

The Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), also known as the Superfund law, can impose joint and several liability, without regard to fault or legality of conduct, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. These persons can include the owners or operators of the site where the release occurred, and anyone who disposed of, or arranged for the disposal of, a hazardous substance released at the site. Under CERCLA, such persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, including response costs, alternative water supplies, damages to natural resources and the costs of certain health studies. In addition, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. Each state also has environmental cleanup laws analogous to CERCLA.

We currently own, lease or operate numerous properties that have been used for oil and natural gas production for a number of years. Although we believe that operating and waste disposal practices utilized in the past with respect to these properties were typical for the industry at the time, hazardous substances, wastes or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations, including off-site locations, where such substances have been taken for disposal. In addition, these properties have been operated by third parties or by previous owners or operators whose practices, including the treatment and disposal or release of hazardous substances, wastes or hydrocarbons were not under our control. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes, remediate contaminated property or perform remedial plugging or pit closure operations to prevent future environmental harm.

Water Discharges

The Federal Water Pollution Control Act (the "Clean Water Act"), and comparable state laws, impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of produced water and other oil and natural gas wastes, into waters of the United States. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. Federal and state regulatory agencies can impose administrative, civil and criminal penalties, impose investigatory or remedial obligations and issue injunctions limiting or preventing our operations for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations.

Oil Pollution Act

The Oil Pollution Act of 1990 amended the Clean Water Act in large part due to the Exxon Valdez incident. Under the Oil Pollution Act, the EPA was directed to promulgate regulations which would create a comprehensive prevention, response, liability and compensation program to deal with oil discharged into United States navigable waters. The Oil Pollution Act imposes ongoing requirements on owners and operators of facilities that handle certain quantities of crude oil, including the preparation of oil spill response plans and proof of financial responsibility to cover environmental cleanup and restoration costs that could be incurred in connection with a spill. The Oil Pollution Act imposes liability for removal costs and damages resulting from an incident in which oil is discharged into navigable waters and establishes liability for damages for injuries to, or loss of, natural resources.

Air Emissions

The Clean Air Act, and comparable state laws, regulate emissions of various air pollutants through air emissions permitting programs and the imposition of other requirements. In addition, the EPA has developed, and continues to develop, stringent regulations governing emissions of toxic air pollutants at specified sources. States can also impose air emissions limitations that are more stringent than the federal standards imposed by the EPA. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with air permits or other requirements of the Clean Air Act and associated state laws and regulations. Rules restricting air emissions may require a number of modifications to our operations, including the installation of new equipment. Compliance with such rules could result in significant costs, including increased capital expenditures and operating costs, and could adversely impact our operating results. However, we believe that our operations will not be materially adversely affected by any such requirements, and the requirements are not expected to be any more burdensome to us than to other similarly situated companies. We believe that our operations are in substantial compliance with federal and state air emission standards.

Climate Change

The U.S. Congress has from time to time considered legislation to reduce emissions of GHGs. The EPA is considering rulemaking proposals in accordance with Executive Order 13990 Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis (“E.O. 13990”) which was signed by President Biden in January 2021 seeking to adopt new regulations and policies to address climate change and suspend, revise or rescind prior agency actions that are identified as conflicting with the Biden Administration’s climate policies. In November 2021, EPA proposed rules to reduce methane and other air pollutants from both new and existing sources in the oil and gas industry. A number of state and regional efforts have also emerged that are aimed at tracking and/or reducing GHG emissions by means of cap and trade programs that typically require major sources of GHG emissions, such as electric power plants, to possess and acquire emission allowances which permit corresponding GHG emissions. Furthermore, the U.S. is currently a party to the Paris Agreement adopted in December 2015 to reduce global GHG emissions.

Hydraulic Fracturing

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons. The process involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. The process is typically regulated by state oil and natural gas commissions. However, the EPA has asserted federal regulatory authority over certain hydraulic fracturing practices and has finalized a study of the potential environmental impacts of hydraulic fracturing activities, finding that under certain circumstances, the “water cycle” activities associated with hydraulic fracturing may impact drinking water resources. In 2014, the EPA released an Advanced Notice of Proposed Rulemaking seeking public comment on its plans to issue regulations under the Toxic Substances Control Act of 1976 to require companies to disclose information regarding chemicals used in hydraulic fracturing. The states in which we operate have also adopted disclosure requirements related to fracturing fluids. Legislation has been introduced, but not adopted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In addition, some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances. Currently, no states in which we utilize hydraulic fracturing have adopted these regulations. In addition, President Biden has declared that he would support federal government efforts to limit or prohibit hydraulic fracturing. These declarations include threats to take actions banning hydraulic fracturing of crude oil and natural gas wells and banning new leases for production of minerals on federal properties, including onshore lands and offshore waters. On January 20, 2021, the Acting Secretary for the Department of the Interior signed an order suspending new fossil fuel leasing and permitting on federal lands for 60 days. In addition, E.O. 13990 includes provisions seeking to adopt new regulations and policies to address climate change and suspend, revise, or rescind, prior agency actions that are identified as conflicting with the Biden Administration's climate policies. Among the areas that could be affected by the review are regulations addressing hydraulic fracturing. At this time, it is not possible to accurately estimate how these recent actions and future rules and rulemaking initiatives under the Biden administration will impact our business.

Endangered Species

The federal Endangered Species Act ("ESA") was established to protect endangered and threatened species. Pursuant to the ESA, if a species is listed as threatened or endangered, restrictions may be imposed on activities adversely affecting that species' habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act. The U.S. Fish and Wildlife Service ("FWS") may designate critical habitat and suitable habitat areas that it believes are necessary for the survival of a threatened or endangered species. A critical habitat or suitable habitat designation could result in further material restrictions and may materially delay or prohibit land access for development. Moreover, as a result of a settlement approved by the U.S. District Court for the District of Columbia in September 2011, the FWS was required to make a determination on the listing of more than 250 species as endangered or threatened under the ESA by the end of the agency's 2017 fiscal year. The designation of previously unprotected species as threatened or endangered in areas where we operate could cause us to incur increased costs arising from species protection measures or could result in limitations on our activities.

Gathering System Regulation

Regulation of gathering facilities may affect certain aspects of our business and the market for our services. Historically, the transportation and sale for resale of natural gas in interstate commerce have been regulated by agencies of the U.S. federal government, primarily the Federal Energy Regulatory Commission ("FERC"). The FERC regulates interstate natural gas transportation rates, terms and conditions of service, which affects the marketing of natural gas that we produce, as well as the revenues we receive for sales of our natural gas.

The transportation and sale for resale of natural gas in interstate commerce are regulated primarily under the Natural Gas Act ("NGA"), and by regulations and orders promulgated under the NGA by the FERC. In certain limited circumstances, intrastate transportation, gathering, and wholesale sales of natural gas may also be affected directly or indirectly by laws enacted by the U.S. Congress and by FERC regulations.

Section 1(b) of the NGA exempts natural gas gathering facilities from regulation by the FERC under the NGA. We believe that the natural gas pipelines in our gathering systems meet the traditional tests that the FERC has used to establish whether a pipeline is a gathering pipeline not subject to FERC jurisdiction. However, the distinction between FERC-regulated transmission services and federally unregulated gathering services has been the subject of substantial litigation and varying interpretations. In addition, the FERC determines whether facilities are gathering facilities on a case-by-case basis, so the classification and regulation of our natural gas gathering facilities are subject to change based on future determinations by the FERC, the courts, or the U.S. Congress. If the FERC were to determine that an individual gathering system is not exempt from FERC regulation and the pipelines associated with such gathering system provide interstate transportation, the rates for, and terms and conditions of, services provided by such gathering system would be subject to regulation by the FERC. Such regulation could decrease revenue, increase operating costs, and, depending upon the facility in question, could adversely affect results of operations and cash flows. If any of our facilities were found to have provided services or otherwise operated in violation of the NGA or the NGPA, this could result in the imposition of civil penalties as well as a requirement to disgorge charges collected for such service in excess of the cost-based rate established by the FERC.

Gathering services, which may occur upstream of transmission service subject to FERC jurisdiction, are regulated by the states. State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint-based rate regulation. Our purchasing and gathering operations are subject to ratable take and common purchaser statutes in the State of Texas. The ratable take statute generally requires gatherers to take, without undue discrimination, natural gas production that may be tendered to the gatherer for handling. Similarly, the common purchaser statute generally requires gatherers to purchase without undue discrimination as to source of supply or producer. These statutes are designed to prohibit discrimination in favor of one producer over another producer or one source of supply over another source of supply. These statutes have the effect of restricting our right as an owner of gathering facilities to decide with whom we contract to purchase or transport gas.

The Railroad Commission of Texas (“TRRC”) requires gatherers to file reports, obtain permits, make books and records available for audit and provide service on a nondiscriminatory basis. Shippers and producers may file complaints with the TRRC to resolve grievances relating to natural gas gathering access and rate discrimination.

While our gathering systems have not been regulated by the FERC under the NGA, the U.S. Congress may enact legislation or the FERC may adopt regulations that may subject certain of our otherwise non-FERC jurisdictional facilities to further regulation. Changes in law and to FERC policies and regulations may adversely affect the availability and reliability of firm and/or interruptible transportation service on interstate pipelines, and we cannot predict what future action FERC will take. We do not believe, however, that any regulatory changes will affect us in a way that materially differs from the way they will affect other natural gas gatherers with which we compete. Failure to comply with those regulations in the future could subject us to civil penalty liability.

The Energy Policy Act of 2005 (“EPAct 2005”), amended the NGA to add an anti-market manipulation provision which makes it unlawful for any entity to engage in prohibited behavior to be prescribed by the FERC, and furthermore provides the FERC with additional civil penalty authority. The EPAct 2005 provided the FERC with the power to assess increased daily civil penalties for violations of the NGA and the Natural Gas Policy Act (“NGPA”), which currently are approximately $1.5 million per day per violation. The civil penalty provisions are applicable to entities that engage in the sale of natural gas for resale in interstate commerce. In Order No. 670, the FERC promulgated rules implementing the anti-market manipulation provision of the EPAct 2005. The rules make it unlawful, in connection with the purchase or sale of natural gas subject to the jurisdiction of the FERC, or the purchase or sale of transportation services subject to the jurisdiction of the FERC, for any entity, directly or indirectly, to: (1) use or employ any device, scheme or artifice to defraud; (2) make any untrue statement of material fact or omit to make any such statement necessary to make the statements made not misleading; or (3) engage in any act or practice that operates as a fraud or deceit upon any person. The anti-market manipulation rule does not apply to activities that relate only to intrastate or other non-jurisdictional sales or gathering, but does apply to activities of gas pipelines and storage companies that provide interstate services, as well as otherwise non-jurisdictional entities to the extent the activities are conducted “in connection with” gas sales, purchases or transportation subject to FERC jurisdiction.

Pipeline Safety Regulation

Our natural gas and hazardous liquids pipelines are subject to the regulations of the United States Department of Transportation (“DOT”), Pipeline and Hazardous Materials Safety Administration (“PHMSA”), promulgated pursuant to the federal pipeline safety laws, 49 U.S.C. §§ 60101 et seq., and comparable state statutes. These regulations have been adopted and incorporated by reference by the Texas Railroad Commission (“TRRC”), which has assumed pipeline safety oversight authority for intrastate pipeline systems in Texas under an annual certification to PHMSA. TRRC has also adopted certain additional and/or more stringent safety standards applicable to intrastate pipeline systems in Texas.

PHMSA and TRRC regulations prescribe minimum safety standards for the design, installation, inspection, testing, construction, operation, replacement, and maintenance of pipeline facilities, including those used for the transportation of natural gas, crude oil and other petroleum products, including natural gas liquids (NGLs) and condensate. Operators of regulated pipeline systems, including gathering lines, are required to comply with these safety standards, to permit access to and allow copying of records, and to make certain reports and provide information as required by the Secretary of Transportation and appropriate state authorities.

Among the pipeline safety standards adopted by TRRC and incorporated into the Texas pipeline safety program are PHMSA regulations that require gas and hazardous liquid pipeline operators to implement integrity management programs for certain pipelines, including more frequent inspections and other measures to ensure pipeline safety in HCAs. The regulations require operators, including us, to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact high consequence areas (HCAs);
- improve data collection, integration and analysis;
- repair and remediate pipelines as necessary; and

- implement preventive and mitigating actions.

Furthermore, PHMSA regulations incorporate by reference the American Petroleum Institute Standard 653 (“API 653”) as the industry standard for the inspection, repair, alteration and reconstruction of storage tanks. API 653 requires regularly scheduled inspection and repair of such tanks. These periodic tank maintenance requirements may result in significant and unanticipated capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of our storage tanks.

Federal and state laws set forth potential fines and penalties for violations of applicable pipeline safety laws and regulations. We believe that we are in compliance in all material respects with applicable federal and state pipeline safety laws and regulations. We also do not anticipate any significant difficulty in complying with applicable state laws and regulations (including federal regulations that are incorporated by reference). Our pipelines have ongoing inspection and compliance programs designed to keep the facilities in compliance with pipeline safety and pollution control requirements.

We have incorporated existing applicable requirements into our programs by the required regulatory deadlines and are continually incorporating the new requirements into procedures and budgets. We expect to incur increasing regulatory compliance costs, based on the intensification of the regulatory environment and increases in the stringency of applicable pipeline safety regulations as outlined below (see “Risks Related to Regulatory Compliance”). In addition to regulatory changes, costs may be incurred when there is an accidental release of a commodity gathered on our system, or a regulatory inspection that identifies a deficiency in our required programs.

Other Laws and Regulation

We are subject to the requirements of the federal Occupational Safety and Health Act (“OSHA”), and comparable state laws. These laws and the implementing regulations strictly govern the protection of the health and safety of employees. The OSHA hazard communications standard, OSHA Process Safety Management, the EPA community right-to-know regulations under Title III of CERCLA and similar state laws require that we organize and/or disclose information about hazardous materials used or produced in our operations. We believe that we are in substantial compliance with these applicable requirements.

We believe that we are in substantial compliance with existing environmental laws and regulations applicable to our current operations and that our continued compliance with existing requirements should not have a material adverse impact on our financial condition and results of operations. As of December 31, 2021, we had no accrued environmental obligations. We are not aware of any environmental issues or claims that will require material capital expenditures or that will otherwise have a material impact on our financial position or results of operations. However, we cannot predict how future environmental laws and regulations may impact our operations, and therefore, cannot provide assurance that the passage of more stringent laws or regulations in the future will not have a negative impact on our financial condition, results of operations or cash flows.

Human Capital

Headcount

We do not have any employees. Pursuant to the terms of the Operational Services Agreement, our subsidiary SNMP Services provides us and certain of our subsidiaries, including SEP IV, Catarina Midstream and SECO Pipeline, LLC, with payroll, human resources, employee benefits and other consulting services we mutually agree upon with SNMP Services. As of March 24, 2023, twelve (12) employees were employed by SNMP Services with their primary function being to provide services for us, all of which were full-time employees. None of SNMP Services’ employees are subject to a collective bargaining agreement. When we refer to “our employees” in this Form 10-K we are referring the SNMP Services’ employees. Our success is due in large part to the skills, experience and dedication of such employees.

Employee Safety

We believe our responsibility to our employees, neighbors, shareholders and the environment is only fulfilled through our commitment to safety and reliability. Through training, continuous monitoring and promoting a culture of excellence in operations, we continuously strive to keep our people, the communities in which we operate in and the environment safe. By monitoring the integrity of our assets and promoting the safety of our employees, we are investing in the long-term sustainability of our business.

We are subject to the requirements of OSHA and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA Hazard Communication Standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and citizens. We believe that our operations are in compliance with OSHA requirements, including general industry standards, record keeping requirements and monitoring of occupational exposure to regulated substances.

In response to COVID-19, we have taken steps to manage the potential impacts of the COVID-19 outbreak on our employees. We continue to practice remote work procedures when possible to protect the safety of our employees and their families, and have taken extra precautions for our employees who work in the field or cannot otherwise work remotely, such as social distancing, face covering protocols and sanitation procedures.

Development and Retention

In managing our human capital resources, we use a strategic approach to building a diverse, inclusive, and respectful workplace. SNMP Services provides expertise and tools to attract, develop, and retain diverse talent and support our employees' career and development goals. We value our employees' opinions and encourage them to engage with management and ask questions on topics such as our goals, challenges, and employee concerns.

We believe that a combination of competitive compensation and career growth and development opportunities help increase employee morale and reduce voluntary turnover. Our comprehensive benefit packages are competitive in the marketplace and we believe in recognizing and rewarding talent through our various compensation programs.

Health and Welfare

We provide a variety of benefits to help promote the health and welfare of our employees and their families. These benefits include medical, dental, vision plans and virtual health visits. Eligible employees also have access, at no charge, to an employee assistance program.

Offices

Our principal executive offices are located at 1360 Post Oak Blvd., Suite 2400, Houston, Texas 77056. Our telephone number is (713) 783-8000.

Available Information

Our internet address is http://www.evolvetransition.com. We make our website content available for informational purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference in this Form 10-K. We make available free of charge on or through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains an internet website that contains these reports at http://www.sec.gov.

Item 1A. Risk Factors

Summary of Risk Factors

The following summary outlines our Risk Factors, which we have grouped into risk categories. These summarized Risk Factors should be read in conjunction with the detailed Risk Factors that follow:

Risks Related to Our Energy Transition Infrastructure Business

- We can provide no assurance that we will be successful in implementing our energy transition infrastructure business due to competition and other factors, which could limit our ability to grow and extend our dependence on Mesquite and our midstream business.

- We may be unable to fund our future capital requirements related to the Levo JV and the HOBO Transaction.

Risks Related to Our Midstream Business

- Mesquite accounts for the majority of our total revenue in general and all of our revenue relating to the operation of our midstream business, as a result, any development that materially and adversely affects Mesquite's business, financial condition, cash flows or results of operations could have a material and adverse impact on us.

- All of our midstream assets are located in the Eagle Ford Shale in Texas, making us vulnerable to risks associated with operating in one major geographic area.

- Distributions we receive from Carnero JV may fluctuate from quarter to quarter, which could adversely affect our cash flows and ability to pay our payables timely.

- As a non-operator, our development of successful operations relies extensively on third-parties, including Mesquite and Targa, which could adversely affect our business, financial condition and results of operations

Risks Related to Financing and Credit Environment

- Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern.

- Our Credit Agreement has substantial prepayment requirements, other restrictions and financial covenants.

- We may not be able to extend, replace or refinance our Credit Agreement on terms reasonably acceptable to us, or at all, which could materially and adversely affect our business, liquidity, cash flows and prospects.

Risks Related to Our Cash Distributions

- You will not receive cash distributions on your common units until we are able to redeem 100% of the outstanding Class C Preferred Units, as a result, you are unlikely to receive cash distributions on your common units for the foreseeable future.

- Our Credit Agreement restricts us from paying any distributions on our outstanding common units.

Risks Related to Regulatory Compliance

- Increased regulation of hydraulic fracturing could result in reductions or delays in the production of natural gas, NGLs and oil by Mesquite, which could reduce the throughput on our facilities and adversely impact our revenues.

Risks Inherent in an Investment in Our Common Units

- In a liquidation, the preferential rights of the holder of our Class C Preferred Units could result in common unitholders losing their entire investment.

- We are currently not in compliance with the NYSE American listing standards. If our common units are delisted, it could result in even further reductions in the trading price and liquidity of our common units, which could materially adversely affect our ability to raise capital or pursue strategic transactions on acceptable terms, or at all.

- Certain events may result in our general partner exercising its limited call right, which may require common unitholders to sell their common units at an undesirable time or price.

- Stonepeak Catarina and its affiliates, including our general partner, will have conflicts of interest with us. They will not owe any fiduciary duties to us or our common unitholders, but instead will owe us and our common unitholders limited contractual duties, and they may favor their own interests to the detriment of us and our other common unitholders.

- Our partnership agreement replaces our general partner's fiduciary duties to our common unitholders with contractual standards governing its duties.
- We are able to issue additional units without common unitholder approval, which would dilute unitholder interests.

Tax Risks

- The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.
- Our common unitholders' share of our income will be taxable to them even if they do not receive any cash distributions from us. You will not receive cash distributions on your common units until we are able to redeem 100% of the outstanding Class C Preferred Units, as a result, you are unlikely to receive cash distributions on your common units for the foreseeable future.

Other Risks

- The impact of the Russian invasion of Ukraine on the global economy, energy supplies and raw materials is uncertain, but may prove to negatively impact our business and operations.

Risk Factors

Our business involves a high degree of risk. Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. You should consider and read carefully all of the risks and uncertainties described below, together with all of the other information contained in this Form 10-K, including the financial statements and the related notes appearing at the end of this Form 10-K. If any of the following risks, or any risk described elsewhere in this Form 10-K, were to occur, our business, financial condition or results of operations could be adversely affected. If any of the following risks, or any risk described elsewhere in this Form 10-K, were to occur, our business, financial condition or results of operations could be adversely affected. The risks below are not the only ones facing the Partnership. Additional risks not currently known to us or that we currently deem immaterial may also adversely affect us. This Form 10-K also contains forward-looking statements, estimates and projections that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks described below. Please read "Cautionary Note Regarding Forward-Looking Statements."

Risks Related to Our Energy Transition Infrastructure Business

We can provide no assurance that we will be successful in implementing our energy transition infrastructure business due to competition and other factors, which could limit our ability to grow and extend our dependence on Mesquite and our midstream business.

Part of our business strategy is to grow our business through the acquisition and development of infrastructure critical to the transition of energy supply to lower carbon sources. This will involve identifying opportunities to offer services to third parties with our existing assets or constructing or acquiring new assets.

We are currently pursuing energy transition infrastructure opportunities and while we have entered into a Framework Agreement (as amended by the Framework Amendment, the "Framework Agreement") with HOBO to pursue the development of renewable fuels facilities and completed the formation of Levo Mobility LLC ("Levo"), a joint venture with Nuvve Holding Corp. and Stonepeak Rocket Holdings LP, (such joint venture, "the Levo JV") we have not developed any project in connection with this business strategy. We can provide no assurance that we will be successful in implementing our energy transition infrastructure business, which could limit our ability to grow and extend our dependence on Mesquite and our midstream business. Moreover, we may fail to realize the anticipated benefit of the Levo JV, any project under the Framework Agreement, which can be terminated in June 2023, or any acquisition we make. Furthermore, if we do make acquisitions, we may be unable to integrate businesses we acquire effectively. Finally, to the extent that Stonepeak, SP Holdings or our general partner are successful in pursuing energy transition opportunities, there is no guarantee that such opportunities will be offered to us. Please read "—Risks Inherent in an Investment in Our

Common Units—Our general partner and its affiliates, including SP Holdings and Stonepeak Catarina, may not allocate corporate opportunities to us."

We may be unable to fund our future capital requirements related to the Levo JV and the HOBO Transaction.

Upon completion of certain milestones or execution of specific contracts, we will be asked to provide capital to fulfill our funding and reimbursement obligations in connection with the Levo JV. Additionally, upon completion of certain milestones related to the Initial Project (as defined in the Framework Agreement), we will have the option, in our sole discretion, to provide funding related to the transactions contemplated by the Framework Agreement (the "HOBO Transaction"). If we cannot provide capital for such opportunities from cash on hand or borrowings under our Credit Agreement, we may need to raise additional funds through the issuance of securities, including equity, debt or a combination of both. Additional financing may not be available to us on favorable terms, or at all. If we are unable to access the capital markets and other adequate financing is not available to us on acceptable terms, we may be unable to fund these capital requirements, which could adversely affect our business and limit our ability to expand and grow.

Risks Related to Our Midstream Business

Mesquite accounts for the majority of our total revenue in general and all of our revenue relating to the operation of our midstream business, as a result, any development that materially and adversely affects Mesquite's business, financial condition, cash flows or results of operations could have a material and adverse impact on us.

Mesquite is our most significant customer and accounted for 100% of our total revenue for the year ended December 31, 2022. We are dependent on Mesquite as our only current customer for utilization of the Catarina Gathering System. In addition, Mesquite is the primary customer for utilization of the Carnero Gathering Line and the Raptor Plant. We expect that a majority of revenues relating to these assets will be derived from Mesquite for the foreseeable future. As a result, any event, whether in our area of operations or otherwise, that adversely affects Mesquite's production, drilling and completion schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows could have a material and adverse impact on us. Accordingly, we are indirectly subject to the business risks of Mesquite, including, among others:

- a reduction in or slowing of Mesquite's development program, especially on Mesquite's Catarina Asset, which would directly and adversely impact demand for our gathering and processing services;
- a decline in the price of natural gas, NGLs or oil, which have been extremely volatile prior to, and during the pendency of, the COVID-19 pandemic;
- Mesquite's ability to finance its operations and development activities;
- the availability of capital on an economic basis to fund Mesquite's exploration and development activities;
- Mesquite's ability to replace reserves;
- Mesquite's drilling and operating risks, including potential environmental liabilities;
- transportation capacity restraints and interruptions;
- adverse effects of governmental and environmental regulation; and
- losses from pending or future litigation.

Because of the natural decline in production from existing wells, our success depends, in part, on Mesquite's ability to replace declining production. Any decrease in volumes of natural gas, NGLs and oil that Mesquite produces or any decrease in the number of wells that Mesquite completes could reduce throughput volumes that could adversely affect our business and operating results.

The volumes that support our facilities depend on the level of production from wells connected to our facilities, which may be less than expected and will naturally decline over time.

In addition, volumes from completed wells will naturally decline and our cash flows associated with these wells will also decline over time. In order to maintain or increase throughput levels on our facilities, we must obtain new sources of natural gas, NGLs and oil from Mesquite or other third parties. The primary factors affecting our ability to obtain additional sources of natural gas, NGLs and oil include (i) the success of Mesquite's drilling activity in our areas of operation, (ii) Mesquite's acquisition of additional acreage and (iii) our ability to obtain additional dedications of acreage from Mesquite or new dedications of acreage from other third parties.

We have no control over Mesquite's or other producers' levels of development and completion activity in our areas of operation, the amount of reserves associated with wells connected to our facilities or the rate at which production from a well declines. We have no control over Mesquite or other producers or their development plan decisions, which are affected by, among other things:

- the availability and cost of capital;
- prevailing and projected prices for natural gas, NGLs and oil;
- demand for natural gas, NGLs and oil;
- levels of reserves;
- geologic considerations;
- environmental or other governmental regulations, including the availability and maintenance of drilling permits and the regulation of hydraulic fracturing; and
- the costs of producing natural gas, NGLs and oil and the availability and costs of drilling rigs and other equipment.

Fluctuations in energy prices can also greatly affect the development of reserves. Declines in commodity prices could have a negative impact on Mesquite's development and production activity, and if sustained, could lead Mesquite to materially reduce its drilling and completion activities. Sustained reductions in development or production activity in our areas of operation could lead to reduced utilization of our services.

Due to these and other factors, even if reserves are known to exist in areas served by our facilities, Mesquite and other producers may choose not to develop, or be prohibited from developing, those reserves. If reductions in development activity result in our inability to maintain the current levels of throughput on our facilities, those reductions could adversely affect our business and operating results.

Interruptions in operations at our facilities or facilities that Targa operates on behalf of Carnero JV may adversely affect our business, financial condition, cash flows and results of operations.

Any significant interruption at any of our facilities or the facilities that Targa operates on behalf of Carnero JV, or in our ability or Targa's ability on behalf of Carnero JV, as applicable, to gather, treat or process natural gas, NGLs and oil, would adversely affect our business, financial condition, cash flows and results of operations. Operations at impacted facilities could be partially or completely shut down, temporarily or permanently, as a result of circumstances not within our control, such as:

- unscheduled turnarounds or catastrophic events at physical plants or pipeline facilities;
- restrictions imposed by governmental authorities or court proceedings;
- labor difficulties that result in a work stoppage or slowdown;
- a disruption or decline in the supply of resources necessary to operate a facility;
- damage to facilities resulting from natural gas, NGLs and oil that do not comply with applicable specifications; and

- inadequate transportation or market access to support production volumes, including lack of availability of pipeline capacity.

We may not be able to attract additional third-party volumes, which could limit our ability to grow and would increase our dependence on Mesquite.

Part of our long-term strategy includes identifying additional opportunities to offer gathering, processing and transportation services to other third parties. Our ability to increase throughput on our facilities and any related revenue from third parties is subject to numerous factors beyond our control, including competition from third parties and the extent to which we have available capacity when requested by third parties. To the extent that we lack available capacity on our facilities for third-party volumes, we may not be able to compete effectively with third-party gathering or processing systems for additional volumes. In addition, some of our competitors for third-party volumes have greater financial resources and access to larger supplies of oil and natural gas than those available to us, which could allow those competitors to price their services more aggressively than us. Moreover, the underlying lease for the properties on which the Catarina Gathering System is located restricts the Catarina Gathering System to the handling of hydrocarbons produced on the properties covered by the lease.

We may not be able to attract material third-party service opportunities. Our efforts to attract new unaffiliated customers may be adversely affected by (i) certain rights Mesquite has under applicable agreements and, with respect to the Catarina Gathering System, the fact that a substantial portion of the capacity of the facility will be necessary to service Mesquite's production and development and completion schedule, (ii) the current nature of our facilities, (iii) our desire to provide services pursuant to fee-based contracts and (iv) the existence of current and future dedications to other gatherers by potential third-party customers. As a result, we may not have the capacity or ability to provide services to third parties, or potential third-party customers may prefer to obtain services pursuant to other forms of contractual arrangements under which we would be required to assume direct commodity exposure.

All of our midstream assets are located in the Eagle Ford Shale in Texas, making us vulnerable to risks associated with operating in one major geographic area.

All of our midstream assets are located in the Eagle Ford Shale in Texas. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, market limitations or interruption of the processing or transportation of natural gas, NGLs or oil.

We do not intend to obtain independent evaluations of reserves of natural gas, NGLs and oil reserves connected to the Catarina Gathering System on a regular or ongoing basis; therefore, in the future, volumes of natural gas, NGLs and oil on the gathering system could be less than we anticipate.

We have not obtained and do not intend to obtain independent evaluations of the reserves of natural gas, NGLs and oil, including those of Mesquite, connected to the Catarina Gathering System on a regular or ongoing basis. Moreover, even if we did obtain independent evaluations of the reserves of natural gas, NGLs and oil connected to the Catarina Gathering System, such evaluations may prove to be incorrect. Oil and natural gas reserve engineering requires subjective estimates of underground accumulations of oil and natural gas and assumptions concerning future oil and natural gas prices, future production levels and operating and development costs.

Accordingly, we may not have accurate estimates of total reserves dedicated to the Catarina Gathering System or the anticipated life of such reserves. If the total reserves or estimated life of the reserves connected to the Catarina Gathering System are less than we anticipate and we are unable to secure additional sources of natural gas, NGLs and oil, it could adversely affect our business, financial condition, cash flows and results of operations.

A shortage of equipment and skilled labor in the Eagle Ford Shale could reduce equipment availability and labor productivity and increase labor and equipment costs, which could have a material adverse effect on our business and results of operations.

Gathering and processing services require special equipment and laborers skilled in multiple disciplines, such as equipment operators, mechanics and engineers, among others. Decreased levels of production and shrinking margins from lower commodity prices may result in shortages of equipment and skilled labor in the Eagle Ford Shale, as companies seek to deploy their resources in more profitable basins. If we experience shortages of necessary equipment or skilled labor in the future, our labor and equipment costs and overall productivity could be materially and adversely affected. Material increases in equipment, labor prices or health and benefit costs for employees, could have a material adverse effect on our business and results of operations.

Distributions we receive from Carnero JV may fluctuate from quarter to quarter, which could adversely affect our cash flows and ability to pay our payables timely.

We received approximately $11.7 million in cash from Carnero JV in the form of distributions during the year ended December 31, 2022. Targa, as the operator of Carnero JV, has certain rights which permit it to affect the amount and timing of distributions to us. For example, Targa has certain discretion with regard to cash reserves and working capital adjustments that may cause the amount of our distributions to fluctuate from quarter-to-quarter. Fluctuations in the amount and timing of distributions from Carnero JV could adversely affect our cash flows and ability to pay our payables timely, including required payments under the Credit Agreement.

Our participation in joint ventures exposes us to liability or harm to our reputation resulting from failures by our joint venture partners.

We and Targa are jointly and severally liable for all liabilities and obligations of Carnero JV. If Targa fails to perform or is financially unable to bear its portion of required capital contributions or other obligations, including liabilities stemming from claims or lawsuits, we could be required to make additional investments, provide additional services or pay more than our proportionate share of a liability to make up for Targa’s shortfall. Further, if we are unable to adequately address Targa’s performance issues, Mesquite, the main customer on the facilities, may terminate its agreements with us, which could result in legal liability to us, harm our reputation and reduce cash flows generated from the Carnero Gathering Line and the Raptor Plant.

Increased competition from other companies that provide gathering services could have a negative impact on the demand for our services, which could adversely affect our business, financial condition, cash flows and results of operations.

Our ability to flow a sufficient volume of throughput prior to and after the expiration of the Gathering Agreement to maintain current revenues and cash flows could be adversely affected by the activities of our competitors. Our facilities compete primarily with other gathering and processing systems. Some competitors have greater financial resources than us and may now, or in the future, have access to greater supplies of natural gas, NGLs and oil than we do. Some of these competitors may expand or construct facilities that would create additional competition for the services that we provide to Mesquite or other future customers. In addition, Mesquite or other future customers may develop their own facilities instead of using our midstream assets.

All of these competitive pressures could make it more difficult for us to retain Mesquite as a customer and/or attract new customers as we seek to expand our business, which could adversely affect our business, financial condition, cash flows and results of operations.

If third-party pipelines or other midstream facilities interconnected to our facilities become partially or fully unavailable, it could adversely affect our business, financial condition, cash flows and results of operations.

Our facilities connect to other pipelines or facilities owned and operated by unaffiliated third parties. The continuing operation of third-party pipelines, compressor stations and other midstream facilities is not within our control. These pipelines, plants and other midstream facilities may become unavailable because of testing, turnarounds, line repair, maintenance, reduced operating pressure, lack of operating capacity, regulatory requirements and curtailments of receipt or deliveries due to insufficient capacity or because of damage from severe weather conditions or other operational issues. In addition, if the costs to us to access and transport on these third-party pipelines significantly increase, our profitability could be reduced. If any such increase in costs occurs or if any of these pipelines or other midstream facilities become unable to receive or transport natural gas, NGLs or oil, it could adversely affect our business, financial condition, cash flows and results of operations.

We do not own the land on which the Catarina Gathering System or the Seco Pipeline is located, which could have a material adverse effect on our business, results of operations and financial condition.

We do not own the land on which the Catarina Gathering System or the Seco Pipeline is located, and we are, therefore, subject to the possibility of more onerous terms or increased costs to retain necessary land use if we do not have valid rights-of-way or if such rights-of-way lapse or terminate. We currently have certain rights to construct and operate our pipelines on land owned by third parties for a specific period of time and may need to obtain other rights in the future from third parties and governmental agencies to continue these operations or expand the Catarina Gathering System or the Seco Pipeline. Our loss of these rights or inability to obtain additional rights, through our inability to renew or obtain right-of-way contracts or otherwise, could have a material adverse effect on our business, results of operations, financial condition.

Our operations could be disrupted if our information systems are hacked or fail, causing increased expenses and loss of revenue.

We face various security threats, including cybersecurity threats to gain unauthorized access to sensitive information or to render data systems unusable, threats to the security of our facilities and infrastructure, Mesquite's facilities and infrastructure or other third-party facilities and infrastructure, such as pipelines. The potential for such security threats has subjected our operations to increased risks that could have a material adverse effect on our business.

Our business is increasingly dependent on technology infrastructure, certain critical financial, accounting and other data processing systems and other communications and information systems. These systems include data network and telecommunications, internet access, our website, and various computer hardware equipment and software applications, including those that are critical to the safe operations of our assets. We process transactions on a daily basis and rely upon the proper functioning of computer systems. Additionally, we rely on information systems across our operations, including the management of processes and transactions. These systems are subject to damage or interruption from a number of potential sources including natural disasters, software viruses or other malware, power failures, cybersecurity threats to gain unauthorized access to sensitive information, cyber-attacks, which may render data systems unusable, and physical threats to the security of our facilities and infrastructure or third-party facilities and infrastructure. If a key system were hacked or otherwise interfered with by an unauthorized access, or were to fail or experience unscheduled downtime for any reason, even if only for a short period, our financial results could be affected adversely.

As a result of the COVID-19 pandemic, the increase in companies and individuals working remotely has increased the frequency and scope of cyber-attacks and the risk of potential cybersecurity incidents, both deliberate attacks and unintentional events. While, to date, we have not had a significant cybersecurity breach or attack that had a material impact on our business or results of operations, if we were to be subject to a material successful cyber intrusion, it could result in remediation or service restoration costs, increased cyber protection costs, lost revenues, litigation or regulatory actions by governmental authorities, increased insurance premiums, reputational damage and damage to our competitiveness, financial condition, results of operations and cash flows.

Cyber-attacks against us or others in our industry could result in additional regulations, and U.S. government warnings have indicated that infrastructure assets, including pipelines, may be specifically targeted by certain groups. These attacks include, without limitation, malicious software, ransomware, attempts to gain unauthorized access to data, and other electronic security breaches. These attacks may be perpetrated by state-sponsored groups, "hacktivists", criminal organizations or private individuals (including employee malfeasance). Current efforts by the federal government, including the issuance of new cybersecurity requirements for critical pipeline owners and operators issued by the Department of Homeland Security's Transportation Security Administration following a cyberattack on a major petroleum pipeline in 2021, and any potential future regulations could lead to increased regulatory compliance costs, insurance coverage cost or capital expenditures. We cannot predict the potential impact to our business or the energy industry resulting from additional regulations.

Further, our business interruption insurance may not compensate us adequately for losses that may occur. We do not carry insurance specifically for cybersecurity events; however, certain of our insurance policies may allow for coverage of associated damages resulting from such events. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial position, results or operations and cash flows. In addition, the proceeds of any such insurance may not be paid in a timely manner and may be insufficient if such an event were to occur.

As a non-operator, our development of successful operations relies extensively on third-parties, including Mesquite and Targa, which could adversely affect our business, financial condition and results of operations.

We have only participated in wells, leasehold acreage and midstream assets operated by third parties, including Mesquite and Targa. The success of our business operations depends on the success of such operators. If our operators are not successful in the operating activities relating to our midstream business, or are unable or unwilling to perform, it could adversely affect our business, financial condition and results of operations.

The insolvency of an operator of any of our assets, the failure of an operator of any of our assets to adequately perform operations or an operator's breach of applicable agreements could reduce our revenue and result in our liability to governmental authorities for compliance with environmental, safety and other regulatory requirements, to the operator's suppliers and vendors or another insolvent owner.

Our operators will make decisions in connection with their operations (subject to their contractual and legal obligations), which may not be in our best interests and could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Financing and Credit Environment

Our independent registered public accounting firm has expressed doubt about our ability to continue as a going concern.

Our historical consolidated financial statements have been prepared under the assumption that we will continue as a going concern. The report on our audited consolidated financial statements for the year ended December 31, 2022 issued by our independent registered public accounting firm included in this Form 10-K includes an explanatory paragraph referring to the Credit Agreement being a current liability that matures on September 30, 2023 and expressing substantial doubt in our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to either (i) refinance or extend the maturity of the Credit Agreement, or (ii) obtain adequate new debt or equity financing to repay the Credit Agreement in full at maturity. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. However, if we are unable to refinance or extend the maturity of the Credit Agreement, or otherwise raise adequate funds prior to the maturity date, it will further raise substantial doubt about our ability to continue as a going concern. The doubt regarding our potential ability to continue as a going concern may adversely affect our ability to obtain new financing on reasonable terms or at all. Additionally, if we are unable to continue as a going concern, our unitholders may lose some or all of their investment in us.

Our Credit Agreement has substantial prepayment requirements, other restrictions and financial covenants.

We depend on the Credit Agreement for future capital needs. The Credit Agreement contains various covenants that limit, among other things, our ability to incur certain indebtedness, grant certain liens, merge or consolidate, sell all or substantially all of our assets, make certain loans, acquisitions, capital expenditures and investments, and pay distributions to unitholders. The Credit Agreement provides a quarterly amortizing term loan of $65.0 million (the "Term Loan"). The Term Loan is subject to mandatory amortizing payments of outstanding principal, which are currently $3.0 million per fiscal quarter, decreasing to $2.0 million per fiscal quarter commencing with the quarter ending March 31, 2023. The Credit Agreement matures on September 30, 2023. We are also required to comply with certain financial covenants and ratios. Our ability to comply with these restrictions, requirements and covenants in the future is uncertain and will be affected by the levels of cash flows from our operations and events or circumstances beyond our control, including events and circumstances that may stem from the condition of financial markets and commodity price levels. In addition, our Credit Agreement contains a condition to borrowing and a representation that no material adverse effect has occurred, which includes, among other things, a material adverse change in, or material adverse effect on the business, operations, property, liabilities (actual or contingent) or condition (financial or otherwise) of us and our subsidiaries who are guarantors taken as a whole. If a material adverse effect were to occur, we would be prohibited from borrowing under the Credit Agreement and we would be in default under the Credit Agreement, which could cause all of our existing indebtedness to become immediately due and payable. Our failure to comply with any of the prepayment requirements, or other restrictions and covenants under the Credit Agreement could result in an event of default, which could cause all of our existing indebtedness to become immediately due and payable.

We may not be able to extend, replace or refinance our Credit Agreement on terms reasonably acceptable to us, or at all, which could materially and adversely affect our business, liquidity, cash flows and prospects.

Our Credit Agreement matures on September 30, 2023. We may not be able to extend, replace or refinance our existing Credit Agreement on terms reasonably acceptable to us, or at all, with our existing syndicate of banks or with replacement banks. In addition, we may not be able to access other external financial resources sufficient to enable us to repay the debt outstanding under our Credit Agreement upon its maturity. Any of the foregoing could materially and adversely affect our business, liquidity, cash flows and prospects.

The expected replacement of the LIBOR benchmark interest rate and other interbank offered rates with new benchmark rates may adversely affect our financing costs.

As of March 24, 2023, we had $19.7 million of debt outstanding under our Credit Agreement that bears interest at variable rates that use the London Interbank Offered Rate (“LIBOR”), as a benchmark rate. On July 27, 2017, the Financial Conduct Authority, which regulates LIBOR, announced that it intends to stop persuading or compelling banks to submit LIBOR quotations after 2021. The Alternative Reference Rates Committee, a steering committee consisting of large U.S. financial institutions convened by the U.S. Federal Reserve Board and the Federal Reserve Bank of New York, has recommended replacing LIBOR with the Secured Overnight Financing Rate (SOFR), an index supported by short-term Treasury repurchase agreements. On November 30, 2020, ICE Benchmark Administration, the administrator of USD LIBOR announced that it does not intend to cease publication of the remaining USD LIBOR tenors until June 30, 2023, providing additional time for existing contracts that are dependent on LIBOR to mature.

The Credit Agreement contains fallback language that seeks to facilitate an agreement with the administrative agent under on a replacement benchmark rate for LIBOR upon the occurrence of certain benchmark transition events or an early opt-in election. Upon the occurrence of one of these triggering events, the administrative agent has the right to make conforming changes to the Credit Agreement to reflect the new benchmark rate. We cannot predict what the impact of any such replacement rate would be to our interest expense, however, the replacement of LIBOR or any other benchmark rates may result in fluctuating interest rates that may have a negative impact on or other adverse effect on our financing costs.

We will be required to make substantial capital expenditures to increase our asset base. If we are unable to obtain needed capital or financing on satisfactory terms, our cash flows may be diminished or our financial leverage could increase.

In order to increase our asset base, we will need to make expansion capital expenditures. If we do not make sufficient or effective expansion capital expenditures, we will be unable to expand our business operations which may diminish our cash flows. To fund our expansion capital expenditures and investment capital expenditures, we will be required to use cash from our operations or incur borrowings. Alternatively, we may sell additional common units or other securities to fund our capital expenditures. Our ability to obtain bank financing or our ability to access the capital markets for future equity or debt offerings may be limited by our financial condition at the time of any such financing or offering and the covenants in our existing debt agreements, as well as by general economic conditions, contingencies and uncertainties that are beyond our control. Even if we are successful in obtaining the necessary funds, the terms of such financings may be unfavorable to us and incurring additional debt may significantly increase our interest expense and financial leverage. Issuing additional common units or other securities may result in additional significant unitholder dilution. Stonepeak is not contractually committed to providing any direct or indirect support to fund our growth.

Our ability to access the capital and credit markets to raise capital and borrow on favorable terms will be affected by disruptions in the capital and credit markets, which could adversely affect our operations, our ability to make acquisitions and our ability to pay cash distributions.

Disruptions in the capital and credit markets could limit our ability to access these markets or significantly increase our cost to borrow. Some lenders may increase interest rates, enact tighter lending standards, refuse to refinance existing debt at maturity on favorable terms or at all and may reduce or cease to provide funding to borrowers. If we are unable to access the capital markets on favorable terms, our ability to make acquisitions and pay cash distributions could be affected.

We are exposed to credit risk in the ordinary course of our business activities.

We are exposed to risks of loss in the event of nonperformance by our customers, vendors, lenders in our Credit Agreement and counterparties to our hedging arrangements. Some of our customers, vendors, lenders and counterparties may be highly leveraged and subject to their own operating and regulatory risks. Despite our credit review and analysis, we may experience financial losses in our dealings with these and other parties with whom we enter into transactions as a normal part of our business activities. Any nonpayment or nonperformance by our customers, vendors, lenders or counterparties could have a material adverse impact on our business, financial condition, results of operations or cash flows.

Our business could be negatively impacted by inflation in the cost of labor, services and materials.

While inflation in the United States has been relatively low in recent years, the U.S. economy is currently experiencing significant inflation. The Federal Reserve continues to raise its benchmark interest rate in response to inflation and the rate is at a historic high that the United States has not experienced since October 2007. Rising inflation has resulted in increased costs for the labor, services and materials we rely upon, including energy rates and prices for chemicals, additives and fuels. A sustained increase in inflation may continue to increase these costs. Our efforts to recover inflation-based cost increases from our customers may be delayed or capped as a result of our contracts as well as the competitive industry and economic conditions in which we operate. The rate and scope of these various inflationary factors may continue to increase our operating costs and capital expenditures materially and may have a material adverse impact on our on our costs, profitability and financial results.

Risks Related to Our Cash Distributions

You will not receive cash distributions on your common units until we are able to redeem 100% of the outstanding Class C Preferred Units, as a result, you are unlikely to receive cash distributions on your common units for the foreseeable future.

Our partnership agreement prohibits us from declaring or making any distributions, redemptions or repurchases in respect of any junior securities or any parity securities until the first quarter in which no Class C Preferred Units remain outstanding. This means that you will not receive any cash distributions on your common units until such time as we are able to redeem all of the outstanding Class C Preferred Units. We currently have the right to redeem 100% of the outstanding Class C Preferred Units for cash at the greater of the current market price or the liquidation preference for the Class C Preferred Units. As of March 24, 2023, the liquidation preference for the Class C Preferred Units was approximately $440.0 million. Our total revenues for the year ended December 31, 2022 were approximately $36.1 million. As a result, you are unlikely to receive cash distributions on your common units for the foreseeable future.

Our Credit Agreement restricts us from paying any distributions on our outstanding common units.

We do not have the ability to pay distributions to our common unitholders under our Credit Agreement other than in certain limited circumstances set forth in the Credit Agreement.

You may continue to experience substantial dilution.

On November 16, 2020, we entered into the Stonepeak Letter Agreement wherein we agreed with Stonepeak Catarina that the distribution on their Class C Preferred Units for the three months ended September 30, 2020 would be paid in common units instead of Class C Preferred PIK Units, cash or a combination thereof. The Stonepeak Letter Agreement also provides Stonepeak Catarina with the ability to elect to receive distributions on the Class C Preferred Units in common units for any quarter following the third quarter of 2020 by providing written notice to us no later than the last day of the calendar month following the end of such quarter. The transactions under the Stonepeak Letter Agreement were approved by the conflicts committee of the Board. We have issued a total of 171,438,187 common units to Stonepeak Catarina pursuant to the Stonepeak Letter Agreement and Stonepeak Catarina may continue to elect to receive future distributions on its Class C Preferred Units in common units. Additionally, in order to fulfill our funding and reimbursement obligations in connection with the Levo JV and the HOBO Transaction, we may issue additional common units, which will result in current common unitholders experiencing dilution. As a result of the foregoing, common unitholders have experienced, and may experience substantial future dilution.

If we do not complete expansion projects or make and integrate acquisitions, our future growth may be limited.

Our ability to enhance our financial position depends, in part, on our ability to complete expansion projects and make acquisitions that result in an increase in cash generated. We may be unable to complete successful, accretive expansion projects or acquisitions for any of the following reasons:

- we are outbid by competitors for potential acquisition candidates;
- we are unable to identify attractive expansion projects or acquisition candidates;
- we are unable to obtain necessary rights-of-way or governmental approvals, including from regulatory agencies;
- we are unable to successfully integrate the businesses that we develop or acquire;
- we are unable to obtain financing for such expansion projects or acquisitions on economically acceptable terms, or at all;
- we do not make accurate assumptions about potential volumes, reserves, revenues and costs, including synergies and growth; or
- we are unable to secure adequate customer commitments to use the newly developed or acquired facilities.

Inadequate insurance could have a material adverse impact on our business, financial condition and results of operations.

We ordinarily maintain insurance against certain losses and liabilities arising from our operations; however, insurance against all operational risks is not available to us and we may elect not to obtain insurance if we believe that the cost of available insurance is excessive relative to the perceived risks presented. Losses could therefore occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Additionally, our insurance program may include a number of insurance carriers. Significant disruptions in financial markets could lead to a deterioration in the financial condition of many financial institutions, including insurance companies; therefore, we may not be able to obtain the full amount of our insurance coverage for insured events. The occurrence of an event that is not fully covered by insurance could have a material adverse impact on our business, financial condition and results of operations.

Risks Related to Regulatory Compliance

Potential regulatory actions could increase our operating or capital costs and delay our operations or otherwise alter the way we conduct our business.

Our business activities are subject to extensive federal, state, and local regulations. Changes to existing regulations or new regulations may unfavorably impact us, our suppliers or our customers. In the United States, legislation that directly impacts the oil and natural gas industry has been proposed covering areas such as emission reporting and reductions, and the repeal of certain oil and natural gas tax incentives and tax deductions. The EPA has also ruled that carbon dioxide, methane and other greenhouse gases endanger human health and the environment. This allows the EPA to adopt and implement regulations restricting greenhouse gases under existing provisions of the federal Clean Air Act. These and other potential regulations could increase our costs, reduce our liquidity, delay our operations or otherwise alter the way that we conduct our business, negatively impacting our financial condition, results of operations and cash flows.

We are subject to federal, state, and local laws and regulations as interpreted and enforced by governmental authorities possessing jurisdiction over various aspects of the production and transportation of oil and natural gas. The possibility exists that any new laws, regulations or enforcement policies could be more stringent than existing laws and could significantly increase our compliance costs.

Our failure to obtain or maintain necessary permits could adversely affect our operations.

Our operations are subject to complex and stringent laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. Failure or delay in obtaining regulatory approvals or leases could have a material adverse effect on our ability to develop our properties. In addition, regulations regarding conservation practices and the protection of correlative rights affect our operations by limiting the quantity of oil and natural gas we may produce and sell.

Increased regulation of hydraulic fracturing could result in reductions or delays in the production of natural gas, NGLs and oil by Mesquite, which could reduce the throughput on our facilities and adversely impact our revenues.

A substantial portion of Mesquite's production of natural gas, NGLs and oil is being developed from unconventional sources, such as shale formations. These reservoirs require hydraulic fracturing completion processes to release the liquids and natural gas from the rock so it can flow through casing to the surface. Hydraulic fracturing is a well stimulation process that utilizes large volumes of water and sand (or other proppant) combined with fracturing chemical additives that are pumped at high pressure to crack open previously impenetrable rock to release hydrocarbons. Hydraulic fracturing is typically regulated by state oil and gas commissions and similar agencies. Various studies are currently underway by the EPA and other federal and state agencies concerning the potential environmental impacts of hydraulic fracturing activities. For example, the EPA issued an advanced notice of proposed rulemaking under the Toxic Substances Control Act in 2014 requesting comments related to disclosures for hydraulic fracturing chemicals. At the same time, certain environmental groups have suggested that additional laws may be needed to more closely and uniformly regulate the hydraulic fracturing process, and legislation has been proposed by some members of the U.S. Congress to provide for such regulation. We cannot predict whether any such legislation will ever be enacted and if so, what its provisions would be. Additionally, President Biden has declared that he would support federal government efforts to limit or prohibit hydraulic fracturing. These declarations include threats to take actions banning hydraulic fracturing of crude oil and natural gas wells and banning new leases for production of minerals on federal properties, including onshore lands and offshore waters. We cannot predict whether additional levels of regulations and permits will be required through the adoption of new laws and regulations at the federal or state level, and if so, what the provisions would be. If additional levels of regulation and permits were to be implemented through the adoption of new laws and regulations at the federal or state level, that could lead to delays and process prohibitions that could reduce the volumes of liquids and natural gas that move through our facilities, which in turn could materially adversely affect our revenues and results of operations.

We may incur significant liability under, or costs and expenditures to comply with, environmental and worker health and safety regulations, which are complex and subject to frequent change.

As an owner, lessee or operator of gathering pipelines and compressor stations, we are subject to various stringent federal, state and local laws and regulations relating to the discharge of materials into, and protection of, the environment. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly response actions. These laws and regulations may impose numerous obligations that are applicable to our and our customer's operations, including the acquisition of permits to conduct regulated activities, the incurrence of capital or operating expenditures to limit or prevent releases of materials from our or our customers' operations, the imposition of specific standards addressing worker protection, and the imposition of substantial liabilities and remedial obligations for pollution or contamination resulting from our and our customer's operations. Failure to comply with these laws, regulations and permits may result in joint and several, strict liability and the assessment of administrative, civil and criminal penalties, the imposition of remedial obligations, and the issuance of injunctions limiting or preventing some or all of our operations. Private parties, including the owners of the properties through which our facilities pass and facilities where wastes resulting from our operations are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for non-compliance, with environmental laws and regulations or for personal injury or property damage. We may not be able to recover all or any of these costs from insurance, the operators of our facilities and properties or other third parties. In addition, we may experience a delay in obtaining or be unable to obtain required permits, which may interrupt our operations and limit our growth and revenues, which in turn could affect our profitability. There is no assurance that changes in or additions to public policy regarding the protection of the environment will not have a significant impact on our operations and profitability.

The operation of our facilities also poses risks of environmental liability due to leakage, migration, releases or spills from our facilities to surface or subsurface soils, surface water or groundwater. Certain environmental laws impose strict as well as joint and several liability for costs required to remediate and restore sites where hazardous substances, hydrocarbons, or solid wastes have been stored or released. We may be required to remediate contaminated properties currently or formerly operated by us or facilities of third parties that received waste generated by our operations regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property, including natural resources, may result from the environmental, health and safety impacts of our operations. Moreover, public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the oil and natural gas industry could continue, resulting in increased costs of doing business and consequently affecting profitability.

We may incur significant costs and liabilities as a result of increasing stringency of pipeline safety regulatory requirements.

PHMSA regularly revises its pipeline safety regulations and has published advanced notices of proposed rulemakings and notices of proposed rulemaking to solicit comments on potential changes to its natural gas and liquid pipeline safety regulations. As an example of this rulemaking activity, in November 2021, PHMSA issued a final rule that extended reporting requirements to gas gathering operators and applied a set of minimum pipeline safety requirements to certain onshore gas gathering pipelines with large diameters and high operating pressures. The rule requires all onshore gas gathering pipeline operators to comply with PHMSA's incident and annual reporting requirements. It also extends certain existing pipeline safety requirements to a new category of gas gathering pipelines, "Type C" lines, which generally include high-pressure pipelines located in Class 1 areas that are larger than 8.625 inches in outside diameter. Safety requirements applicable to Type C lines vary based on pipeline diameter and potential failure consequences. The final rule went into effect in May 2022 and operators were required to comply with many of the applicable safety requirements by November 2022, although in July 2022 PHMSA announced its intent to exercise limited enforcement discretion until May 17, 2024, for operators of existing Type C gathering pipelines with outer diameter greater than or equal to 8.625" but less than or equal to 12.75" for violations of certain safety requirements established in the November 2021 final rule.

Subsequently, in August 2022, PHMSA issued an additional pipeline safety rule applicable to onshore natural gas transmission pipelines, which updated and bolstered gas transmission pipeline corrosion control requirements, adjusted the repair criteria for pipelines in HCAs, created new criteria for pipelines in non-HCAs, and strengthened integrity management assessment requirements, among other items.

These and other pipeline safety regulatory changes could require us to pursue additional capital projects or conduct integrity or maintenance programs on an accelerated basis and incur increased operating costs that could have a material adverse effect on our business, including cash flows and costs of transportation services.

Please read "Part I, Item 1. Business—Governmental Regulation—Pipeline Safety Regulation" for more information.

Because we handle oil, natural gas and other petroleum products in our business, we may incur significant costs and liabilities in the future resulting from a failure to comply with new or existing environmental regulations.

The operations of our gathering systems, processing facilities, pipelines and other facilities are subject to stringent and complex federal, state and local environmental laws and regulations. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements and the issuance of orders enjoining future operations. There is an inherent risk that we may incur environmental costs and liabilities due to the nature of our business and the substances we handle. Certain environmental statutes, including RCRA, CERCLA and analogous state laws and regulations, impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances have been disposed of or otherwise released. In addition, an accidental release from one of our facilities could subject us to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury and property damage and fines or penalties for related violations of environmental laws or regulations.

Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase our compliance costs and the cost of any remediation that may become necessary, and these costs may not be recoverable from insurance.

Risks Inherent in an Investment in Our Common Units

In a liquidation, the preferential rights of the holder of our Class C Preferred Units could result in common unitholders losing their entire investment.

Pursuant to the partnership agreement, if an event giving rise to the liquidation of Evolve occurs prior to all of the Class C Preferred Units being redeemed, then the Class C Preferred Units preferential rights require that the capital account for any holder of any Class C Preferred Units is first allocated items of income, gain, loss and deduction until each such holder's capital account in respect of each Class C Preferred Unit is equal to 100% of the liquidation preference with respect to such Class C Preferred Unit. Such liquidation preference is equal to $11.29 plus all accrued and unpaid distributions and was equal to approximately $440.0 million as of March 24, 2023. As a result, if a liquidation of Evolve were to occur, the holders of Class C Preferred Units would have to receive approximately $440.0 million prior to common unitholders receiving anything. The consolidated balance sheets of Evolve and its subsidiaries included herein disclose total assets of approximately $231.7 million, over $200 million less than the current liquidation preference for with the Class C Preferred Units. As a result, based upon the financial information included herein, if a liquidation of Evolve were to occur, the common units would have zero equity value and common unitholders would lose their entire investment.

We are currently not in compliance with the NYSE American listing standards. If our common units are delisted, it could result in even further reductions in the trading price and liquidity of our common units, which could materially adversely affect our ability to raise capital or pursue strategic transactions on acceptable terms, or at all.

Our common units are currently listed on the NYSE American. Continued listing of a security on the NYSE American is conditioned upon compliance with various continued listing standards. On December 6, 2022, we received notice (the "12.6.22 Notice") from the NYSE American stating that we were below compliance with certain of the continued listing standards as set forth in Part 10 of the NYSE American Company Guide (the "Company Guide"). The 12.6.22 Notice stated that we are below compliance with Sections 1003(a)(i) and (ii) of the Company Guide, which requires that we have partners' equity of $2.0 million or more if we have reported losses from continuing operations and/or net losses in two of our three most recent fiscal years ended December 31, 2021, and partners' equity of $4.0 million or more if we have reported losses from continuing operations and/or net losses in three of our four most recent fiscal years ended December 31, 2021, respectively. Additionally, on December 27, 2022, we received notice (the "12.27.22 Notice" and together with the 12.6.22 Notice, the "NYSE Notices") from the NYSE American that we are not in compliance with the continued listing standards set forth in Section 1003(f)(v) of the Company Guide because our common units have been selling for a substantial period of time at a low price per common unit, which the NYSE American determined to be a 30-trading-day average of less than $0.20 per common unit.

On January 5, 2023, we submitted a compliance plan to the NYSE American addressing how we intend to regain compliance with the continued listing standards set forth in (i) Section 1003(f)(v) of the Company Guide by June 27, 2023, and (ii) Sections 1003(a)(i) and 1003(a)(ii) of the Company Guide by June 6, 2024. Following discussions with the staff of the NYSE American and subsequent updates to our compliance plan, we received a letter from the NYSE American on February 21, 2023 stating that our compliance plan has been accepted and that we have been granted a targeted completion date of June 6, 2024 to implement our plan and regain compliance (the "Plan Period").

By the end of the Plan Period, we must either be in compliance or must have made progress that is consistent with the plan during the plan period. Failure to meet the requirements to regain compliance could result in the initiation of delisting proceedings.

We remain subject to the 12.27.22 Notice. Pursuant to Section 1003(f)(v) of the Company Guide, our continued listing is predicated on effecting a reverse split of our common units or otherwise demonstrating sustained price improvement within a reasonable period of time, which the staff of the NYSE American determined to be no later than June 27, 2023.

The NYSE Notices do not affect our business operations or our reporting obligations under the rules and regulations of the SEC, nor do the NYSE Notices conflict with or cause an event of default under any of our material agreements. Our common units will continue to be listed on the NYSE American while we attempt to regain compliance with the listing standards noted above by the targeted completion dates, subject to our compliance with other continued listing requirements of the NYSE American.

If we cannot meet the NYSE American continued listing requirements by the end of the Plan Period, or if the NYSE American is not otherwise satisfied with our progress as of the end of the Plan Period, the NYSE American may delist our common units resulting in our common units trading in the less liquid over-the-counter market, which could have an adverse effect on us and the liquidity and market price of our common units. The delisting of our common units from the NYSE American could result in even further reductions in the trading price of our common units, substantially limit the liquidity of our common units, and materially adversely affect our ability to raise capital or pursue strategic restructuring, refinancing or other transactions on acceptable terms, or at all. Delisting from the NYSE American could also have other negative results, including the potential loss of confidence by vendors and employees, the loss of institutional investor interest and fewer business development opportunities. Our management is considering alternatives to ensure continued compliance with the NYSE American listing standards, but there is no assurance that we will continue to maintain compliance with the NYSE American continued listing standards.

The market price of our common units has been extremely volatile and may continue to be volatile due to numerous circumstances beyond our control.

The market price of our common units has fluctuated, and may continue to fluctuate, widely, due to various factors, many of which are beyond our control. These factors include, without limitation:

- comments by securities analysts or other third parties, including blogs, articles, message boards and social and other media;
- actual or anticipated fluctuations in our financial and operating results;
- provisions in our Amended Credit Agreement which currently prohibit us from paying distributions to our common unitholders other than in certain limited circumstances set forth in our Amended Credit Agreement;
- announcements by us or our competitors of significant contracts or acquisitions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic conditions, including interest rates and governmental policies impacting interest rates;
- future sales of our common units; and
- other factors described in the documents incorporated by reference herein.

Stock markets in general and our common unit price in particular have recently experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the companies impacted, including us. For example, during the year ended December 31, 2022, our common units have closed at a high of $0.96 per common unit and a low of $0.12 per common unit. In addition, during that same period, daily trading volume ranged from approximately 51,200 to 21,503,000 common units. These broad market fluctuations may adversely affect the trading price of our common units, which may limit or prevent investors from readily selling their common units and may otherwise negatively affect the liquidity of our common units.

Certain events may result in our general partner exercising its limited call right, which may require common unitholders to sell their common units at an undesirable time or price.

As of March 24, 2023, Stonepeak owns (i) 200,202,635 common units, representing approximately 78.5% of our total 254,893,417 outstanding common units (the common unit amounts include 23,861,365 common units Stonepeak Catarina has the right to acquire upon exercise of the Stonepeak Warrant), (ii) all of our issued and outstanding Class C Preferred Units, (iii) the Stonepeak Warrant, which entitles Stonepeak Catarina to receive junior securities of the Partnership (including common units) representing 10% of all junior securities deemed outstanding when exercised, (iv) the non-economic general partner interest in the Partnership and (v) all of our incentive distribution rights. Stonepeak Catarina also owns 100% of the issued and outstanding equity interests in SP Holdings, which is the sole member of our general partner.

On November 16, 2020, we entered into the Stonepeak Letter Agreement, which, among other things, provides that Stonepeak Catarina will be able to elect to receive distributions on the Class C Preferred Units in common units for any quarter following the third quarter of 2020 by providing written notice to the Partnership no later than the last day of the calendar month following the end of such quarter. There is no restriction in our partnership agreement that prevents our general partner from causing us to issue additional common units and we have issued a total of 171,438,187 common units to Stonepeak Catarina pursuant to the Stonepeak Letter Agreement as of the date of this Form 10-K

Pursuant to Section 15.1 of our partnership agreement, if at any time Stonepeak holds more than 80% of our outstanding common units and transfers all of the common units held by it to our general partner or a controlled affiliate of our general partner, Stonepeak will be able, via its limited call right, to cause our general partner or a controlled affiliate of our general partner to exercise its right to acquire all, but not less than all, of our common units held by persons other than our general partner and its controlled affiliates. During the period from December 28, 2022 to March 15, 2023, Stonepeak held more than 80% of our outstanding common units. As of the date of this Form 10-K Stonepeak holds approximately 76.3% of our common units. If Stonepeak holds more than 80% of our common units at any point following the date of this Form 10-K, Stonepeak will be able to cause our general partner to exercise the limited call right at any time after Stonepeak completes the Stonepeak LCR Transfer by causing our general partner to exercise its limited call right at a price equal to the greater of (1) the average of the daily closing price of our common units over the 20 trading days preceding the date three days before notice of exercise of our general partner's limited call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its controlled affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, common unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Common unitholders may also incur tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of common units to be repurchased upon exercise of its limited call right. If our general partner exercises its limited call right, the effect would be to take the Partnership private and, if the common units are subsequently deregistered, the Partnership will no longer be subject to the reporting requirements of the Exchange Act.

Stonepeak Catarina and its affiliates, including our general partner, will have conflicts of interest with us. They will not owe any fiduciary duties to us or our common unitholders, but instead will owe us and our common unitholders limited contractual duties, and they may favor their own interests to the detriment of us and our other common unitholders.

Stonepeak Catarina, through its ownership of SP Holdings, owns and controls our general partner and, through the Representation and Standstill Agreement (as defined in "Part III, Item 10. Directors, Executive Officers and Corporate Governance") and its ownership of SP Holdings, has the power to appoint all of the directors of our general partner. Although our general partner has a duty to manage us in a manner that is not adverse to us and our unitholders, the directors and officers of our general partner have a fiduciary duty to manage our general partner in a manner that is beneficial to SP Holdings and its affiliates, including Stonepeak Catarina. Conflicts of interest will arise between Stonepeak Catarina and its affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of Stonepeak over our interests and the interests of our unitholders. These conflicts include the following situations, among others:

- Neither our partnership agreement nor any other agreement requires Stonepeak to pursue a business strategy that favors us or utilizes our assets. The directors and officers of SP Holdings and its affiliates, including Stonepeak Catarina, have a fiduciary duty to make these decisions in the best interests of the members of SP Holdings and its affiliates, which may be contrary to our interests. Stonepeak may choose to shift the focus of its investment and growth to areas not served by our assets.

- Our general partner is allowed to take into account the interests of parties other than us, such as Stonepeak Catarina and SP Holdings, in resolving conflicts of interest.

- SP Holdings and its affiliates, including Stonepeak Catarina, may be constrained by the terms of their respective debt instruments from taking actions, or refraining from taking actions, that may be in our best interests.

- Our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limit our general partner's liabilities and restrict the remedies available to our unitholders for actions that, without such limitations, might constitute breaches of fiduciary duty.

- Except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval.
- Disputes may arise under our commercial agreements with SP Holdings and its affiliates, including Stonepeak Catarina.
- Our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership units and the creation, reduction or increase of cash reserves, each of which can affect the amount of cash available for distribution.
- Our general partner determines the amount and timing of any capital expenditures and whether a capital expenditure is classified as a maintenance capital expenditure, which will reduce operating surplus, or an expansion or investment capital expenditure, which will not reduce operating surplus. This determination can affect the amount of cash that is distributed.
- Our general partner determines which costs incurred by it are reimbursable by us, the amount of which is not limited by our partnership agreement.
- Our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions.
- Our partnership agreement permits us to classify up to $20.0 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions to SP Holdings as the holder of the incentive distribution rights.
- Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf.
- Our general partner intends to limit its liability regarding our contractual and other obligations.
- Our general partner and its controlled affiliates may exercise their right to call and purchase all of the common units not owned by them if they own more than 80% of our common units.
- Our general partner controls the enforcement of the obligations that it and its affiliates owe to us, including the obligations of SP Holdings and Stonepeak Catarina under their commercial agreements with us.
- Our general partner decides whether to retain separate counsel, accountants or others to perform services for us.
- Our general partner may elect to cause us to issue common units to SP Holdings in connection with a resetting of the target distribution levels related to our incentive distribution rights without the approval of the Conflicts Committee or our unitholders. This election may result in lower distributions to our common unitholders in certain situations.

Our general partner and its affiliates, including SP Holdings and Stonepeak Catarina, may not allocate corporate opportunities to us.

Pursuant to the terms of our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our general partner or any of its affiliates, including SP Holdings, its executive officers and directors and Stonepeak Catarina. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us does not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment of us and our common unitholders.

Stonepeak may sell common units in the public or private markets, and such sales could have an adverse impact on the trading price of the common units.

As of March 24, 2023, Stonepeak owns (i) 200,202,635 common units, representing approximately 78.5% of our total 254,893,417 outstanding common units (the common unit amounts include 23,861,365 common units Stonepeak Catarina has the right to acquire upon exercise of the Stonepeak Warrant), (ii) all of our issued and outstanding Class C Preferred Units, (iii) the Stonepeak Warrant, which entitles Stonepeak Catarina to receive junior securities of the Partnership (including common units) representing 10% of all junior securities deemed outstanding when exercised, (iv) the non-economic general partner interest in the Partnership and (v) all of our incentive distribution rights. Stonepeak also owns 100% of the issued and outstanding equity interests in SP Holdings, which is the sole member of our general partner. Additionally, we have agreed to provide Stonepeak Catarina with certain registration rights under applicable securities laws. Pursuant to such registration rights, on November 10, 2021, we filed a Registration Statement on Form S-1 to register 9,000,000 common units for resale by a subsidiary of Stonepeak Catarina, which was declared effective by the SEC on December 17, 2021. The sale of the common units owned by Stonepeak in the public or private markets could have an adverse impact on the price of the common units or on the trading market for our common units.

Our partnership agreement permits our general partner to redeem any partnership interests held by a limited partner who is an ineligible holder.

If our general partner, with the advice of counsel, determines that our not being treated as an association taxable as a corporation or otherwise taxable as an entity for U.S. federal income tax purposes, coupled with the tax status (or lack of proof thereof) of one or more of our limited partners, has, or is reasonably likely to have, a material adverse effect on the maximum applicable rates chargeable to customers by us or our subsidiaries, or we become subject to federal, state or local laws or regulations that create a substantial risk of cancellation or forfeiture of any property that we have an interest in because of the nationality, citizenship or other related status of any limited partner, our general partner may redeem the units held by the limited partner at their current market price. In order to avoid any material adverse effect on rates charged or cancellation or forfeiture of property, our general partner may require each limited partner to furnish information about their U.S. federal income tax status or nationality, citizenship or related status. If a limited partner fails to furnish information about their U.S. federal income tax status or nationality, citizenship or other related status after a request for the information or our general partner determines after receipt of the information that the limited partner is not an eligible holder, our general partner may elect to treat the limited partner as an ineligible holder. An ineligible holder assignee does not have the right to direct the voting of their units and may not receive distributions in kind upon our liquidation.

Our partnership agreement replaces our general partner's fiduciary duties to our common unitholders with contractual standards governing its duties.

Our partnership agreement contains provisions that eliminate the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty law and replace those duties with several different contractual standards. For example, our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, free of any duties to us and our unitholders other than the implied contractual covenant of good faith and fair dealing, which means that a court will fill gaps under the partnership agreement to enforce the reasonable expectations of the partners, but only where the language in the partnership agreement does not provide for a clear course of action. This provision entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate business opportunities among us and its other affiliates;
- whether to exercise its limited call right;
- whether to seek approval of the resolution of a conflict of interest by the Conflicts Committee; and
- whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement.

Our partnership agreement restricts the remedies available to our common unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

The effect of eliminating fiduciary standards in our partnership agreement is that the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law will be significantly restricted. For example, our partnership agreement provides that:

- whenever our general partner, the Board or any committee thereof (including the Conflicts Committee) makes a determination or takes, or declines to take, any other action in their respective capacities, our general partner, the Board and any committee thereof (including the Conflicts Committee), as applicable, is required to make such determination, or take or decline to take such other action, in good faith, and under our partnership agreement, a determination, other action or failure to act by our general partner and any committee thereof (including the Conflicts Committee) will be deemed to be in good faith unless the general partner, the Board or any committee thereof (including the Conflicts Committee) believed that such determination, other action or failure to act was adverse to the interests of the partnership or, with regard to certain determinations by the Board relating to the conflict transactions described below, the Board did not believe that the specified standards were met, and, except as specifically provided by our partnership agreement, neither our general partner, the Board nor any committee thereof (including the Conflicts Committee) will be subject to any other or different standard imposed by our partnership agreement, Delaware law, or any other law, rule or regulation, or at equity;

- our general partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as such decisions are made in good faith;

- our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers and directors, as the case may be, acted in bad faith or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and

- our general partner will not be in breach of its obligations under the partnership agreement (including any duties to us or our unitholders) if a transaction with an affiliate or the resolution of a conflict of interest is:

    - approved by the Conflicts Committee of the Board, although our general partner is not obligated to seek such approval;

    - approved by the vote of a majority of the outstanding common units, excluding any common units owned by our general partner and its affiliates;

    - determined by the Board to be on terms no less favorable to us than those generally being provided to or available from unrelated third parties; or

    - determined by the Board to be fair and reasonable to us, taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by our general partner or the Conflicts Committee must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the Conflicts Committee and the Board determine that the resolution or course of action taken with respect to the affiliate transaction or conflict of interest satisfies either of the standards set forth in the third and fourth sub-bullets above, then it will be presumed that, in making its decision, the Board acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership challenging such determination, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Furthermore, if any limited partner, our general partner or any person holding any beneficial interest in us brings any claims, suits, actions or proceedings (including, but not limited to, those asserting a claim of breach of a fiduciary duty) and such person does not obtain a judgment on the merits that substantially achieves, in substance and amount, the full remedy sought, then such limited partner, our general partner or person holding any beneficial interest in us shall be obligated to reimburse us and our Affiliates (as defined in Section 1.1 of our partnership agreement, including our general partner, the directors and officers of our general partner, and Stonepeak) for all fees, costs and expenses of every kind and description, including, but not limited to, all reasonable attorney's fees and other litigation expenses, that the parties may incur in connection with such claim, suit, action or proceeding.

Our partnership agreement includes exclusive forum, venue and jurisdiction provisions and limitations regarding claims, suits, actions or proceedings. By taking ownership of a common unit, a limited partner is irrevocably consenting to these provisions and limitations regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of Delaware courts.

Our partnership agreement is governed by Delaware law. Our partnership agreement includes exclusive forum, venue and jurisdiction provisions designating Delaware courts as the exclusive venue to the fullest extent permitted by applicable law for most claims, suits, actions and proceedings involving us or our officers, directors and employees and limitations regarding claims, suits, actions or proceedings. By taking ownership of a common unit, a limited partner is irrevocably consenting to these provisions and limitations regarding claims, suits, actions or proceedings and submitting to the exclusive jurisdiction of Delaware courts. If a dispute were to arise between a limited partner and us or our officers, directors or employees, the limited partner may be required to pursue its legal remedies in Delaware, which may be an inconvenient or distant location and which is considered to be a more corporate-friendly environment. Furthermore, if any limited partner, our general partner or person holding any beneficial interest in us brings any claims, suits, actions or proceedings (including, but not limited to, those asserting a claim of breach of a fiduciary duty) and such person does not obtain a judgment on the merits that substantially achieves, in substance and amount, the full remedy sought, then such limited partner, our general partner or person holding any beneficial interest in us shall be obligated to reimburse us and our Affiliates for all fees, costs and expenses of every kind and description, including, but not limited to, all reasonable attorneys' fees and other litigation expenses, that the parties may incur in connection with such claim, suit, action or proceeding. This provision may have the effect of increasing a unitholder's cost of asserting a claim and therefore, discourage lawsuits against us and our general partner's directors and officers. Because fee-shifting provisions such as these are relatively new developments in corporate and partnership law, the enforceability of such provisions are uncertain; in addition, future legislation could restrict or limit this provision of our partnership agreement and its effect of saving us and our Affiliates from fees, costs and expenses incurred in connection with claims, actions, suits or proceedings.

Holders of our common units will have limited voting rights and will not be entitled to elect our general partner or its directors.

Our common unitholders have limited voting rights on matters affecting our business and, therefore, limited ability to influence management's and our general partner's decisions regarding our business. Common unitholders will have no right on an annual or ongoing basis to elect our general partner or the Board. Rather, the Board will be appointed by Stonepeak Catarina through its ownership of SP Holding. Furthermore, if common unitholders are dissatisfied with the performance of our general partner, they will have little ability to remove our general partner. As a result of these limitations, the price at which our common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price. Our partnership agreement also contains provisions limiting the ability of common unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting our common unitholders' ability to influence the manner or direction of management.

Our partnership agreement restricts the voting rights of common unitholders owning 20% or more of our common units.

Common unitholders' voting rights are further restricted by a provision of our partnership agreement providing that any units held by a person that owns 20% or more of any class of units then outstanding, other than our general partner, its affiliates, Stonepeak Catarina, their transferees and persons who acquired such units with the prior approval of the Board, cannot vote on any matter.

Our general partner interest or the control of our general partner may be transferred to a third-party without unitholder consent.

Our general partner is able to transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of any assets it may own without the consent of our common unitholders. Furthermore, there is no restriction in the partnership agreement on the ability of SP Holdings to transfer its membership interest in our general partner to a third party. The new members of our general partner would then be in a position to replace the directors and officers of our general partner in order to control the decisions taken by the Board or such officers.

We are able to issue additional units without common unitholder approval, which would dilute unitholder interests.

Our partnership agreement does not limit the number of additional limited partner interests, including limited partner interests that rank senior to our common units that we may issue at any time without the approval of our common unitholders. The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our existing limited partners' proportionate ownership interest in us will decrease;
- the amount of cash available for distribution on each limited partnership interest may decrease;
- because the amount payable to holders of incentive distribution rights is based on a percentage of the total cash available for distribution, the distributions to holders of incentive distribution rights will increase even if the per unit distribution on common units remains the same;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding limited partner interest may be diminished; and
- the market price of our common units may decline.

Our general partner intends to limit its liability regarding our obligations.

Our general partner intends to limit its liability under contractual arrangements so that the counterparties to such arrangements have recourse only against our assets and not against our general partner or its assets. Our general partner may therefore cause us to incur indebtedness or other obligations that are nonrecourse to our general partner. Our partnership agreement permits our general partner to limit its liability, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our general partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders.

Your liability may not be limited if a court finds that unitholder action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law, and we conduct business in and outside of Delaware. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. You could be liable for any and all of our obligations as if you were a general partner if a court or government agency were to determine that:

- we were conducting business in a state but had not complied with that particular state's partnership statute; or
- your right to act with other unitholders to remove or replace our general partner, to approve some amendments to our partnership agreement or to take other actions under our partnership agreement constitute "control" of our business.

Unitholders may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act (the "Delaware Act"), we may not make a distribution to you if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Transferees of common units are liable both for the obligations of the transferor to make contributions to the partnership that were known to the transferee at the time of transfer and for those obligations that were unknown if the liabilities could have been determined from the partnership agreement. Neither liabilities to partners on account of their partnership interest nor liabilities that are non-recourse to the partnership are counted for purposes of determining whether a distribution is permitted.

The NYSE American does not require a publicly traded limited partnership like us to comply with certain of its corporate governance requirements.

Because we are a publicly traded limited partnership, the NYSE American does not require us to have a majority of independent directors on the Board or to establish a compensation committee or a nominating and corporate governance committee. Accordingly, unitholders will not have the same protections afforded to certain corporations that are subject to all of the NYSE American corporate governance requirements.

Tax Risks

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by states and localities. If the Internal Revenue Service ("IRS") were to treat us as a corporation for U.S. federal income tax purposes or if we were otherwise subject to a material amount of entity-level taxation, then our cash available for distribution would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on us being treated as a partnership for U.S. federal income tax purposes. Despite the fact that we are a limited partnership under Delaware law, we will be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based on our current operations, we believe that we satisfy the qualifying income requirement and will continue to be treated as a partnership for U.S. federal income tax purposes. Failure to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity. We have not requested, and do not plan to request, a ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on our taxable income at the corporate income tax rate, and we would also likely pay additional state and local income taxes at varying rates. Distributions to unitholders would generally be taxed again as corporate dividends (to the extent of our current and accumulated earnings and profits as determined for U.S. federal income tax purposes), and no income, gains, losses, deductions or credits recognized by us would flow through to the unitholders. Because a tax would be imposed on us as a corporation, our cash available for distribution to our unitholders would be reduced.

At the state level, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. Imposition of a material amount of any these taxes in the jurisdictions in which we own assets or conduct business could substantially reduce the cash available for distribution to our unitholders.

If we were treated as a corporation for U.S. federal income tax purposes or otherwise subjected to a material amount of entity-level taxation, there would be a material reduction cash flows and after-tax return to our unitholders likely causing a substantial reduction in the value of our common units.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for U.S. federal, state or local income tax purposes, the minimum quarterly distribution and the target distributions may be adjusted to reflect the impact of that law on us.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative or legislative changes or differing judicial interpretation at any time. For example, from time to time members of the U.S. Congress have proposed and considered substantive changes to the existing U.S. federal income tax laws that would affect publicly traded partnerships. In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. We believe the income that we treat as qualifying satisfies the requirements under current regulations. However, there can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department's interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a partnership for U.S. federal income tax purposes in the future.

We are unable to predict whether legislation or other tax-related proposals will ultimately be enacted. Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as a partnership for U.S. federal income tax purposes. Any such change could negatively impact the value of an investment in our common units.

Our common unitholders' share of our income will be taxable to them even if they do not receive any cash distributions from us. You will not receive cash distributions on your common units until we are able to redeem 100% of the outstanding Class C Preferred Units, as a result, you are unlikely to receive cash distributions on your common units for the foreseeable future.

Common unitholders are required to pay U.S. federal income and other taxes and, in some cases, state and local income taxes, on their share of our taxable income, whether or not they receive cash distributions from us. Our Credit Agreement and partnership agreement currently prohibit us from paying distributions to our common unitholders. As a result, for the foreseeable future our common unitholders will not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability due from them with respect to that income.

If the IRS contests the U.S. federal income tax positions we take, the market for our common units may be adversely impacted, and our cash available for distribution might be substantially reduced.

We have not requested a ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take, and a court may disagree with some or all of those positions. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, our costs of any contest with the IRS will result in a reduction in cash available for distribution and thus will be borne indirectly by our unitholders.

Pursuant to partnership audit rules applicable to us, if the IRS makes audit adjustments to our partnership tax returns, it may assess and collect any taxes (including any applicable penalties or interest) resulting from such audit adjustments directly from us. To the extent possible under these rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS in the year in which the audit is completed, or, if we are eligible, issue a revised information statement to each current and former unitholder with respect to an audited and adjusted partnership tax return. Although our general partner may elect to have our current and former unitholders take such audit adjustment into account and pay any resulting taxes (including applicable penalties or interest) in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. If we make payments of taxes and any penalties and interest directly to the IRS in the year in which the audit is completed, our cash available for distribution might be substantially reduced, in which case our current unitholders may bear some or all of the tax liability resulting from such audit adjustment even if the unitholders did not own units in us during the tax year under audit.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If a common unitholder sells common units, the unitholder will recognize gain or loss equal to the difference between the amount realized and its tax basis in those common units. Because distributions in excess of a unitholder's allocable share of our net taxable income decrease the unitholder's tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the common units a unitholder sells will, in effect, become taxable income to the unitholder if the unitholder sells such common units at a price greater than its tax basis in those common units, even if the price received is less than its original cost. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depreciation, depletion and intangible drilling cost recapture. In addition, because the amount realized may include a unitholder's share of our liabilities, a unitholder that sells common units may incur a tax liability in excess of the amount of cash received from the sale.

Unitholders may be subject to limitations on their ability to deduct interest expense we incur.

Our ability to deduct business interest expense is limited for U.S. federal income tax purposes to an amount equal to the sum of our business interest income and a specified percentage of our “adjusted taxable income” during the taxable year, computed without regard to any business interest income or expense. Business interest expense that we are not entitled to fully deduct will be allocated to each unitholder as excess business interest and can be carried forward by the unitholder to successive taxable years and used to offset any excess taxable income allocated by us to the unitholder. Any excess business interest expense allocated to a unitholder will reduce the unitholder’s tax basis in its partnership interest in the year of the allocation even if the expense does not give rise to a deduction to the unitholder in that year.

Tax-exempt entities face unique tax issues from owning common units that may result in adverse tax consequences to them.

Investment in common units by tax-exempt entities, including employee benefit plans and individual retirement accounts (known as IRAs), raises issues unique to them. For example, virtually all of our income allocated to organizations exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Tax-exempt entities with multiple unrelated trades or businesses cannot aggregate losses from one unrelated trade or business to offset income from another to reduce total unrelated business taxable income. As a result, it may not be possible for tax-exempt entities to utilize losses from an investment in us to offset unrelated business taxable income from another unrelated trade or business and vice versa. Tax-exempt entities should consult a tax advisor before investing in our common units.

Non-U.S. unitholders will be subject to U.S. federal income taxes and withholding with respect to income and gain from owning our common units.

Non-U.S. persons are generally taxed and subject to U.S. federal income tax filing requirements on income effectively connected with a U.S. trade or business. Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be “effectively connected” with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non-U.S. unitholder who sells or otherwise disposes of a common unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit.

Moreover, the transferee of an interest in a partnership that is engaged in a United States trade or business is generally required to withhold 10% of the “amount realized” by the transferor unless the transferor certifies that it is not a non-U.S. person. The U.S. Department of the Treasury and the IRS have issued final regulations providing guidance on the application of these rules for transfers of certain publicly traded partnership interests, including transfers of our common units. Under these regulations, the “amount realized” on a transfer of our common units will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and such broker will generally be responsible for the relevant withholding obligations. Distributions to non-U.S. unitholders may also be subject to additional withholding under these rules to the extent a portion of a distribution is attributable to an amount in excess of our cumulative net income that has not previously been distributed. Non-U.S. unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.

We treat each purchaser of our common units as having the same tax benefits without regard to the common units purchased. The IRS may challenge this treatment, which could adversely affect the value of our common units.

Because we cannot match transferors and transferees of common units, we have adopted depletion, depreciation and amortization positions that may not conform with all aspects of existing U.S. Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. A successful IRS challenge also could affect the timing of these tax benefits or the amount of gain on the sale of common units and could have a negative impact on the value of our common units or result in audits of and adjustments to our unitholders’ tax returns.

We prorate our items of income, gain, loss and deduction between transferors and transferees of common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the

date a particular common unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We prorate our items of income, gain, loss and deduction between transferors and transferees of common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. Although Treasury regulations allow publicly traded partnerships to use a similar monthly simplifying convention, these regulations do not specifically authorize all aspects of our proration method. If the IRS were to successfully challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose common units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of common units) may be considered as having disposed of those common units. If so, the unitholder would no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

Because a unitholder whose common units are loaned to a "short seller" to cover a short sale of common units may be considered as having disposed of the loaned common units, the unitholder may no longer be treated for U.S. federal income tax purposes as a partner with respect to those common units during the period of the loan to the short seller, and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult with their tax advisor about whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from loaning their common units.

We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we routinely determine the fair market value of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates ourselves using a methodology based on the market value of our common units as a means to determine the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the timing, character or amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

As a result of investing in our common units, our unitholders may become subject to state and local taxes and return filing requirements in jurisdictions where we operate or own or acquire properties.

In addition to U.S. federal income taxes, our unitholders will likely be subject to other taxes, including state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future, even if they do not reside in any of those jurisdictions. Our unitholders will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Furthermore, our unitholders may be subject to penalties for failure to comply with those requirements. It is the responsibility of each unitholder to file all U.S. federal, state and local tax returns that may be required of such unitholder.

Other Risks

The impact of the Russian invasion of Ukraine on the global economy, energy supplies and raw materials is uncertain, but may prove to negatively impact our business and operations.

The short and long-term implications of Russia's invasion of Ukraine are difficult to predict at this time. We continue to monitor any adverse impact that the outbreak of war in Ukraine and the subsequent institution of sanctions against Russia by the United States and several European and Asian countries may have on the global economy in general, on our business and operations and on the businesses and operations of our suppliers and customers. For example, a prolonged conflict may result in increased inflation, escalating energy prices and constrained availability, and thus increasing costs, of raw materials. To the extent the war in Ukraine may adversely affect our business, it may also have the effect of heightening many of the other risks described in our risk factors, such as those relating to data security, supply chain, volatility in prices of inputs, and market conditions, any of which could negatively affect our business and financial condition.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

A description of our properties is included in "Part I, Item 1. Business," and is incorporated herein by reference.

The obligations under our Credit Agreement are secured by mortgages on substantially all of our assets. See "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Credit Agreement," in this Form 10-K for additional information concerning our Credit Agreement.

Item 3. Legal Proceedings

From time to time we may be the subject of lawsuits and claims arising in the ordinary course of business. Management cannot predict the ultimate outcome of such lawsuits or claims. Management does not currently expect the outcome of any of the known claims or proceedings to individually or in the aggregate have a material adverse effect on our results of operations or financial condition.

On May 27, 2022, in order to resolve the various claims, defenses, causes of action, and other disputes between and among SN Catarina, Catarina Midstream, Mesquite, the Partnership, the general partner, SP Holdings, and SN Operating LLC ("SN Operating," collectively, with SN Catarina, Catarina Midstream, Mesquite, the Partnership, the general partner, and SP Holdings, the "Settlement Parties"), including the Catarina Arbitration and the Mesquite Adversary, the Settlement Parties entered into the 2022 Settlement Agreement.

In the 2022 Settlement Agreement, the Settlement Parties agreed, among other things, to the following actions and agreements effective as of May 27, 2022: (i) to promptly and diligently seek a stay of all deadlines and proceedings in both the Catarina Arbitration and the Mesquite Adversary, in each case, pending the effectiveness of releases to be executed by each Settlement Party and delivered to each other Settlement Party within five (5) days after the Effective Date (as defined below), such releases including customary releases providing for, among other things, the release of any and all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, contracts, damages, judgments, claims, and demands whatsoever, in law or equity, known or unknown, asserted or unasserted, including, but not limited to claims that were or could have been asserted through May 27, 2022, in each case with respect to the accounts receivable attributable to the Tariff Short-Pay or otherwise in connection with the Catarina Arbitration or the Mesquite Adversary (the "Releases"), (ii) that the Tolling Period (as defined in the 2022 Settlement Agreement) shall not be included in computing any statute of limitations or statute of repose for any claim or cause of action subject to the Releases (the "Tolled Claims"), nor will the Tolling Period be considered in support of other listed defenses in the 2022 Settlement Agreement, including lawsuits or actions involving Tolled Claims, and (iii) concurrently with the execution of the 2022 Settlement Agreement, SN Catarina and SN Operating filed with the Bankruptcy Court a motion pursuant to Rule 9019 of the Bankruptcy Rules (the "9019 Motion") seeking the approval (the "Approval Order") of the 2022 Settlement Agreement on an expedited basis.

The 9019 Motion was filed with the Bankruptcy Court on May 27, 2022, the Partnership announced the Bankruptcy Court's granting of the 9019 Motion and issuance of the Approval Order on June 7, 2022, and the Approval Order became final and non-appealable on June 21, 2022.

For more information, please read "Part I, Item 1. Business."

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Unitholder Matters and Issuer Purchases of Equity Securities

Our common units are listed on the NYSE American under the symbol "SNMP."

Holders

The number of unitholders of record of our common units was approximately 33 on March 24, 2023, which does not include beneficial owners whose shares are held by a clearing agency, such as a broker or a bank.

Distributions

Rationale for Our Cash Distribution Policy

Our partnership agreement requires us to distribute all of our available cash quarterly. Our cash distribution policy reflects a fundamental judgment that our unitholders generally will be better served by our distributing rather than retaining our available cash. However, other than the requirement in our partnership agreement to distribute all of our available cash each quarter, we have no legal obligation to make quarterly cash distributions in any amount, and our general partner has considerable discretion to determine the amount of our available cash each quarter. Our partnership agreement generally defines "available cash" as cash on hand at the end of a quarter after the payment of expenses, less the amount of cash reserves established by our general partner to provide for the conduct of our business and to comply with applicable law, any of our debt instruments or other agreements or to provide for future distributions to our unitholders for any one or more of the next four quarters. Our available cash may also include, if our general partner so determines, all or any portion of the cash on hand immediately prior to the date of distribution of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter. Because we are not subject to an entity-level federal income tax, we expect to have more cash to distribute to our unitholders than would be the case if we were subject to entity-level federal income tax. If we do not generate sufficient available cash from our operations, we may, but are under no obligation to, borrow funds to pay distributions to our unitholders.

Limitations on Cash Distributions and Our Ability to Change Our Cash Distribution Policy

There is no guarantee that we will make quarterly cash distributions to our unitholders. We do not have a legal or contractual obligation to pay quarterly distributions or any other distributions except as provided in our partnership agreement. Our cash distribution policy may be changed at any time and is subject to certain restrictions and uncertainties, including the following:

- Until the first quarter in which no Class C Preferred Units remain outstanding, we are not permitted to declare or make any distributions in respect to our common units.

- Our cash distribution policy is subject to restrictions on distributions under our Credit Agreement, which contains financial tests that we must meet and covenants that we must satisfy. Should we be unable to meet these financial tests or satisfy these covenants or if we are otherwise in default under our Credit Agreement, we will be prohibited from making cash distributions notwithstanding our cash distribution policy.

- Our general partner has the authority to establish cash reserves for the prudent conduct of our business and for future cash distributions to our unitholders, and the establishment of or increase in those reserves could result in a reduction in cash distributions from levels we currently anticipate pursuant to our stated cash distribution policy. Our partnership agreement does not set a limit on the amount of cash reserves that our general partner may establish. Any decision to establish cash reserves made by our general partner in good faith will be binding on our unitholders.

- Prior to making any distribution on our common units, and pursuant to the Shared Services Agreement, we will pay SP Holdings an administrative fee and reimburse our general partner and its affiliates, including SP Holdings, for all direct and indirect expenses that they incur on our behalf. Neither our partnership agreement nor the Shared Services Agreement limits the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses may include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine in good faith the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any, to our general partner and its affiliates may impact our ability to pay distributions to our unitholders.

- While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including the provisions requiring us to make cash distributions contained therein, may be amended with the consent of our general partner and the approval of a majority of the outstanding common units (including common units held by Mesquite and its affiliates, if any).

- Even if our cash distribution policy is not modified or revoked, the decisions regarding the amount of distributions to pay under our cash distribution policy and whether to pay any distribution are determined by our general partner, taking into consideration the terms of our partnership agreement.

- Under Section 17-607 of the Delaware Act, we may not make a distribution if the distribution would cause our liabilities to exceed the fair value of our assets.

- We may lack sufficient cash to pay distributions to our unitholders due to a shortfall in cash flows attributable to a number of operational, commercial or other factors as well as increases in our operating or general and administrative expenses, principal and interest payments on our outstanding debt, tax expenses, working capital requirements or anticipated cash needs.

- If we make distributions out of capital surplus, as opposed to operating surplus, any such distributions would constitute a return of capital and would result in a reduction in the minimum quarterly distribution and the target distribution levels. We do not anticipate that we will make any distributions from capital surplus.

- Our ability to make distributions to our unitholders depends on the performance of our assets and subsidiaries and the ability of our subsidiaries to distribute cash to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, the provisions of future indebtedness, applicable state laws and other laws and regulations.

General Partner Interest

Our general partner owns a non-economic general partner interest in us, which does not entitle it to receive cash distributions. However, our general partner may in the future own common units or other equity interests in us and will be entitled to receive distributions on any such interests.

Incentive Distribution Rights

All of the incentive distribution rights are held by SP Holdings. Incentive distribution rights represent the right to receive increasing percentages (13%, 23% and 35.5%) of quarterly distributions from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. For any quarter in which we have distributed cash from operating surplus to our common unitholders in an amount equal to the minimum distribution and distributed cash from surplus to the outstanding common units to eliminate any cumulative arrearages in payment of the minimum quarterly distribution, then we will distribute any additional cash from operating surplus for that quarter among the unitholders and the incentive distribution rights holders in the following manner:

		Marginal Percentage Interest in Distributions	
	Total Quarterly Distribution Per Common Unit	Common Unitholders	Manager (as Holder of Incentive Distribution Rights)
Minimum Quarterly Distribution	up to $0.50	100.00 %	0.00 %
First Target Distribution	above $0.50 up to $0.575	100.00 %	0.00 %
Second Target Distribution	above $0.575 up to $0.625	87.00 %	13.00 %
Third Target Distribution	above $0.625 up to $0.875	77.00 %	23.00 %
Thereafter	above $0.875	64.50 %	35.50 %

Securities Authorized for Issuance Under Equity Compensation Plans

See “Part III, Item 12. Security Ownership of Certain Benefits Owners and Management and Related Stockholder Matters” for information regarding our equity compensation plan as of December 31, 2022.

Recent Sales of Unregistered Securities

As previously announced, on December 28, 2022, pursuant to the terms of the Stonepeak Letter Agreement, we issued 27,442,638 common units to Stonepeak Catarina in response to Stonepeak Catarina’s election to receive distributions on the Class C Preferred Units for the quarter ended September 30, 2022 in common units. The issuance of these common units was exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof as a transaction by an issuer not involve public offering.

Purchases of Equity Securities by Us and our Affiliates

No common units were repurchased by us during the fourth-quarter 2022.

Default Upon Senior Securities

There were no defaults on senior securities for the years ended December 31, 2022 or 2021.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements and the summary of significant accounting policies and notes included in this Form 10-K. The following discussion contains "forward-looking statements" that reflect our future plans, estimates, forecasts, beliefs and expected performance. The "forward-looking statements" are dependent upon events, risks and uncertainties that may be outside our control. Our actual results could differ materially from those discussed in these "forward-looking statements". Please read "Cautionary Note Regarding Forward-Looking Statements."

Overview

We are a publicly-traded limited partnership formed in 2005 focused on the acquisition, development, and ownership of infrastructure critical to the transition of energy supply to lower carbon sources. We own natural gas gathering systems, pipelines, and processing facilities in South Texas and continue to pursue energy transition infrastructure opportunities. We are managed by our general partner, which is owned by a subsidiary of Stonepeak Catarina. Our common units are currently listed on the NYSE American under the symbol "SNMP."

Business Updates

Please read "Part I, Item 1. Business—Business Developments during the Year Ended December 31, 2022" and Part I, Item 1. Business—Subsequent Events" of this Form 10-K for a discussion regarding material updates to our business and operations since January 1, 2022.

Business Strategy

Our primary business objective is to create long-term value by generating stable and predictable cash flows that allow us to reduce the amount of our indebtedness and pursue energy transition infrastructure opportunities. We plan to achieve this objective by executing the following business strategy:

- grow our business through the acquisition and development of infrastructure critical to the transition of energy supply to lower carbon sources;
- pursue organic investments in our existing operating areas to support growth;
- pursue strategic relationships with third-party producers and other companies with operations in the area in which we operate in order to maximize the utilization of our midstream facilities or provide other revenue-generating services; and
- maintain financial flexibility and a strong capital structure.

How We Evaluate Our Operations

We evaluate our business on the basis of the following key measures:

- our throughput volumes on gathering systems upon acquiring those assets;
- our operating expenses; and
- our Adjusted EBITDA, a non-GAAP financial measure (for a reconciliation of Adjusted EBITDA to the most comparable GAAP financial measure please read “Non-GAAP Financial Measures—Adjusted EBITDA”).

Throughput Volumes

Our management analyzes our performance based on the aggregate amount of throughput volumes on the Catarina Gathering System, which is our sole gathering system. We must connect additional wells or well pads within Mesquite’s Catarina Asset in order to maintain or increase throughput volumes on the Catarina Gathering System. Our success in connecting additional wells is impacted by successful drilling activity by Mesquite on the acreage dedicated to the Catarina Gathering System, our ability to secure volumes from Mesquite or third parties from new wells drilled on non-dedicated acreage, our ability to attract hydrocarbon volumes currently gathered by our competitors and our ability to cost-effectively construct or acquire new infrastructure.

Operating Expenses

Our management seeks to maximize Adjusted EBITDA, a non-GAAP financial measure, in part by minimizing operating expenses. These expenses are or will be comprised primarily of field operating costs (which generally consists of labor, vehicles, supervision, transportation, minor maintenance, tools and supplies expenses, among other items), compression expense, ad valorem taxes and other operating costs, some of which will be independent of the throughput volumes on the midstream gathering system but fluctuate depending on the scale of our operations during a specific period.

Non-GAAP Financial Measures—Adjusted EBITDA

To supplement our financial results presented in accordance with GAAP, we use Adjusted EBITDA, a non-GAAP financial measure, in this Form 10-K. We believe that non-GAAP financial measures are helpful in understanding our past financial performance and potential future results, particularly in light of the effect of various transactions effected by us. We define Adjusted EBITDA as net income (loss) adjusted by: (i) interest (income) expense, net, which includes interest expense, interest expense net (gain) loss on interest rate derivative contracts, and interest (income); (ii) income tax expense (benefit); (iii) depreciation, depletion and amortization; (iv) asset impairments; (v) accretion expense; (vi) (gain) loss on sale of assets; (vii) unit-based compensation expense; (viii) unit-based asset management fees; (ix) distributions in excess of equity earnings; (x) (gain) loss on mark-to-market activities; (xi) commodity derivatives settled early; (xii) (gain) loss on embedded derivatives; and (xiii) acquisition and divestiture costs.

Adjusted EBITDA is used as a quantitative standard by our management and by external users of our financial statements such as investors, research analysts, our lenders and others to assess: (i) the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; (ii) the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; and (iii) our operating performance and return on capital as compared to those of other companies in our industry, without regard to financing or capital structure.

We believe that the presentation of Adjusted EBITDA provides useful information to investors in assessing our financial condition and results of operations. The GAAP measure most directly comparable to Adjusted EBITDA is net income (loss). Our non-GAAP financial measure of Adjusted EBITDA should not be considered as an alternative to GAAP net income (loss). Adjusted EBITDA has important limitations as an analytical tool because it excludes some but not all items that affect net income (loss). Adjusted EBITDA should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because Adjusted EBITDA may be defined differently by other companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

The following table sets forth a reconciliation of Adjusted EBITDA to net loss, its most directly comparable GAAP performance measure, for each of the periods presented (in thousands):

	Years Ended December 31,	
	2022	2021
Net loss	$ (53,137)	$ (154,539)
Adjusted by:		
Interest expense, net	55,230	112,969
Income tax expense	132	393
Depreciation and amortization	18,516	20,998
Accretion expense	421	460
(Gain) loss on sale of assets	4,408	(67)
Unit-based compensation expense	53	955
Unit-based asset management fees	(6,375)	(1,923)
Distributions in excess of equity earnings	4,269	68,389
(Gain) loss on mark-to-market activities	664	(664)
Adjusted EBITDA	$ 24,181	$ 46,971

Significant Operational Factors

Throughput

The following table sets forth selected throughput data pertaining to the years ended December 31, 2022 and 2021:

	Years Ended December 31,	
	2022	2021
Catarina Gathering System:		
Oil (MBbl/d)	4.5	5.7
Natural gas (MMcf/d)	63.5	75.1
Water (MBbl/d)	0.5	1.9

Results of Operations

The following table sets forth the selected financial and operating data pertaining to our continuing operations for the periods indicated (in thousands):

	Years Ended December 31, 2022	Years Ended December 31, 2021	Variance	
Revenues:				
Gathering and transportation lease revenues	$ 36,109	$ 51,482	$ (15,373)	(30)%
Total revenues	36,109	51,482	(15,373)	(30)%
Expenses				
Operating expenses				
Transportation operating expenses	9,877	8,501	1,376	16 %
General and administrative expenses	6,029	10,103	(4,074)	(40)%
Unit-based compensation expense	53	955	(902)	(94)%
Loss on sale of assets	4,408	—	4,408	100 %
Depreciation and amortization	18,516	20,559	(2,043)	(10)%
Accretion expense	421	387	34	9 %
Total operating expenses	39,304	40,505	(1,201)	(3)%
Other (income) expense				
Interest expense, net	55,230	112,969	(57,739)	(51)%
Loss (earnings) from equity investment	(6,139)	54,073	(60,212)	NM [(a)]
Other (income) expense	719	(643)	1,362	NM [(a)]
Total other expenses	49,810	166,399	(116,589)	(70)%
Total expenses	89,114	206,904	(117,790)	(57)%
Loss before income taxes	(53,005)	(155,422)	102,417	(66)%
Income tax expense (benefit)	132	(5)	137	NM [(a)]
Loss from continuing operations	(53,137)	(155,417)	102,280	(66)%
Income from discontinued operations	—	878	(878)	(100)%
Net loss	$ (53,137)	$ (154,539)	$ 101,402	(66)%

(a) Variances deemed to be Not Meaningful “NM.”

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Gathering and transportation lease revenues. Gathering and transportation lease revenues decreased approximately $15.4 million, or 30%, to approximately $36.1 million for the year ended December 31, 2022, compared to approximately $51.5 million for the same period in 2021. This decrease was primarily the result of a decrease in the tariff charged for hydrocarbons transported on Eastern Catarina under the A&R Gathering Agreement, effective as of April 1, 2022, as well as a decrease in aggregate throughput on the Catarina Gathering System.

Transportation operating expenses. Our transportation operating expenses generally consist of equipment rentals, chemicals, treating, metering fees, permit and regulatory fees, labor, minor maintenance, tools, supplies and pipeline integrity management expenses and ad valorem taxes. Our transportation operating expenses increased by approximately $1.4 million, or 16%, to approximately $9.9 million for the year ended December 31, 2022 compared to approximately $8.5 million for the same period in 2021. This increase was primarily due to non-recurring maintenance as well as replacing previously owned equipment with leased equipment and rising costs for chemicals, labor, maintenance, tools and supplies as a result of recent inflation and ongoing supply chain constraints. This increase was slightly offset by a decrease in throughput.

General and administrative expenses. General and administrative expenses include indirect costs billed by SP Holdings in connection with the Shared Services Agreement, field office expenses, professional fees and other costs not directly associated with field operations. General and administrative expenses decreased by approximately $4.1 million, or

40%, to approximately $6.0 million for the year ended December 31, 2022 compared to approximately $10.1 million for the same period in 2021. The decrease was primarily the result of the mark-to-market impact on indirect costs billed in connection with the Shared Services Agreement of approximately $4.5 million due to the volatility in the market price of our common units during 2022. Additionally, we recorded approximately $1.9 million of bad debt expense during the year ended December 31, 2021. These decreases were partially offset by additional professional fees surrounding the disputed rate charged on the Catarina Gathering System and the A&R Gathering Agreement.

Unit-based compensation expense. Unit-based compensation expense decreased approximately $0.9 million or 94%, to approximately $0.1 million for the year ended December 31, 2022, compared to approximately $1.0 million for the same period in 2021. This decrease is a result of executive awards becoming fully vested during the first quarter of 2022.

Loss on sale of assets. The loss on sale of assets during the year ended December 31, 2022, was approximately $4.4 million. The loss was the result of the Kodiak Sale in which we sold certain natural gas compression equipment to Kodiak and replaced such assets with leased equipment.

Depreciation and amortization expense. Gathering and transportation assets are stated at historical acquisition cost, net of any impairments, and are depreciated using the straight-line method over the useful lives of the assets, which range from five to fifteen years for equipment and up to thirty-six years for gathering facilities. Depreciation and amortization expense decreased by approximately $2.0 million, or 10% to approximately $18.5 million for the year ended December 31, 2022, compared to approximately $20.6 million for the same period in 2021. This decrease was the result of the Kodiak Sale. Additionally, the A&R Gathering Agreement extended the expected life of the customer contract intangible asset which reduced the amortization amount recognized by period.

Interest expense, net. Interest expense consists of distributions on the Class C Preferred Units, non-cash accretion of the discount on the Class C Preferred Units, the non-cash change in fair value of the Stonepeak Warrant and cash interest expense from borrowings under the Credit Agreement. Interest expense decreased approximately $57.7 million, or 51%, to approximately $55.2 million for the year ended December 31, 2022, compared to approximately $113.0 million for the same period in 2021. This decrease was the result of the Class C Preferred Units discount becoming fully accreted at December 31, 2021. Cash interest expense for the year ended December 31, 2022 was approximately $1.4 million compared to approximately $2.6 million for the same period in 2021. The decrease in cash interest expense was primarily the result of the decrease in the outstanding Credit Agreement debt balance between the periods.

Loss (earnings) from equity investment. For the year ended December 31, 2022, the earnings from our equity method investment was approximately $6.1 million compared to losses of approximately $54.1 million for the same period in 2021. During 2021, an impairment of approximately $55.0 million was recorded as a result of lower expectations regarding volumes and rates associated with the renewal of future expiring contracts and negotiation of new contracts. Excluding this impairment, our earnings from equity method investment was approximately $0.9 million for the year ended December 31, 2021. This increase in earnings was due to an increase in throughput and decrease in depreciation due to the impairment in 2021.

Other (income) expense. Other (income) expense includes the mark-to-market impact of the Nuvve Holding Warrants as well as other expenses and income not associated with our operations. Other expense for the year ended December 31, 2022, was approximately $0.7 million compared to other income of approximately $0.6 million for the same period in 2021. The primary reason for the change relates to the mark-to-market impact of the Nuvve Holding Warrants from a decrease in the Nuvve Holding stock price compared to an increase in the Nuvve Holding stock price during the year ended December 31, 2021.

Income tax (benefit) expense. Income tax expense was approximately $131.6 thousand for the year ended December 31, 2022, compared to a benefit of approximately $5.0 thousand for the same period in 2021. The increase in income tax expense resulted from an increase in taxable margin over the comparable periods.

Liquidity and Capital Resources

As of December 31, 2022, we had approximately $2.8 million in cash and cash equivalents and $5.0 million available for borrowing under the Credit Agreement, as discussed further below. Adjusted Available Cash (as defined in our partnership agreement), if any, will be distributed to holders of the Class C Preferred Units to redeem a number of Class C Preferred Units to be determined based on the amount of Adjusted Available Cash.

During the years ended December 31, 2022 and 2021, we paid approximately $1.4 million and approximately $2.6 million, respectively, in cash for interest on borrowings under our Credit Agreement. During the years ended December 31, 2022 and 2021, we recorded interest expense related to the Class C Preferred Units of approximately $57.7 million and $103.7 million, respectively, which are recorded in interest expense on the income statement. These are non-cash interest expense items.

Our capital expenditures during the year ended December 31, 2022 were funded with cash on hand. In the future, capital and liquidity are anticipated to be provided by operating cash flows, borrowings under our Credit Agreement, sale of certain non-commercial assets and proceeds from the issuance of additional debt, additional common units or other limited partner interests. We expect that the combination of these capital resources will be adequate to meet our short-term working capital requirements and long-term capital expenditures program. However, there can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain our current debt level, planned levels of capital expenditures, operating expenses or any cash distributions that we may make to unitholders.

We believe that our balances of cash, cash equivalents, cash generated from operations, borrowings under the Credit Agreement and potential issuances of securities will be sufficient to satisfy cash requirements over the next twelve months, including relating to working capital, amortizing debt payments on the Term Loan, and maintenance and expansion capital expenditures. However, there can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain our current debt level, planned levels of capital expenditures, or operating expenses.

Credit Agreement

The Credit Agreement provides a quarterly amortizing Term Loan of $65.0 million and a maximum revolving credit amount of $5.0 million (the “Revolving Loan”). The Term Loan and Revolving Loan both have a maturity date of September 30, 2023. Borrowings under the Credit Agreement are secured by various mortgages of midstream properties that we own as well as various security and pledge agreements among us, certain of our subsidiaries and the administrative agent.

The Credit Agreement is a current liability that matures on September 30, 2023. We expect to refinance or extend the maturity of the Credit Agreement prior to its maturity date. However, we may not be able to refinance or extend the maturity of the Credit Agreement or, if we are able to refinance or extend the maturity, we may not be able to do so with borrowing and debt issue costs, terms, covenants, restrictions, commitment amount or a borrowing base favorable to us.

Borrowings under the Credit Agreement are available for limited direct investment in midstream properties, acquisitions, and working capital and general business purposes. The Credit Agreement has a sub-limit of up to $2.5 million which may be used for the issuance of letters of credit. As of December 31, 2022, we had $20.2 million of debt outstanding, comprised solely of the Term Loan. We are required to make mandatory amortizing payments of outstanding principal on the Term Loan, which are, as of the quarter ended December 31, 2021 $3.0 million per fiscal quarter, decreasing to $2.0 million per fiscal quarter commencing with the quarter ending March 31, 2023. As of December 31, 2022, we have met our mandatory amortizing payments of outstanding principal on the Term Loan through March 2023. The maximum revolving credit amount is $5.0 million leaving us with $5.0 million in unused borrowing capacity. There were no letters of credit outstanding under our Credit Agreement as of December 31, 2022.

At our election, interest for borrowings under the Credit Agreement are determined by reference to (i) the LIBOR plus an applicable margin between 2.75% and 3.50% per annum based on net debt to EBITDA or (ii) a domestic bank rate (“ABR”) plus an applicable margin between 1.75% and 2.50% per annum based on net debt to EBITDA plus (iii) a commitment fee of 0.50% per annum based on the unutilized portion of the Revolving Loan. Interest on the borrowings for ABR loans and the commitment fee are generally payable quarterly. Interest on the borrowings for LIBOR loans are generally payable at the applicable maturity date.

The Credit Agreement contains fallback language that seeks to facilitate an agreement with the administrative agent under on a replacement benchmark rate for LIBOR upon the occurrence of certain benchmark transition events or an early opt-in election. Upon the occurrence of one of these triggering events, the administrative agent has the right to make conforming changes to the Credit Agreement to reflect the new benchmark rate. The replacement of LIBOR or any other benchmark rates may result in fluctuating interest rates.

The Credit Agreement contains various covenants that limit, among other things, our ability to incur certain indebtedness, grant certain liens, merge or consolidate, sell all or substantially all of our assets, make certain loans, acquisitions, capital expenditures and investments, and pay distributions to unitholders.

In addition, we are required to maintain the following financial covenants:

- current assets to current liabilities, excluding any current maturities of debt, of at least 1.0 to 1.0 at all times; and

- senior secured net debt to consolidated adjusted EBITDA for the last twelve months, as of the last day of any fiscal quarter, of not greater than 3.25 to 1.00.

The Credit Agreement also includes customary events of default, including events of default relating to non-payment of principal, interest or fees, inaccuracy of representations and warranties when made or when deemed made, violation of covenants, cross-defaults, bankruptcy and insolvency events, certain unsatisfied judgments, loan documents not being valid and a change in control. A change in control is generally defined as the occurrence of one of the following events: (i) our existing general partner ceases to be our sole general partner or (ii) certain specified persons shall cease to own more than 50% of the equity interests of our general partner or shall cease to control our general partner. If an event of default occurs, the lenders will be able to accelerate the maturity of the Credit Agreement and exercise other rights and remedies.

Our partnership agreement prohibits us from paying any distributions on our common units until we have redeemed all of the Class C Preferred Units. Following such redemption, the Credit Agreement further limits our ability to pay distributions to unitholders.

The Partnership's inability to generate sufficient liquidity to meet future debt obligations raises substantial doubt regarding our ability to continue as a going concern. The Credit Agreement matures September 30, 2023 and our ability to continue as a going concern is dependent upon our ability to either (i) refinance or extend the maturity of the Credit Agreement, or (ii) obtain adequate new debt or equity financing to repay the Credit Agreement in full at maturity.

At December 31, 2022, we were in compliance with the financial covenants contained in the Credit Agreement. We monitor compliance on an ongoing basis. If we are unable to remain in compliance with the financial covenants contained in our Credit Agreement or maintain the required ratios discussed above, the lenders could call an event of default and accelerate the outstanding debt under the terms of the Credit Agreement, such that our outstanding debt could become then due and payable. We may request waivers of compliance from the violated financial covenants from the lenders, but there is no assurance that such waivers would be granted.

Sources of Debt and Equity Financing

As of December 31, 2022, we had approximately $20.2 million of debt outstanding under the Term Loan and no debt outstanding under the Revolving Loan, leaving us with approximately $5.0 million in unused borrowing capacity. There were no letters of credit outstanding under our Credit Agreement at December 31, 2022. Our Credit Agreement matures on September 30, 2023.

Operating Cash Flows

We had net cash flows provided by operating activities for the year ended December 31, 2022 of approximately $31.7 million, compared to net cash flows provided by operating activities of approximately $31.0 million for the same period in 2021. This decrease was primarily related to the decrease in throughput between the periods.

Our operating cash flows are subject to many variables, the most significant of which is the volume of oil and natural gas transported through our midstream assets. Our future operating cash flows will depend on oil and natural gas transported through our midstream assets.

Investing Activities

We had net cash flows used in investing activities for the year ended December 31, 2022, of approximately $1.6 million, which related to indirect costs of right of use assets offset by the proceeds from the Kodiak Sale.

We also had net cash flows provided by investing activities for the year ended December 31, 2021, of approximately $15.4 million, substantially all of which were proceeds from the sale of oil and natural gas properties.

Financing Activities

Net cash flows used in financing activities was approximately $29.1 million for the year ended December 31, 2022. During the year ended December 31, 2022, we repaid borrowings of approximately $29.0 million under our Credit Agreement.

Net cash flows used in financing activities were approximately $46.4 million for the year ended December 31, 2021. During the year ended December 31, 2021, we repaid borrowings of approximately $61.8 million under our Credit Agreement.

Going Concern

Our historical consolidated financial statements have been prepared under the assumption that we will continue as a going concern. The report on our audited consolidated financial statements for the year ended December 31, 2022, issued by our independent registered public accounting firm included in this Form 10-K, includes an explanatory paragraph referring to our inability to generate sufficient liquidity to meet future debt obligations which raises substantial doubt about our ability to continue as a going concern. The inclusion of the explanatory paragraph is not considered a default under the Credit Agreement.

Our ability to continue as a going concern is dependent upon our ability to either (i) refinance or extend the maturity of the Credit Agreement, or (ii) obtain adequate new debt or equity financing to repay the Credit Agreement in full at maturity. Our consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. The outcome of these matters cannot be predicted with any certainty at this time and raise doubt that we will be able to continue as a going concern. Our consolidated financial statements do not include any adjustments to the amount and classification of assets and liabilities that may be necessary should we be unable to continue as a going concern.

Credit Markets and Counterparty Risk

We actively monitor the credit exposure and risks associated with our counterparties. Additionally, we continue to monitor global credit markets to limit our potential exposure to credit risk where possible. Our primary credit exposures result from the generation of substantially all of our midstream revenues from a single customer, Mesquite.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The policies disclosed included the accounting for gathering and transportation assets and revenue recognition. Please read Note 2 “Basis of Presentation and Summary of Significant Accounting Policies” to our consolidated financial statements for a discussion of additional accounting policies and estimates made by management.

Gathering and Transportation Assets

Gathering and transportation assets, are stated at historical acquisition cost, net of any impairments, and are depreciated using the straight-line method over the useful lives of the assets, which range from three to fifteen years for furniture and equipment, up to thirty-six years for gathering facilities, and up to forty years for transportation assets.

Estimated asset retirement costs are recognized when the asset is acquired or placed in service, and are amortized over the useful life of the asset. Asset retirement costs are estimated by our engineers using existing regulatory requirements and anticipated future inflation rates.

We perform a periodic assessment of gathering and transportation assets to identify facts and circumstances, or triggering events, that indicate the carrying value may not be recoverable. Asset recoverability is measured by comparing the carrying value of the asset or asset group with its expected future pre-tax undiscounted cash flows. These cash flow estimates require us to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, we recognize an impairment equal to the excess of net book value over fair value. The determination of the fair value using present value techniques requires us to make projections and assumptions regarding the probability of a range of outcomes and the rates of interest used in the present value calculations. Any changes we make to these projections and assumptions could result in significant revisions to our evaluation of recoverability of our gathering and transportation assets and the recognition of additional impairments. Refer to Note 8 “Gathering and Transportation Related Assets” to our consolidated financial statements for additional information.

Recent Accounting Pronouncements and Accounting Changes

See Note 2 “Basis of Presentation and Summary of Significant Accounting Policies” to our consolidated financial statements included in this report for information on new accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required by this Item.

Item 8. Financial Statements and Supplementary Data

The information required by this Item is included in this report as set forth in the “Index to Consolidated Financial Statements” beginning on page F-1 of this Form 10-K and is incorporated by reference herein.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, with the Partnership have been detected. These inherent limitations include error by personnel in executing controls due to faulty judgment or simple mistakes, which could occur in situations such as when personnel performing controls are new to a job function or when inadequate resources are applied to a process. Additionally, controls can be circumvented by the individual acts of some persons or by collusion of two or more people.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no absolute assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions or personnel, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our Chief Financial Officer and Secretary, who currently serves as both the principal executive officer and principal financial officer of our general partner, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Form 10-K. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including the principal executive officer/principal financial officer of our general partner, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. The principal executive officer/principal financial officer of our general partner has concluded that our current disclosure controls and procedures were effective as of December 31, 2022 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the three months ended December 31, 2022, there were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Reports of Management

Financial Statements

The management of our general partner is responsible for the information and representations in our financial statements. We prepare the financial statements in accordance with accounting principles generally accepted in the United States of America based upon available facts and circumstances and management's best estimates and judgments of known conditions.

The Audit Committee, which consists of two independent directors, meets periodically with management, our internal auditor and KPMG LLP to review the activities of each in discharging their responsibilities. Our internal auditor and KPMG LLP have free access to the Audit Committee.

Management's Report on Internal Control Over Financial Reporting

Our management, under the direction of the principal executive officer/principal financial officer of our general partner, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Exchange Act.

Our system of internal control over financial reporting is designed to provide reasonable assurance to our management and the Board regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America.

The management of our general partner conducted an evaluation of the effectiveness of our internal control over financial reporting using the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). As noted in the COSO framework, an internal control system, no matter how well conceived and operated, can provide only reasonable-not absolute-assurance to management and the Board regarding achievement of an entity's financial reporting objectives. Based upon the evaluation under this framework, management concluded that our internal control over financial reporting was effective as of December 31, 2022.

Report of Independent Registered Public Accounting Firm

Please see Report of Independent Registered Public Accounting Firm beginning on Page F-2 of this Form 10-K.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The following table shows information for members of the Board and the executive officers of our general partner as of March 24, 2023. All of the directors of our general partner are elected by SP Holdings, as the sole member of our general partner, except for two persons who are appointed by Stonepeak Catarina pursuant to the Representation and Standstill Agreement. Members of the Board hold office until their successors have been appointed or qualified or until the earlier of their death, incapacity, resignation or removal. Executive officers hold office at the discretion of, and may be removed by, the Board.

Name	Age	Position with General Partner
Charles C. Ward	62	Interim Chief Executive Officer, Chief Financial Officer and Secretary
Michael Bricker	34	Director
Michael A. Heim	74	Director
David D. Kinder	48	Director
Richard S. Langdon	72	Independent Director
Steven E. Meisel	38	Independent Director
John T. Steen III	42	Director; Chairman of the Board

Charles C. Ward, 62, was appointed as Interim Chief Executive Officer of our general partner in March 2023. Mr. Ward has served as the Chief Financial Officer and Secretary of our general partner since March 2015. Mr. Ward previously served as Chief Financial Officer and Treasurer of Sanchez Production Partners LLC from March 2008 until its conversion to a limited partnership in March 2015 and Secretary from July 2014 until March 2015. Mr. Ward also served as a Vice President of Constellation Energy Commodities Group, Inc. from November 2005 until December 2008. Prior to that time, he was a Vice President of Enron Creditors Recovery Corp. from March 2002 to November 2005. Mr. Ward holds a Bachelor in Accounting from the University of Houston and a Master in Business Administration from Rice University.

Michael Bricker, 34, was appointed as a member of the Board in September 2020. Mr. Bricker is currently a Senior Managing Director at Stonepeak and has been with Stonepeak since April 2017. Mr. Bricker currently serves as a board member for West Texas Gas, a gas gathering and processing business, and Oryx Midstream Services LLC, the owner and operator of a crude oil pipeline system, both located in the Permian Basin. From April 2014 to April 2017, Mr. Bricker was an Investment Associate with First Reserve Corporation, a private equity firm that focuses on energy infrastructure investments. Mr. Bricker started his career as an Analyst in Citigroup's oil and gas investment banking group. Mr. Bricker holds a Master in Professional Accounting with a Minor in Finance, graduating with high honors from the University of Texas at Austin.

Michael A. Heim, 74, was appointed as a member of the Board in April 2022. Mr. Heim is currently a Senior Operating Partner at Stonepeak. Additionally, Mr. Heim is currently an independent consultant in the energy industry, a role he has held since April 2019. Mr. Heim also currently serves on the Board of Directors of Oryx Midstream LLC, a private midstream crude operator, and West Texas Gas, a private company involved in natural gas distribution, natural gas and natural gas liquids transmission services and related gathering and processing operations, roles he has held since July 2019 and October 2021, respectively. Mr. Heim also presently serves on the Management Committee representing the Canada Pension Plan Investment Board ("CPPIB") in a midstream joint venture between the Williams Company and CPPIB in Appalachia, a role he has held since fall 2019. From March 2016 to April 2019 Mr. Heim served as Vice Chairman of the Board of Directors of Targa Resources Corp. ("Targa"), a company he co-founded. From November 2015 to February 2016, he served as Vice Chairman and a member of the board of directors of the general partner of Targa Resources Partners LP. From January 2012 to November 2015, Mr. Heim served as President and Chief Operating Officer of Targa. From October 2005 to December 2011, Mr. Heim served as Executive Vice President and Chief Operating Officer of Targa. He also served as an officer of an affiliate of Targa during 2004 and 2005 and was a consultant for the affiliate during 2003. Mr. Heim also served as a consultant in the energy industry from 2001 through 2003 providing advice to various energy companies and investors regarding their operations, acquisitions and dispositions. Mr. Heim served as Chief Operating Officer and Executive Vice President of Coastal Field Services, a subsidiary of The Coastal Corp. ("Coastal"), a diversified energy company, from 1997 to 2001 and President of Coastal States Gas Transmission Company from 1997 to 2001. In these positions, he was responsible for Coastal's midstream gathering, processing, and marketing businesses. Prior to 1997, he served as an officer of several other Coastal exploration and production, marketing and midstream subsidiaries. Mr. Heim holds a Bachelor of Science in Aerospace Engineering from the University of Texas at Austin and a Master of Business Administration from the University of Houston.

David D. Kinder, 48, was appointed as a member of the Board in September 2022. Mr. Kinder is currently a Senior Operating Partner at Stonepeak and is President of KGC Consulting Inc. Additionally, Mr. Kinder is President of TP Power, LLC which owns and operates power plants in Texas and is a partner at Sabine Property Partners, which focuses on commercial real estate opportunities in Texas. Mr. Kinder currently serves on the boards of directors of Oryx Midstream

LLC, a private midstream crude operator in the Permian Basin, and Zenith Energy, a leading global operator of independent liquids terminals, roles that he has held since 2019 and 2014, respectively. Additionally, he was a board member and audit chair from 2013 to 2017 of Western Refining Logistics, L.P which owned and operated crude oil and refined products pipelines, terminals and other logistics assets. Mr. Kinder was Vice President of Corporate Development and Treasurer of Kinder Morgan, Inc. (NYSE: KMI) and Kinder Morgan Energy Partners, L.P. from 2005 until retiring from the companies in 2013 and Vice President, Corporate Development and Treasurer of the general partner of El Paso Pipeline Partners, L.P. from 2012 until retiring from the company in 2013. Mr. Kinder held various management roles for the Kinder Morgan companies from 1999 through 2013. Kinder Morgan is one of the largest diversified energy infrastructure companies in North America. Additionally, Mr. Kinder serves on the Board of Advisors for the Neeley School of Business at Texas Christian University. He graduated cum laude with a Bachelor of Business Administration in Finance and minor in History from Texas Christian University.

Richard S. Langdon, 72, was elected as a member of the Board in March 2015 and was previously a director of Sanchez Production Partners LLC, having been first elected in December 2006. Mr. Langdon is an independent member of the Audit Committee and the Conflicts Committee. Mr. Langdon is currently the President, Chief Executive Officer, and Chief Financial Officer of Altamont Energy LLC ("Altamont"), a privately held exploration and production company, a position he has held since May 2021, and from April 2018 to June 2021, Mr. Langdon was the Executive Vice President and Chief Financial Officer of Altamont. Mr. Langdon previously served as the President and Chief Executive Officer of Badlands Energy, Inc., a privately held exploration and production company (“Badlands Energy”), and its publicly traded predecessor entity, Gasco Energy, Inc. (“Gasco”), from May 2013 to October 2018. Mr. Langdon also served as a director of Badlands Energy and its predecessor, Gasco from March 2003 to October 2018. Badlands Energy filed for bankruptcy in August 2017. In addition to his Badlands Energy titles, Mr. Langdon also served as Debtor-in-Possession for Badlands Energy from August 2017 to October 2018. Mr. Langdon also currently serves on the board of directors, as chairman of the audit committee and as a member of the compensation committee of Gulfslope Energy, Inc., which capacities he has served in since March 2014. Mr. Langdon was the President and Chief Executive Officer of KMD Operating Company LLC (“KMD Operating”), a privately held production company, from November 2011 until December 2015 and Matris Exploration Company L.P., a privately held production company, from July 2004 until the merger of Matris Exploration into KMD Operating in November 2011, which merger was effective January 2011. Mr. Langdon also served as President and Chief Executive Officer of Sigma Energy Ventures, LLC, a privately held production company, from November 2007 until November 2013. From 1997 until 2002, Mr. Langdon served as Executive Vice President and Chief Financial Officer of EEX Corporation, a publicly traded exploration and production company that merged with Newfield Exploration Company in 2002. Prior to that, he held various positions with the Pennzoil Companies from 1991 to 1996, including Executive Vice President—International Marketing—Pennzoil Products Company; Senior Vice President—Business Development—Pennzoil Company; and Senior Vice President—Commercial & Control—Pennzoil Exploration & Production Company. Mr. Langdon holds a Bachelor of Science in Mechanical Engineering and a Master of Business Administration, both from the University of Texas at Austin.

Steven E. Meisel, 38, was appointed as a member of the Board in September 2020 and is an independent member of the Board. Mr. Meisel was Co-Chief Executive Officer and Managing Partner of Discovery Midstream Holdings II LLC (“Discovery II”). Prior to joining Discovery II, Mr. Meisel co-founded Discovery Midstream Holdings LLC (“Discovery I”) in January 2016, and grew it from a small greenfield gathering and processing project into the premier system on the southern side of the DJ Basin. The asset was sold to Williams and KKR in August 2018. From March 2012 to January 2016, Mr. Meisel served as Senior Vice President of Commercial and Business Development at Wildcat Midstream Partners LLC, leading the commercial efforts in North Louisiana while also securing Wildcat’s Southern Midland Basin oil pipeline project. Prior to Wildcat, Mr. Meisel worked in various capacities for Regency Energy including corporate development, corporate finance and business development. Mr. Meisel started his career as an Analyst in Southwest Securities investment banking group and is currently a Managing Partner at FG1 Capital. Mr. Meisel has a Bachelor of Finance from the University of Kansas.

John T. Steen III, 42, was appointed as a member of the Board in September 2020 and currently serves as the Chairman of the Board. Mr. Steen has been the Chief Executive Officer of West Texas Gas Marketing LLC since 2021. Mr. Steen is also currently a Senior Operating Partner with Stonepeak Infrastructure Partners and supports Stonepeak’s efforts in the midstream energy sector. Prior to joining Stonepeak, from 2017 to 2018, Mr. Steen was CEO of Paradigm Energy Partners, which focused on oil and gas pipeline and storage assets in the Bakken Shale of North Dakota and the Eagle Ford Shale of South Texas. From 2012 to 2017, Mr. Steen was a Vice President for Sage Midstream. Prior to Sage Midstream, Mr. Steen worked in various midstream business development capacities for Energy Transfer and LDH Energy. He is the Chairman of the Texas Racing Commission, which oversees all pari-mutuel wagering on horse and greyhound racing in the state of Texas. Mr. Steen also serves on the boards of Oryx Midstream Services LLC affiliates and

King Ranch, Inc. He graduated cum laude from Vanderbilt University and received an MBA from the Wharton School as well as an MA in International Studies from the University of Pennsylvania. Mr. Steen is also a CFA charterholder.

Messrs. Steen, Bricker and Meisel were appointed to serve as directors on the Board in September 2020. Messrs. Heim and Kinder were appointed to serve as directors on the Board during 2022. Pursuant to the Amended and Restated Board Representation and Standstill Agreement, dated as of August 2, 2019, by and among us, our general partner and Stonepeak Catarina (as amended and restated, the "Representation and Standstill Agreement"), we and our general partner agreed to permit Stonepeak Catarina to designate two persons to serve on the Board, which are currently Messrs. Heim and Kinder. The right to designate one Board member will immediately terminate on such date as Stonepeak Catarina no longer owns at least 25% of the Partnership's outstanding Class C Preferred Units issued to it; and the right to designate the second Board member will immediately terminate on such date as Stonepeak Catarina does not hold any issued and outstanding Class C Preferred Units.

Qualifications of the Board of Directors

SP Holdings, the sole member of our general partner, elects all of the members of the Board, except for two members designated by Stonepeak Catarina pursuant to the Representation and Standstill Agreement. The following sets forth the specific experience, qualifications, attributes and skills that led the sole member of our general partner to conclude that the persons appointed by it should serve as directors:

Mr. Bricker brings to the Board extensive investing and corporate finance experience, as well as a depth of knowledge of the upstream and midstream oil and gas industry. Mr. Bricker also bring substantial experience in mergers and acquisitions to the Board.

Mr. Langdon brings to the Board more than 45 years of management experience in energy banking, energy consulting and executive management and board experience in large and small, public and private, domestic and international energy companies. He has served as the Chief Financial Officer of EEX Corporation, a publicly traded production company that merged with Newfield Exploration. He has also held significant commercial positions with the Pennzoil Companies, including roles in business development and marketing. He was also the founder and owner of two privately held oil and gas companies. Mr. Langdon has extensive experience in finance and accounting that adds significant value to the board's oversight role of our financial reporting. He has prior public company board and audit committee experience, which is beneficial for our board operations, and served as the chairman of the audit committee of Gasco until he was named Gasco's President and Chief Executive Officer. The Board, after review and discussion of the applicable NYSE American listing standards and requirements, has determined that Mr. Langdon is "independent" for purposes of service on the Board.

Mr. Meisel brings to the Board expansive operating and management experience with respect to gathering, processing, treating and transmission infrastructure. He also brings extensive experience executing corporate finance transactions and corporate development transactions including acquisitions, divestitures, capital raises and project development transactions to the Board. The Board, after review and discussion of the applicable NYSE American listing standards and requirements, has determined that Mr. Meisel is "independent" for purposes of service on the Board.

Mr. Steen brings to the Board extensive operational, management and business development experience with respect to pipeline, storage and other midstream infrastructure assets. Mr. Steen also brings experience with respect to negotiation of commercial contracts and commercial projects to the Board.

The following sets forth the specific experience, qualifications, attributes and skills that led Stonepeak Catarina, as the holder of our Class C Preferred Units, to conclude that the persons appointed by them should serve as directors pursuant to Stonepeak Catarina's rights under the Representation and Standstill Agreement:

Mr. Heim brings to the Board more than 40 years of experience in building, operating and managing midstream assets in the U.S.. He also brings extensive experience in joint ventures, project finance and project development having been involved in numerous new construction, operations, commercial decisions, risk planning and governmental and industry advocacy activities over the course of his career.

Mr. Kinder brings to the Board more than 25 years of experience in the acquisition, divestiture, financing and development of energy assets in North America.

Committees of the Board of Directors

The Board has two standing committees: the Audit Committee and the Conflicts Committee. We do not have a compensation committee, but rather the Board approves executive officer salary changes and bonuses and equity grants to directors, executive officers, employees and service providers.

Audit Committee

As described in its charter, the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent public accountants to audit our financial statements, including assessing the independent auditor's qualifications and independence, and establishes the scope of, and oversees, the annual audit. The Audit Committee also approves any other services provided by public accounting firms. The Board has delegated to the Audit Committee the review and approval of our decision to enter into derivative transactions and our exemption from the swap clearing and swap execution requirements of the Dodd-Frank Act. The Audit Committee provides assistance to the Board in fulfilling its oversight responsibility to the unitholders, the investment community and others relating to the integrity of our financial statements, our compliance with legal and regulatory requirements, the independent auditor's qualifications and independence and the performance of our internal audit function. The Audit Committee oversees our system of disclosure controls and procedures and system of internal controls regarding financial, accounting, legal compliance and ethics that management and the Board established. In doing so, it is the responsibility of the Audit Committee to maintain free and open communication between the committee and our independent auditors, the internal accounting function and our management.

The Audit Committee consists of Messrs. Langdon (Chair) and Meisel. The Board has determined that each of Messrs. Langdon and Meisel is an "audit committee financial expert" as that term is defined in the applicable rules of the SEC. Additionally, the Board has also determined that each of Messrs. Langdon and Meisel is "independent" for purposes of service on the Audit Committee as required by applicable NYSE American listing standards.

Conflicts Committee

The Conflicts Committee consists of Messrs. Meisel (Chair) and Langdon. The Conflicts Committee reviews specific matters that the Board believes may involve conflicts of interest. Our partnership agreement provides that members of the Conflicts Committee may not be officers or employees of our general partner or directors, officers or employees of any of our general partner's affiliates or, subject to certain exceptions, a holder of any ownership interest in our general partner or its affiliates and must meet the independence standards for service on an audit committee of a board of directors as established by NYSE American and SEC rules. Any matters approved by the Conflicts Committee will be presumed to be taken in good faith.

Other

We maintain on our website, http://www.evolvetransition.com in the "Corporate Governance" section under the "Investors" tab, a copy of the Audit Committee charter as well as copies of the Corporate Governance Guidelines and Code of Business Conduct and Ethics that are applicable to us and our general partner. Copies of these documents are also available in print and may be obtained without charge, upon written request, by emailing our investor relations group at ir@evolvetransition.com. Our Code of Business Conduct and Ethics applies to our general partner's principal executive officer, principal financial officer and principal accounting officer, among others. We intend to post any changes to or waivers of our Code of Business Conduct and Ethics for the executive officers of our general partner on our website.

Certifications

The NYSE American requires the Chief Executive Officer of each listed company to certify annually that he is not aware of any violation by a listed company of the NYSE American's corporate governance listing standards, qualifying the certification to the extent necessary. In accordance with the rules of the NYSE American, we last provided such a certification on March 30, 2022. Certifications signed by the Chief Executive Officer and Chief Financial Officer of our general partner required by Sections 302 and 906 of the Sarbanes-Oxley Act have been included as exhibits to this Form 10-K.

Delinquent Section 16(a) Reports

Section 16(a) of the Exchange Act requires our executive officers, directors and the holders of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. To our knowledge, based solely on a review of our records and written representations by the persons required to file these reports, all filing requirements of Section 16(a) were satisfied on a timely basis with respect to fiscal year 2022, with the exception of a late Form 3 filing by Michael A. Heim. The delinquent filing has since been filed with the SEC.

Item 11. Executive Compensation

Our general partner has the sole responsibility for conducting our business and for managing our operations, and the Board makes decisions on our behalf. The executive officers of our general partner are employed by Evolve Transition Infrastructure GP LLC and manage the day-to-day affairs of our business.

Summary Compensation Table

The following table sets forth the compensation of our named executive officers (the "NEOs") (which are the chief executive officer and the two next most highly compensated officers of our general partner) for 2022 and 2021:

Name and Principal Position [a]	Year	Salary	Bonus [b]	Unit Awards [c]	All Other Compensation [d]	Total
Gerald F. Willinger	2022	$ —	$ —	$ —	$ —	$ —
Former Chief Executive Officer [e]	2021	$ 362,500	$ —	$ —	$ 1,682,786	$ 2,045,286
Charles C. Ward	2022	$ 416,193	$ 796,875	$ —	$ 12,275	$ 1,225,343
Interim Chief Executive Officer, Chief Financial Officer and Secretary	2021	$ 375,000	$ 843,750	$ —	$ 11,138	$ 1,229,888
Randall L. Gibbs	2022	$ 600,000	$ 696,986	$ —	$ 16,500	$ 1,313,486
Former Chief Executive Officer [f][g]	2021	$ 95,455	$ —	$ 5,129,347	$ —	$ 5,224,802
Michael A. Keuss	2022	$ 600,000	$ 696,986	$ —	$ 7,500	$ 1,304,486
Former President and Chief Operating Officer [f][g]	2021	$ 95,455	$ —	$ 5,129,347	$ —	$ 5,224,802
Jonathan C. M. Hartigan	2022	$ 246,094	$ —	$ —	$ 12,578	$ 258,672
Former President and Chief Investment Officer [g][h]	2021	$ 59,659	$ —	$ 2,308,307	$ —	$ 2,367,966

(a) As of March 24, 2023. On November 3, 2021, Mr. Willinger resigned from his positions as Chief Executive Officer of our general partner and a member of the Board, to be effective November 30, 2021. On November 3, 2021, in connection with the HOBO Transaction, the Board appointed Randall Gibbs as Chief Executive Officer of our general partner, Michael Keuss as the President and Chief Operating Officer of our general partner and Jonathan Hartigan as the President and Chief Investment Officer of our general partner, with each such appointment becoming effective on December 1, 2021. Effective March 15, 2023, Mr. Gibbs and Mr. Keuss were terminated from their positions as Chief Executive Officer of our general partner and President and Chief Operating Officer of our general partner, respectively. Mr. Charles C. Ward was appointed Interim Chief Executive Officer on March 15, 2023.

(b) On October 1, 2021, the Board, in its discretion, determined that Mr. Ward's annual cash bonus under the Prior Executive Agreement (as defined herein) for performance during fiscal year 2020 would be paid at the high end of the range, or 125%, resulting in a cash bonus of $468,750. On March 29, 2022, the Board, in its discretion, determined that Mr. Ward's annual cash bonus under the Prior Executive Agreement for performance during fiscal year 2021 would be paid at the midpoint of the range, or 100%, resulting in a cash bonus of $375,000. A portion of the 2021 cash bonus award of $140,625 was paid to Mr. Ward in 2021 with the remainder of the 2021 cash bonus of $234,375 paid out in 2022. In 2022, a one-time special bonus of $562,500 was paid in accordance with the Ward Executive Agreement.

(c) The amounts reported in this column reflect the aggregate grant date fair value of awards granted, if any, for fiscal years 2021 and 2020, computed in accordance with FASB ASC Topic 718, excluding estimated forfeitures. See Note 15 "Unit-Based Compensation," to the Consolidated Financial Statements included under "Part II, Item 8. Financial Statements and Supplementary Data" for additional detail regarding these figures. On November 3, 2021, the Board granted Messrs. Gibbs, Keuss, and Hartigan Inducement Awards in the form of restricted common units that will vest in three separate tranches if certain performance conditions are satisfied. In addition, the Board granted Messrs. Gibbs, Keuss, and Hartigan long-term incentive awards ("LTIP Awards") that will also vest in three separate tranches if certain performance conditions are satisfied.

(d) Our NEOs are eligible to participate in benefit plans such as medical, dental, vision, life and disability insurance, 401(k) and flexible spending accounts on the same terms as all employees or service providers. The amount in this column reflects the amount of matching contributions made under our 401(k) plan; parking cost paid for our NEOs; the cost of life insurance, accidental death and dismemberment insurance, and health insurance for our NEOs; and for Mr. Willinger who also served as director, this column includes cash fees he received for service as a director.

(e) On November 3, 2021, Mr. Willinger resigned from his position as Chief Executive Officer, effective as of November 30, 2021. As a result, the salary amount for Mr. Willinger for 2021 has been prorated based on salary paid from January 1, 2021 through November 30, 2021.

(f) Messrs. Gibbs and Keuss were terminated from their positions as Chief Executive Officer and President and Chief Operating Officer, respectively , effective on March 15, 2023. As a result, the titles for Messrs. Gibbs and Keuss were changed to Former Chief Executive Officer and Former President and Chief Operating Officer, respectively.

(g) The salary amounts for the Messrs. Gibbs, Keuss and Hartigan for 2021 reflect salary paid from November 3, 2021 through December 31, 2021.

(h) Mr. Hartigan resigned from his position as the President and Chief Investment Officer of our general partner effective August 26, 2022. As a result, the salary amount for Mr. Hartigan for 2022 has been prorated based on salary paid from January 1, 2022 through August 26, 2022 and his title has been changed to Former President and Chief Investment Officer.

Executive Agreements

The general partner has entered into Executive Service Agreements with the NEOs. Set forth below is the description of the material terms of these agreements.

Executive Services Agreements – Messrs. Gibbs, Keuss and Hartigan

On November 3, 2021, our general partner entered into Executive Services Agreements (each, a “HOBO Team Executive Agreement” and, collectively, the “HOBO Team Executive Agreements”) with each of Messrs. Gibbs, Keuss and Hartigan. Each of Messrs. Gibbs, Keuss and Hartigan are equity holders in HOBO. Each respective HOBO Team Executive Agreement provides for: (i) an annual base salary (Mr. Gibbs: $600,000, Mr. Keuss: $600,000, and Mr. Hartigan: $375,000), (ii) eligibility to receive an annual cash bonus equal to an amount between 100% and 150% of the base salary of Messrs. Gibbs, Keuss and Hartigan, as applicable, based on a qualitative assessment of financial and individual performance achievements, as determined in the Board’s sole discretion, (iii) a grant of Common Units as an inducement material to entering into employment with our general partner pursuant to the Evolve Transition Infrastructure 2021 Equity Inducement Award Plan (discussed further below) (Mr. Gibbs: 5,755,056 Common Units, Mr. Keuss: 5,755,056 Common Units, and Mr. Hartigan: 2,589,888 Common Units) (the “Inducement Awards”), (iv) eligibility to receive awards under the Sanchez Production Partners LP Long-Term Incentive Plan (the “LTIP”), (v) participation in applicable retirement plans, health and welfare plans and disability insurance plans of our general partner and Evolve, (vi) unlimited paid vacation to be used in the reasonable discretion of each of Messrs. Gibbs, Keuss and Hartigan, as applicable, and (vii) reimbursement of certain reasonable out-of-pocket business expenses. As of the date of this Form 10-K, each of the HOBO Team Executive Agreements have been terminated – Mr. Hartigan’s Executive Service Agreement was terminated on August 26, 2022, and the Executive Service Agreements for each of Messrs. Gibbs and Keuss were terminated on March 15, 2023.

In connection with the termination of the HOBO Team Executive Agreements, each of Messrs. Gibbs, Keuss and Hartigan were entitled to certain of the payments described below.

Mr. Hartigan’s termination of his Executive Services Agreement was without Good Reason (as defined in his Executive Services Agreement), and, as a result, Mr. Hartigan was entitled to receive payment of any accrued but unpaid then-current base salary and any unpaid expense reimbursements (collectively, “Accrued Obligations”) up to his August 26, 2022 termination date.

Additionally, as a result of the termination by our general partner of the Executive Services Agreements for each of Messrs. Gibbs and Keuss being without Cause (as defined in the Executive Services Agreements for Messrs. Gibbs and Keuss), each executive was entitled to receive (x) payment of any Accrued Obligations and any then-unpaid Deferred Initial Bonus Amounts (as defined in the Executive Services Agreements for Messrs. Gibbs and Keuss) up to their March 15, 2023 termination date. Treatment of long-term incentive compensation awards in connection with each termination described above was governed by the applicable award agreement. Each of Messrs. Gibbs, Keuss and Hartigan are subject to a standard one-year non-compete covenant, which commenced on their respective termination dates.

Executive Services Agreement – Charles Ward

In connection with Mr. Ward’s appointment as the Interim Chief Executive Officer of our general partner, our general partner and Mr. Ward entered into that certain Second Amended and Restated Executive Services Agreement, effective as of March 15, 2023 (the “Amended Executive Agreement”), which was approved by the Board on March 10, 2023 and amends and restates the Ward Executive Agreement (as defined below). The Amended Executive Agreement, among other things, provides for Mr. Ward’s appointment as the Interim Chief Executive Officer of our general partner on a temporary basis and amends the definition of "Good Reason" to establish that "Good Reason" will not include (whether pursuant to the Ward Executive Agreement or the Amended Executive Agreement) Mr. Ward's appointment to the position of Interim Chief Executive Officer, or the replacement of Mr. Ward as Interim Chief Executive Officer with a permanent President and Chief Executive Officer; provided that Mr. Ward continues to serve as the Chief Financial Officer and Secretary of our general partner following the appointment of a permanent President and Chief Executive Officer.

On September 2, 2022, our general partner entered into an Amended and Restated Executive Services Agreement (the "Ward Executive Agreement") with Mr. Ward, which was approved by the Board on September 1, 2022. The Ward Executive Agreement amended and restated the Executive Services Agreement, dated August 2, 2019, between Mr. Ward and Sanchez Midstream Partners GP LLC (the "Prior Executive Agreement").

The Ward Executive Agreement provided that Mr. Ward will (i) continue to serve in his current position with the general partner and provide services to the Partnership and our general partner during the applicable term, (ii) receive an annual base salary of $500,000, (iii) be eligible to receive an annual cash bonus based on a qualitative assessment of financial and individual performance achievements, and (iv) receive a one-time special bonus of $562,500. With respect to the annual cash bonus, the Ward Executive Agreement further provided that Mr. Ward's annual cash bonus (x) for the 2022 calendar year will be equal to an amount between 125% and 200% of his base salary, and (y) for the 2023 calendar year will be equal to 200% of his base salary unless a Change in Control (as defined in the Ward Executive Agreement) occurs prior to such annual bonus being paid, in which case, such annual cash bonus will be equal to 125% of Mr. Ward's base salary. Mr. Ward's annual cash bonus may not be decreased with respect to the 2022 or 2023 calendar years, but may be increased in the absolute discretion of the Board. For the 2024 calendar year and thereafter, the target amount of Mr. Ward's annual cash bonus will be equal to a percentage or range of percentages of his base salary as determined by the Board in its sole discretion.

Under the Ward Executive Agreement, in the event of the termination of Mr. Ward's employment due to (a) Mr. Ward's death, (b) the general partner terminating him as a result of Mr. Ward becoming "Disabled," (c) the general partner terminating him without "Cause," or (d) Mr. Ward terminating for "Good Reason" (as such terms are defined in the Ward Executive Agreement), Mr. Ward (or his designated beneficiaries, as applicable) will be entitled to receive: (i) any unpaid annual bonus for the last full year during which he performed services for the Partnership and our general partner, (ii) a pro-rated annual bonus for the year of termination, based on his annual bonus for such last full year (but not to exceed 125% of Mr. Ward's base salary for 2023, if such last full year was the 2023 calendar year), and (iii) immediate vesting in full of any units awarded to Mr. Ward under the Partnership's LTIP or any other long-term incentive programs available generally to the general partner's executive officers in the future, as set forth in the applicable award agreements thereunder.

In addition, Mr. Ward (or his designated beneficiaries, as applicable) will also be entitled to receive the following severance payments or benefits in the event of the termination of Mr. Ward's employment due to: (1) the general partner terminating him without "Cause," (2) Mr. Ward terminating for "Good Reason," or (3) the occurrence of a "Change in Control" (as defined in the Ward Executive Agreement) on or prior to April 1, 2024, and Mr. Ward terminating due to (A) Mr. Ward's death, (B) the general partner terminating him as a result of Mr. Ward becoming Disabled, or (C) Mr. Ward terminating his employment for any reason, in each case, during a period beginning 60 days prior to and ending two years following such Change in Control, Mr. Ward will be entitled to receive: (w) a lump sum cash payment equal to 200% of $375,000, plus 200% of the largest annual cash bonus paid (or due to be paid) to him for the year in which the termination occurs or any year in the three calendar year period immediately preceding the date of termination, but in no event will such largest annual cash bonus (for purposes of such calculation) exceed $468,750, (x) payment of the COBRA premiums for Mr. Ward and his eligible dependents during the COBRA continuation period (if such coverage is timely elected by Mr. Ward), (y) any unpaid amount of his annual bonus for the last full year during which he performed services for the Partnership and our general partner, and the amount of his annual bonus for the current year, based on his annual bonus for such last full year (up to an amount that does not exceed (i) 125% of Mr. Ward's base salary for 2023 if such last full year was the 2023 calendar year, or (ii) $468,750 if such last full year was not the 2023 calendar year, in each case pro-rated to the date of termination), and (z) immediate vesting in full of any units awarded to Mr. Ward under the Partnership's LTIP or any other long-term incentive programs available generally to the general partner's executive officers in the future, as set forth in the applicable award agreements thereunder.

On March 13, 2020, our general partner entered into an Award Letter Agreement with Mr.Ward ("Award Letter Agreement"). Pursuant to the Award Letter Agreement, the Board agreed with Mr. Ward to grant awards with respect to the performance of the Partnership in 2019 in amounts equal to $550,000 for Mr. Ward (the "Deferred Awards"). However, due to the declining market price of our common units from 2019 to 2020, the dilutive effect of granting awards to Mr.

Ward under the Plan in March 2020 would have been extreme, and in order to advance the interests of the Partnership and its unitholders, Mr. Ward agreed with our general partner to defer to determination on the form of the awards under the Award Letter Agreement until a time prior to March 31, 2021.

The Deferred Awards were granted on March 18, 2021 in the form of restricted common units.

Long-Term Incentive Compensation

Inducement Plan

On November 3, 2021, the Board adopted the Evolve Transition Infrastructure LP 2021 Equity Inducement Award Plan (the "Inducement Plan"). The Inducement Plan was adopted without unitholder approval pursuant to Section 711 of the NYSE American Company Guide (the "Company Guide"). The Board also adopted a form of Inducement Award Agreement Relating to Restricted Units and reserved 14,100,000 common units for issuance pursuant to equity awards granted under the Inducement Plan. The Inducement Plan is administered by the Board and its terms are substantially similar to the LTIP.

The purposes of the Inducement Plan is to further the long term stability and success of Evolve and its affiliates by providing a program to reward selected individuals hired as employees of Evolve, our general partner and their affiliates with grants of inducement awards by affording such individuals an opportunity to acquire a proprietary interest in Evolve. In accordance with Section 711(a) of the Company Guide, inducement awards may only be issued to individuals who were not previously employees or non-employee directors of our general partner, or following a bona fide period of non-employment, as an inducement material to entering into employment with our general partner or, to the extent permitted by Section 711(c) of the Company Guide, in connection with a merger or acquisition.

On November 3, 2021, the Board granted Messrs. Gibbs, Keuss, and Hartigan Inducement Awards in the form of restricted common units that will vest in three separate tranches if certain performance conditions are satisfied. Messrs. Gibbs and Keuss each received a grant of 5,755,056 common units and Mr. Hartigan received a grant of 2,589,888 common units. With respect to each tranche there is a primary vesting schedule which is tied to satisfaction of certain conditions set forth in the Framework Agreement and an alternative vesting schedule that may apply upon satisfaction of certain performance metrics relating to total unitholder return.

The performance goal under the first tranche will be met upon the occurrence of the Offtake Condition within seven (7) years of the grant date, or alternatively, upon Evolve's achievement of a total unitholder return of 150% for sixty (60) consecutive days during the period beginning on the grant date and ending on December 31, 2023. The performance goal under the second tranche will be met upon the occurrence of Financial Close (as defined in the award agreements) within seven (7) years of the grant date, or alternatively, upon Evolve's achievement of a total unitholder return of 200% for sixty (60) consecutive days during the period commencing on January 1, 2023 and ending on December 31, 2024. The performance goal under the third tranche will be met upon the occurrence of Commercial Operation (as defined in the award agreements) within seven (7) years of the grant date, or alternatively, upon Evolve's achievement of a total unitholder return of 250% for sixty (60) consecutive days during the period commencing on January 1, 2024 and ending on December 31, 2025.

In connection with his resignation from his position as the President and Chief Investment Officer of our general partner effective August 26, 2022. Mr. Hartigan forfeited his prior grant of 2,589,888 common units under the Inducement Plan.

Long-Term Incentive Plan

On November 3, 2021, LTIP Awards were granted to Messrs. Gibbs, Keuss, and Hartigan in the form of restricted common units. Messrs. Gibbs and Keuss each received a grant of 1,469,376 common units and Mr. Hartigan received a grant of 661,248 common units. The LTIP Awards will vest in three (3) separate tranches if certain performance conditions are satisfied.

With respect to each tranche there is a primary vesting schedule which is tied to satisfaction of the Offtake Condition set forth in the Framework Agreement and an alternative vesting schedule that may apply upon satisfaction of certain performance metrics relating to total unitholder return. The performance goal under all tranches will be met upon the occurrence of the Offtake Condition within seven (7) years of the grant date; provided that, if the Offtake Condition occurs prior to November 3, 2023, then the third tranche will vest as of November 3, 2023. Alternatively, the performance goal will be met upon Evolve's achievement of a total unitholder return, (i) with respect to the first tranche, of 150% for sixty (60) consecutive days during the period commencing on the grant date and ending on December 31, 2023, (ii) with respect to the second tranche, of 200% for sixty (60) consecutive days during the period commencing on January 1, 2023 and ending on December 31, 2024, and (iii) with respect to the third tranche, of 250% for sixty (60) consecutive days during the period commencing on January 1, 2024 and ending on December 31, 2025.

In connection with his resignation from his position as the President and Chief Investment Officer of our general partner effective August 26, 2022. Mr. Hartigan forfeit his prior grant of 661,248 common units under the LTIP.

Outstanding Equity Awards at Fiscal Year-End 2022

The following table sets forth the outstanding equity awards and their market value using the closing price of our common units on NYSE American at December 31, 2022 for the named executive officers:

Name	Number of Units Not Vested	Fair Market Value of Units Not Vested [(a)]
Charles C. Ward	654,082 [(b)]	$ 78,490
Randall L. Gibbs	7,224,432 [(c)]	$ 866,932
Michael A. Keuss	7,224,432 [(c)]	$ 866,932

(a) Amounts are based on the closing price of our common units of $0.12 as reported on the NYSE American on December 30, 2022.
(b) Reflects restricted common units granted under the LTIP on March 4, 2019, which units vest pro-rata over a three year period. Except in connection with a change in control (as defined in the LTIP) or in the discretion of the Board of our general partner, any unvested restricted units will be forfeited upon such time as the holder is no longer an officer, employee, consultant or director of us, our general partner, any of their affiliates or any other person performing bona fide services for us.
(c) Reflects the restricted common units granted under the LTIP and the Inducement Plan on November 3, 2021.

Compensation of Directors

For the year ended December 31, 2022, compensation for the independent directors of the Board consisted of:

- a cash retainer of $12,500, payable monthly on the last day of each fiscal month from January 1, 2022, through December 31, 2022.

Messrs. Bricker, Heim, Kinder and Steen do not receive separate compensation for their service on the Board, but they are entitled to indemnification related to their service as directors pursuant to the terms of our partnership agreement.

The following table sets forth a summary of the 2022 compensation for the directors except for Messrs. Gibbs whose director compensation is included above under "—Summary Compensation Table":

	Director Compensation			
Name	Fees Earned or Paid in Cash	Unit Awards	All Other Compensation [(a)]	Total
Michael Bricker [(b)]	$ —	$ —	$ —	$ —
Randall L. Gibbs	$ —	$ —	$ —	$ —
Michael A. Heim [(c)(e)]	$ —	$ —	$ —	$ —
Jack Howell [(c)(d)]	$ —	$ —	$ —	$ —
David D. Kinder [(c)(d)]	$ —	$ —	$ —	$ —
Richard S. Langdon	$ 150,000	$ —	$ —	$ 150,000
Steven E. Meisel	$ 150,000	$ —	$ —	$ 150,000
John T. Steen III [(b)]	$ —	$ —	$ —	$ —
Luke R. Taylor [(c)(e)]	$ —	$ —	$ —	$ —

(a) All other compensation includes amounts for health, vision, dental, basic life and/or accidental death and dismemberment insurance premium fees paid by us for the director.
(b) As a result of being representatives of Stonepeak, as either employee or operating partner, Messrs. Bricker and Steen do not receive any compensation for their service on the Board.
(c) As appointees of the holders of the Class C Preferred Units, Messrs. Howell and Taylor, and subsequently, Messrs. Heim and Kinder, were not entitled to any compensation under our 2022 Board compensation program.
(d) Mr. Kinder replaced Mr. Howell's position on the Board effective September 2, 2022.
(e) Mr. Heim replaced Mr. Taylor's position on the Board effective April 1, 2022.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth the beneficial ownership of our units, as of March 24, 2023, held by:

- each unitholder known by us to beneficially own more than 5% of our outstanding units;
- each of the current directors of the Board;
- each of our general partner's named executive officers (as such term is defined by the SEC); and
- the directors and executive officers of our general partner as a group.

The list of persons named in the table below is derived from our review of Form 3, Form 4, Form 5, Schedule 13D and Schedule 13G filings made with the SEC as of March 24, 2023. The amounts and percentage of common units and Class C Preferred Units beneficially owned are reported on the basis of the SEC rules governing the determination of beneficial ownership of securities. Under the SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, and/or "investment power," which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities, and a person may be deemed a beneficial owner of securities as to which he has no economic interest.

Percentage of total units beneficially owned is based on 231,032,052 common units and 37,751,040 Class C Preferred Units outstanding as of March 24, 2023, the number of common units beneficially owned and the number of Class C Preferred Units beneficially owned is based upon ownership as of March 24, 2023, unless otherwise specified. Except as indicated by footnote, to our knowledge the persons named in the table below have sole voting and investment power with respect to all units shown as beneficially owned by them, subject to community property laws where applicable.

	Common Units Beneficially Owned		Class C Preferred Units Beneficially Owned		Percentage of Total Units Beneficially Owned
Name and address of Beneficial Owner [1]	Number	Percentage	Number	Percentage	
Stonepeak Catarina Holdings, LLC [2]	200,202,635	78.5 %	37,751,040	100 %	81.3 %
Charles C. Ward	870,098	*	—	—	*
Michael Bricker	—	—	—	—	—
Michael A. Heim	—	—	—	—	—
David D. Kinder	—	—	—	—	—
Richard S. Langdon	81,827	*	—	—	*
Steven E. Meisel	—	—	—	—	—
John T. Steen III	—	—	—	—	—
All directors and executive officers as a group (7 persons)	951,925	*	—	—	*

* Less than 1%
(1) Unless otherwise set forth below, the address of all beneficial owners is c/o Evolve Transition Infrastructure LP, 1360 Post Oak Blvd, Suite 2400, Houston, Texas 77056.
(2) Ownership data as reported on (i) Schedule 13D/A filed on November 22, 2022, by Stonepeak Catarina, Stonepeak Texas Midstream Holdco LLC, Stonepeak Catarina Upper Holdings LLC, Stonepeak Infrastructure Fund (Orion AIV) LP, Stonepeak Associates LLC, Stonepeak GP Holdings LP, Stonepeak GP Investors LLC, Stonepeak GP Investors Manager LLC and Michael Dorrell (collectively, the "Stonepeak Beneficial Owners"), SP Preferred Equity Subsidiary LLC ("SPPE Sub"), and SP Common Equity Subsidiary LLC ("SPCE Sub"), (ii) Form 4 filed on November 22, 2022

by the Stonepeak Beneficial Owners and (iii) Form 4 filed on February 2, 2023 by the Stonepeak Beneficial Owners. The number of common units disclosed in the Schedule 13D/A includes 23,765,948 common units that the Stonepeak Beneficial Owners currently have the right to acquire upon exercise of the Stonepeak Warrant held by Stonepeak Catarina. For purposes of this table, we have increased the common units Stonepeak Catarina has the right to acquire upon exercise of the Stonepeak Warrant to 23,861,365, which reflects the incremental increase due to an increase in the number of issued and outstanding common units as of March 24, 2023, as a result the percentage of common units beneficially owned is based on a total of 254,893,417 common units. Such common units are not included for any other person on this table in accordance with Rule 13d-3(d)(1)(i) under the Exchange Act. In addition, the total number of common units beneficially owned also includes (y) 4,509,792 common units held directly by SPCE Sub, SPCE Sub may be deemed the beneficial owner of such units, and (z) 9,000,000 common units held directly by SPPE Sub, which Stonepeak Catarina transferred to SPPE Sub on November 9, 2021 at no cost in a transaction exempt from Section 16 of the Exchange Act pursuant to Rule 16a-13, SPPE Sub may be deemed the beneficial owner of such units. The principal business address of each reporting person in the Schedule 13D/A is 55 Hudson Yards, 550 W. 34th St., 48th Floor, New York, NY 10001. The Schedule 13D/A filing lists each of the Stonepeak Beneficial Owners as having shared voting and dispositive power over the common units and the Class C Preferred Units.

Equity Compensation Plan Information

The following table reflects our equity compensation plan information for our only equity compensation plan, the Sanchez Production Partners LP Long-Term Incentive Plan, as of December 31, 2022:

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	—	$ —	25,126,090
Equity compensation plans not approved by security holders	—	—	—
Total	—	$ —	25,126,090

Item 13. Certain Relationships and Related Transactions, and Director Independence

Relationship with Stonepeak

Since October 14, 2015, Stonepeak Catarina has owned all of our issued and outstanding preferred units, which are comprised solely of our Class C Preferred Units.

As of March 24, 2023, Stonepeak owns (i) 200,202,635 common units, representing approximately 78.5% of our total 254,893,417 outstanding common units (the common unit amounts include 23,861,365 common units Stonepeak Catarina has the right to acquire upon exercise of the Stonepeak Warrant), (ii) all of our issued and outstanding Class C Preferred Units, (iii) the Stonepeak Warrant, which entitles Stonepeak Catarina to receive junior securities of the Partnership (including common units) representing 10% of all junior securities deemed outstanding when exercised, (iv) the non-economic general partner interest in the Partnership and (v) all of our incentive distribution rights. Stonepeak also owns 100% of the issued and outstanding equity interests in SP Holdings, which is the sole member of our general partner. SP Holdings has the right to appoint all of the members of the Board of directors other than two directors which Stonepeak Catarina is entitled to designate pursuant to that certain Amended and Restated Board Representation and Standstill Agreement, dated as of August 2, 2019. Stonepeak controls us and our general partner and has the ability to appoint all of the members of the Board and is considered a related party of the Partnership. Stonepeak Catarina is considered to be our parent because it is our affiliate and has the power to control us, directly or indirectly, through its ownership of common units, Class C Preferred Units, and all of the issued and outstanding equity interests of SP Holdings and its other contractual rights with us.

Pursuant to Section 15.1 of our partnership agreement, if at any time Stonepeak holds more than 80% of our outstanding common units and transfers all of the common units held by it to our general partner or a controlled affiliate of our general partner, Stonepeak will be able, via its limited call right, to cause our general partner or a controlled affiliate of our general partner to exercise its right to acquire all, but not less than all, of our common units held by persons other than our general partner and its controlled affiliates. During the period from December 28, 2022 to March 15, 2023, Stonepeak held more than 80% of our outstanding common units. As of the date of this Form 10-K Stonepeak holds approximately

76.3% of our common units. If Stonepeak holds more than 80% of our common units at any point following the date of this Form 10-K, Stonepeak will be able to cause our general partner to exercise the limited call right at any time after Stonepeak completes the Stonepeak LCR Transfer by causing our general partner to exercise its limited call right at a price equal to the greater of (1) the average of the daily closing price of our common units over the 20 trading days preceding the date three days before notice of exercise of our general partner's limited call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its controlled affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, common unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Common unitholders may also incur tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of common units to be repurchased upon exercise of its limited call right. If our general partner exercises its limited call right, the effect would be to take the Partnership private and, if the common units are subsequently deregistered, the Partnership will no longer be subject to the reporting requirements of the Exchange Act.

Currently, four of our directors, Michael Bricker, Michael A. Heim, David D. Kinder and John T. Steen III are representatives of Stonepeak, as either employees or operating partners of Stonepeak. Messrs. Bricker, Heim, Kinder and Steen do not receive separate compensation for their service on the Board, but they are entitled to indemnification related to their service as directors pursuant to the terms of our partnership agreement. Prior to their replacement, Messrs. Howell and Taylor did not receive separate compensation for their service on the Board, but they were entitled to indemnification related to their service as directors pursuant to the terms of our partnership agreement. "See Part III, Item 11. Executive Compensation—Compensation of Directors."

Relationship with SP Holdings

We are controlled by our general partner, Evolve Transition Infrastructure GP LLC. The sole member of our general partner is SP Holdings which has no officers. The sole member of SP Holdings is Stonepeak Catarina and the managing member of SP Holdings is Stonepeak Catarina Upper Holdings, LLC, an affiliate of Stonepeak Catarina.

Shared Services Agreement

We have entered into the Shared Services Agreement with SP Holdings. In connection with providing the services under the Shared Services Agreement, SP Holdings receives compensation consisting of: (i) a quarterly fee equal to 0.375% of the value of our properties other than our assets located in the Mid-Continent region, (ii) reimbursement for all allocated overhead costs as well as any direct third-party costs incurred and (iii) for each asset acquisition, asset disposition and financing, a fee not to exceed 2% of the value of such transaction. Prior to August 2, 2019 each of these fees, not including the reimbursement of costs, was paid in cash unless SP Holdings elected for such fee to be paid in our equity. However, on August 2, 2019, we and SP Holdings entered into a letter agreement providing that until such time as we redeem all of our issued and outstanding Class C Preferred Units, SP Holdings will elect to receive its fees, not including reimbursement of costs, in common units rather than cash. In addition, on November 8, 2019, we and SP Holdings entered into an additional letter agreement providing that during the period beginning with the fiscal quarter ended September 30, 2019 and continuing until the end of the fiscal quarter after the fiscal quarter in which we redeem all of our issued and outstanding Class C Preferred Units (the "Tolling Period"), SP Holdings would agree to delay receipt of its fees, not including reimbursement of costs. During the Tolling Period, we are required to keep an accurate ledger of the dollar amount of the fee applicable to each quarter within the Tolling Period and the daily closing price of our common units on the NYSE. Following the end of the Tolling Period we will provide a notice to SP Holdings including such ledgers and pay the accrued fees within thirty days of delivery of such notice. The Shared Services Agreement has a ten-year term and will be automatically renewed for an additional ten years unless we or SP Holdings provide notice of termination to the other with at least 180 days' notice. During the year ended December 31, 2022, pursuant to the November 8, 2019 letter agreement, SP Holdings did not receive any fees, other than reimbursement of its costs. However, pursuant to the requirements under the November 8, 2019 letter agreement, we have determined that there was a net benefit during the years ended December 31, 2022 and 2021, of approximately $6.4 million and $1.9 million, respectively. The November 8, 2019 letter agreement resulted in the accumulating balance being subject to mark-to-market adjustments based on the market price for our common units. The volatility in our common unit market price during the periods caused the swing in fees earned.

The Shared Services Agreement can be terminated (i) by either party at any time by 180 days' prior written notice to the other party, (ii) by SP Holdings if there is an uncured material breach thereunder by the Partnership, or (iii) by the Partnership, subject to Board approval, if (1) there is an uncured material breach thereunder by SP Holdings or (2) there is a change in control of SP Holdings. Pursuant to the Standstill Agreement, the Partnership must obtain Stonepeak Catarina's consent to its termination of the Shared Services Agreement. The Shared Services Agreement provides that if there is a termination other than by either party at the end of the Shared Services Agreement's term, by the Partnership for an uncured breach by SP Holdings, or by the Partnership upon a change of control of SP Holdings, then the Partnership will owe a termination payment to SP Holdings in an amount equal to $5,000,000 plus 5% of the transaction value of all asset acquisitions theretofore consummated. We estimate that this amount was in excess of $34.0 million as of December 31, 2022. Such termination fee may be payable in cash or common units. If the Partnership terminates upon 180 days' prior notice then the Partnership must also pay to SP Holdings all costs and expenses of SP Holdings that result from such termination. To date, no notice of termination of the Shared Services Agreement has been delivered by SP Holdings, and the Partnership is continuing to discuss the Shared Services Agreement with SP Holdings.

Relationship with HOBO

As described below under "—Related Party Transactions—2021—HOBO Transaction," we have the option to fund certain development expenses of HOBO, in our sole discretion, as HOBO seeks to develop, construct, own and operate renewable fuels facilities. Messrs. Gibbs and Keuss, who served as the Chief Executive Officer and Chief Operating Officer of our general partner, respectively, during the year ended December 31, 2022, also serve as the Chief Executive Officer and President, respectively, of HOBO and are also owners of a substantial majority of the equity interests in HOBO. However, effective as of March 15, 2023, HOBO is no longer considered a related person because Messrs. Gibbs, Keuss and Hartigan are no longer officers of the Partnership.

As described in "Part I, Item 1. Business—Subsequent Events—First Amendment to Framework Agreement," we entered into the Framework Amendment on February 17, 2023, which provides us with the election to fund development expenses of HOBO only if we, in our sole discretion, elect to proceed with the Initial Project (as defined in the Framework Agreement).

Related Party Transactions

2021

HOBO Transaction

On November 3, 2021, we entered into a Framework Agreement with HOBO. At the time of entry into the Framework Agreement there were no other material relationships between us or any of our affiliates and HOBO. On February 17, 2023, we entered into the First Amendment to Framework Agreement with HOBO (as amended, the "Framework Agreement"). The Framework Agreement provides that, subject to the satisfaction of applicable conditions precedent, we will fund certain development expenses of HOBO as HOBO seeks to develop, construct, own and operate renewable fuels facilities (each, a "Project"). HOBO's initial Project is a 9,000 barrel per day (120 million gallons per year) renewable diesel production facility (the "Initial Project").

Upon satisfaction of the Offtake Condition, HOBO will send written notice thereof to us. If, following our review of the supporting materials relating to the Offtake Condition (as defined in the Framework Agreement) we are, in our sole discretion satisfied and elect to proceed with the Initial Project, then we will pay to HOBO the lesser of 50% of the Qualified Development Costs incurred as of such date and $3.0 million (the "Initial Development Payment"). If we, in our sole discretion, elect not to proceed with the Initial Project, then no Initial Development Payment shall be due or payable to HOBO. If we elect not to proceed with the Initial Project then no payment by Evolve shall ever become payable under the Framework Agreement with respect to the Initial Project.

Assuming we proceed with the Initial Project and pay the Initial Development Payment, then upon receipt of all Material Permits (as defined in the Framework Agreement) for the Initial Project and conclusion of the FEL2 Level Pre-Feasibility Study Report verifying the Initial Project can be completed in accordance with the Qualified Project Model, HOBO will send written notice thereof to us and if we are reasonably satisfied with our review of the supporting materials, we will pay to HOBO (i) the lesser of 50% of the aggregate Qualified Development Costs incurred as of such date and $7.5 million minus (ii) the amount of any Qualified Development Costs previously paid by us (the "Interim Development Payment").

Upon achievement of all Conditions Precedent (as defined in the Framework Agreement) for the Initial Project (other than Evolve Approval (as defined in the Framework Agreement)), HOBO will send written notice thereof to us. If we are reasonably satisfied with our review of the Conditions Precedent, then subject to the closing and initial funding of

Project Financing (as defined in the Framework Agreement), which is required to cover a specified percentage of the anticipated procurement, construction, completion and commercialization costs of the Initial Project, we will pay to HOBO (i) the lesser of $15.0 million and the aggregate Qualified Development Costs incurred as of such date, minus (ii) the aggregate amount of the Initial Development Payment, the Interim Development Payment and any other Qualified Development Costs previously paid by us (the "Final Development Payment").

For the Initial Project, HOBO shall also be entitled to payment of an Incentive Development Fee (as defined in the Framework Agreement), equal to 5% of the aggregate capital expenditures in the final capital expenditure budget included in the Final Qualified Project Model (as defined in the Framework Agreement) with a maximum payment of $22.7 million (subject to adjustment for any change in the scope of the Initial Project), at least 50% of which shall be payable in Class A units of the holding company we form in connection with the Initial Project. We may be required to issue common units to HOBO if, at HOBO's election, it chooses to receive payment of the Incentive Development Fee in the form of common units in lieu of cash or Class A units in the holding company. Half of the Incentive Development Fee shall be due at Financial Close (as defined in the Framework Agreement) and the remaining half shall be due upon the Initial Project achieving Commercial Operation. On or prior to Financial Close, HOBO shall also have the right to commit to purchase up to 10% of the total expected Class A units in the holding company.

If we make each of the required funding payments in connection with the Initial Project, the approximate dollar value of such payments would be approximately $15.0 million plus the amount of the Incentive Development Fee. As explained above in "Part III, Item 13. Related Party Transactions—Relationship with HOBO," Messrs. Gibbs and Keuss, who served as the Chief Executive Officer and Chief Operating Officer of our general partner, respectively, during the year ended December 31, 2022, also serve as the Chief Executive Officer and President, respectively, of HOBO and are also owners of a substantial majority of the equity interests in HOBO. As a result of their ownership of HOBO, each of Messrs. Gibbs and Keuss would receive a substantial proportion of such payments. Additionally, all or part of the cash portion of the Incentive Development Fee may be utilized to purchase Class A units in the holding company. As a result, HOBO may choose to acquire additional interests in the Initial Project as a result of ownership of such Class A units. Any increase in HOBO's ownership of Class A units would increase each of Messrs. Gibbs and Keuss indirect interest in the holding company and could increase the value of their interest in the HOBO Transaction.

2022

Relationship with West Texas Gas Marketing LLC

On October 1, 2022, our general partner entered into an Interruptible Gas Purchase Contract (the "Gas Purchase Contract") with West Texas Gas Marketing LLC ("WTG"). WTG is a related person of the Partnership because (i) John T. Steen III, who serves as the Chairman and a member of the Board, also serves as Chief Executive Officer of WTG, and (ii) Michael A. Heim, who serves as a member of the Board, also serves on the board of WTG. During the year ended December 31, 2022, we sold natural gas to WTG under the Gas Purchase Contract of approximately $0.2 million.

Director Independence

See "Part III, Item 10. Directors, Executive Officers, and Corporate Governance" for information regarding director independence.

Item 14. Principal Accountant Fees and Services

We engaged our principal accountant, KPMG LLP (PCAOB ID No. 185) ("KPMG"), to audit our financial statements and perform other professional services for the fiscal years ended December 31, 2022 and 2021.

Audit Fees. The aggregate fees billed for the financial statement audit or services provided in connection with statutory or regulatory filings for the years ended December 31, 2022 and 2021 were $670,000 and $780,500, respectively.

Audit-Related Fees. There were no audit-related fees billed by KPMG for the years ended December 31, 2022 and 2021.

Tax Fees. There were no tax fees billed by KPMG for the years ended December 31, 2022 and 2021.

All Other Fees. There were no other fees billed by KPMG for the years ended December 31, 2022 and 2021.

Audit Committee Pre-Approval Policies and Practices

The Audit Committee must pre-approve any audit and permissible non-audit services performed by our independent registered public accounting firm. In addition, the Audit Committee has oversight responsibility to ensure that the independent registered public accounting firm is not engaged to perform certain enumerated non-audit services, including, but not limited to, bookkeeping, financial information system design and implementation, appraisal or valuation services, internal audit outsourcing services and legal services. The Audit Committee has adopted an audit and non-audit services pre-approval policy, which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent registered public accounting firm must be approved. Pursuant to the policy, all services must be reviewed and approved and the chairman of the Audit Committee has been delegated the authority to specifically pre-approve services, which pre-approval is subsequently reviewed with the committee. All of the services described as Audit Fees, Audit-Related Fees, Tax Fees and All Other Fees were approved by the Audit Committee.

PART IV

Item 15. Exhibit and Financial Statement Schedules

(a) The following documents are filed as a part of this Form 10-K:

1. Financial Statements:

See "Part II, Item 8. Financial Statements and Supplementary Data."

2. Financial Statement Schedules:

None.

3. Exhibits Required by Item 601 of Regulation S-K.

The exhibits required by Item 601 of Regulation S-K are listed in subparagraph (b) below.

(b) The following exhibits are filed or furnished with this Form 10-K or incorporated by reference:

Exhibit Number	Description
2.1	Membership Interest Purchase and Sale Agreement, dated May 10, 2017, between Sanchez Production Partners LP and Exponent Energy, LLC (incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q filed by Sanchez Midstream Partners LP on August 14, 2017, File No. 001-33147).
2.2	Purchase and Sale Agreement, dated June 30, 2017, between SEP Holdings IV, LLC and Sendero Petroleum, LLC (incorporated herein by reference to Exhibit 2.2 to the Quarterly Report on Form 10-Q filed by Sanchez Midstream Partners LP on August 14, 2017, File No. 001-33147).
2.3	Amendment No. 1 to Purchase and Sale Agreement, dated July 31, 2017, between SEP Holdings IV, LLC and Sendero Petroleum, LLC (incorporated herein by reference to Exhibit 2.3 to the Quarterly Report on Form 10-Q filed by Sanchez Midstream Partners LP on August 14, 2017, File No. 001-33147).
2.4	Purchase and Sale Agreement, dated October 12, 2017, between Sanchez Midstream Partners LP and Dallas Petroleum Group, LLC (incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q filed by Sanchez Midstream Partners LP on November 14, 2017, File No. 001-33147).
2.5	Agreement to Purchase Oil and Gas Interests, dated April 30, 2018, between SEP Holdings IV, LLC and EP Energy E&P Company, L.P. (incorporated herein by reference to Exhibit 2.1 to the Quarterly Report on Form 10-Q filed by Sanchez Midstream Partners LP on May 10, 2018, File No. 001-33147).
3.1	Certificate of Conversion of Sanchez Production Partners LLC (incorporated herein by reference to Exhibit 4.1 to the Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LP on March 6, 2015, File No. 333-198440).
3.2	Certificate of Limited Partnership of Sanchez Production Partners LP (incorporated herein by reference to Exhibit 4.2 to the Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LP on March 6, 2015, File No. 333-198440).
3.3	Certificate of Amendment to Certificate of Limited Partnership of Sanchez Production Partners LP (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on June 2, 2017, File No. 001-33147).
3.4	Certificate of Amendment to Certificate of Limited Partnership of Sanchez Midstream Partners LP (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on February 26, 2021, File No. 001-33147).

3.5	Third Amended and Restated Agreement of Limited Partnership of Sanchez Production Partners LP (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on August 5, 2019, File No. 001-33147).
3.6	Letter Agreement, dated November 16, 2020, by and between Sanchez Midstream Partners LP, Sanchez Midstream Partners GP LLC and Stonepeak Catarina Holdings LLC (incorporated herein by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed by Sanchez Midstream Partners LP on November 16, 2020, File No. 001-33147).
3.7	Amendment No. 1 to Third Amended and Restated Agreement of Limited Partnership of Sanchez Midstream Partners LP (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on February 26, 2021, File No. 001-33147).
3.8	Certificate of Formation of Sanchez Production Partners GP LLC (incorporated herein by reference to Exhibit 4.4 to the Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LP on March 6, 2015, File No. 333-198440).
3.9	Certificate of Amendment to Certificate of Formation of Sanchez Midstream Partners GP LLC (incorporated herein by reference to Exhibit 3.3 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on February 26, 2021, File No. 001-33147).
3.10	Limited Liability Company Agreement of Sanchez Production Partners GP LLC, dated March 2, 2015 (incorporated herein by reference to Exhibit 4.5 to the Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LP on March 6, 2015, File No. 333-198440).
3.11	Amendment No. 1 to Limited Liability Company Agreement of Sanchez Production Partners GP LLC, dated May 8, 2015 (incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q/A filed by Sanchez Production Partners LP on September 3, 2015, File No. 001-33147).
3.12	Amendment No. 2 to Limited Liability Company Agreement of Sanchez Production Partners GP LLC, dated October 14, 2015 (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by Sanchez Production Partners LP on October 14, 2015, File No. 001-33147).
3.13	Amendment No. 3 to Limited Liability Company Agreement of Sanchez Midstream Partners GP LLC, dated August 2, 2019 (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on August 5, 2019, File No. 001-33147).
3.14	Amendment No. 4 to Limited Liability Company Agreement of Sanchez Midstream Partners GP LLC, dated September 7, 2020 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on September 9, 2020, File No. 001-33147).
3.15	Amendment No. 5 to Limited Liability Company Agreement of Sanchez Midstream Partners GP LLC, dated February 26, 2021 (incorporated herein by reference to Exhibit 3.4 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on February 26, 2021, File No. 001-33147).
4.1	Amended and Restated Registration Rights Agreement, dated August 2, 2019, by and among Sanchez Midstream Partners LP and Stonepeak Catarina Holdings LLC (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on August 5, 2019, File No. 001-33147).
4.2*	Description of Registrant Securities.
10.1	Third Amended and Restated Credit Agreement, dated as of March 31, 2015, among Sanchez Production Partners LP, Royal Bank of Canada, as administrative agent and collateral agent, and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Production Partners LP on April 1, 2015, File No. 001-33147).

10.2	Amendment and Waiver of Third Amended and Restated Credit Agreement, dated as of August 12, 2015, between Sanchez Production Partners LP, the Lenders party thereto and Royal Bank of Canada, as Administrative Agent and as Collateral Agent (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Sanchez Production Partners LP on August 14, 2015, File No. 001-33147).
10.3	Joinder, Assignment and Second Amendment to Third Amended and Restated Credit Agreement, dated as of October 14, 2015, among Sanchez Production Partners LP, Royal Bank of Canada, as administrative agent and collateral agent, and the lenders party thereto (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by Sanchez Production Partners LP on October 14, 2015, File No. 001-33147).
10.4	Third Amendment to Third Amended and Restated Credit Agreement, dated as of November 12, 2015, among Sanchez Production Partners LP, Royal Bank of Canada, as administrative agent and collateral agent, and the lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Production Partners LP on November 13, 2015, File No. 001-33147).
10.5	Fourth Amendment to Third Amended and Restated Credit Agreement, dated July 5, 2016, among Sanchez Production Partners LP, the guarantors party thereto, each of the lenders party thereto, and Royal Bank of Canada, as administrative agent and collateral agent (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed by Sanchez Production Partners LP on August 12, 2016, File No. 001-33147).
10.6	Fifth Amendment to the Third Amended and Restated Credit Agreement, dated as of April 17, 2017, between Sanchez Production Partners LP, the Lenders party thereto and Royal Bank of Canada, as Administrative Agent and as Collateral Agent (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Sanchez Production Partners LP on May 15, 2017, File No. 001-33147).
10.7	Sixth Amendment to the Third Amended and Restated Credit Agreement, dated as of November 7, 2017, between Sanchez Midstream Partners LP, the Lenders party thereto and Royal Bank of Canada, as Administrative Agent and as Collateral Agent (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Sanchez Midstream Partners LP on November 14, 2017, File No. 001-33147).
10.8	Seventh Amendment to the Third Amended and Restated Credit Agreement, dated as of February 5, 2018, between Sanchez Midstream Partners LP, the Lenders party thereto and Royal Bank of Canada, as Administrative Agent and as Collateral Agent (incorporated herein by reference to Exhibit 10.11 to the Annual Report on Form 10-K filed by Sanchez Midstream Partners LP on March 12, 2018, File No. 001-33147).
10.9	Eighth Amendment to the Third Amended and Restated Credit Agreement, dated as of May 7, 2018, between Sanchez Midstream Partners LP, the Lenders party thereto and Royal Bank of Canada, as Administrative Agent and as Collateral Agent (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Sanchez Midstream Partners LP on May 10, 2018, File No. 001-33147).
10.10	Ninth Amendment to the Third Amended and Restated Credit Agreement, dated as of November 22, 2019, between Sanchez Midstream Partners LP, the Lenders party thereto and Royal Bank of Canada, as Administrative Agent and as Collateral Agent (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on November 25, 2019, File No. 001-33147).
10.11	Tenth Amendment to Third Amended and Restated Credit Agreement, dated as of November 6, 2020, between Sanchez Midstream Partners LP, the lenders party thereto and Royal Bank of Canada, as Administrative Agent and as Collateral Agent (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on November 9, 2020, File No. 001-33147).
10.12*	Eleventh Amendment to Third Amended and Restated Credit Agreement, dated as of July 28, 2021, between Evolve Transition Infrastructure LP, the guarantors party thereto, the lenders party thereto and Royal Bank of Canada, as Administrative Agent.

10.13**	Twelfth Amendment to Third Amended and Restated Credit Agreement, dated as of August 20, 2021, between Evolve Transition Infrastructure LP, the guarantors party thereto, the lenders party thereto and Royal Bank of Canada, as Administrative Agent (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on August 23, 2021, File No. 001-33147).
10.14**	Letter Agreement, dated August 10, 2021, between Evolve Transition Infrastructure LP and Royal Bank of Canada (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.15	Purchase Agreement, dated April 30, 2021, by and between SEP Holdings IV, LLC and Bayshore Energy TX LLC (incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.16	Letter Agreement, dated April 30, 2021, by and between SEP Holdings IV, LLC and Bayshore Energy TX LLC (incorporated herein by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.17	Purchase Agreement, dated April 30, 2021, by and between SEP Holdings IV, LLC and Westhoff Palmetto LP (incorporated herein by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.18	Letter Agreement, dated May 11, 2021, by and between Evolve Transition Infrastructure LP, Royal Bank of Canada, as Administrative Agent under the Third Amended and Restated Credit Agreement of the Partnership, as amended, and the lenders party thereto (incorporated herein by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.19	Purchase Agreement, dated May 14, 2021, by and between SEP Holdings IV, LLC and Bayshore Energy TX LLC (incorporated herein by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.20	Series B Warrant for the Purchase of 200,000 Shares of Common Stock of Nuvve Holding Corp. issued May 17, 2021 (incorporated herein by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.21	Series C Warrant for the Purchase of 100,000 Shares of Common Stock of Nuvve Holding Corp. issued May 17, 2021 (incorporated herein by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.22	Series D Warrant for the Purchase of 100,000 Shares of Common Stock of Nuvve Holding Corp. issued May 17, 2021 (incorporated herein by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.23	Series E Warrant for the Purchase of 100,000 Shares of Common Stock of Nuvve Holding Corp. issued May 17, 2021 (incorporated herein by reference to Exhibit 10.13 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.24	Series F Warrant for the Purchase of 100,000 Shares of Common Stock of Nuvve Holding Corp. issued May 17, 2021 (incorporated herein by reference to Exhibit 10.14 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.25	Letter Agreement, dated May 17, 2021, among Stonepeak Rocket Holdings LP, Evolve Transition Infrastructure LP and Nuvve Holding Corp (incorporated herein by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.26	Securities Purchase Agreement, dated May 17, 2021, by and among Nuvve Holding Corp., Stonepeak Rocket Holdings LP and Evolve Transition Infrastructure LP (incorporated herein by reference to Exhibit 10.16 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).

10.27	Registration Rights Agreement, dated May 17, 2021, by and among Nuvve Holding Corp., Stonepeak Rocket Holdings LP and Evolve Transition Infrastructure LP (incorporated herein by reference to Exhibit 10.17 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.28*	Summary Compensation of Executive Officers of Evolve Transition Infrastructure Partners GP LLC.
10.29*	Summary Compensation of Directors of Evolve Transition Infrastructure GP LLC.
10.30	Amended and Restated Shared Services Agreement, dated as of March 6, 2015, between SP Holdings, LLC and Sanchez Production Partners LP (incorporated herein by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q filed by Sanchez Production Partners LP on May 15, 2015, File No. 001-33147).
10.31	Geophysical Seismic Data Use License Agreement, dated as of September 7, 2020, by and among Sanchez Oil & Gas Corporation, Sanchez Midstream Partners LP, Sanchez Midstream Partners GP LLC and SEP Holdings IV, LLC (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on September 9, 2020, File No. 001-33147).
10.32+	Sanchez Production Partners LP Long-Term Incentive Plan (incorporated herein by reference to Exhibit 4.6 to the Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 filed by Sanchez Production Partners LP on March 6, 2015, File No. 333-198440).
10.33+	Form of Award Agreement Relating to Restricted Units (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Production Partners LP on December 3, 2015, File No. 001-33147).
10.34+	Form of Award Agreement Relating to Restricted Units (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Production Partners LP on March 28, 2017, File No. 001-33147).
10.35	Settlement Agreement and Release, effective January 25, 2017, by and between Stonepeak Catarina Holdings LLC and Sanchez Production Partners LP (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Production Partners LP on January 27, 2017, File No. 001-33147).
10.36+	Form of Award Agreement Relating to Restricted Units (incorporated herein by reference to Exhibit 10.24 to the Annual Report on Form 10-K filed by Sanchez Midstream Partners LP on March 7, 2019, File No. 001-33147).
10.37	Amended and Restated Board Representation and Standstill Agreement, dated August 2, 2019, by and among Sanchez Midstream Partners LP, Sanchez Midstream Partners GP LLC and Stonepeak Catarina Holdings LLC (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on August 5, 2019, File No. 001-33147).
10.38	Form of Award Agreement Relating to Restricted Units (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on March 23, 2021, File No. 001-33147).
10.39	Award Agreement Relating to Restricted Units, dated March 18, 2021, between Evolve Transition Infrastructure LP and Charles C. Ward (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on March 23, 2021, File No. 001-33147).
10.40	ATM Sales Agreement, dated as of April 20, 2021 between Evolve Transition Infrastructure LP and Virtu Americas LLC (incorporated herein by reference to Exhibit 1.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on April 20, 2021, File No. 001-33147).
10.41	Warrant Exercisable for Junior Securities, dated August 2, 2019, by and between Sanchez Midstream Partners LP and Stonepeak Catarina Holdings LLC (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on August 5, 2019, File No. 001-33147).

10.42	Amendment No. 1 to Warrant Exercisable for Junior Securities, dated February 24, 2021, by and between Sanchez Midstream Partners LP and Stonepeak Catarina Holdings LLC (incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K filed by Evolve Transition Infrastructure LP on March 16, 2021, File No. 001-33147).
10.43	Amendment No. 2 to Warrant Exercisable for Junior Securities, dated May 3, 2021 (incorporated herein by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on August 12, 2021, File No. 001-33147).
10.44	Amendment No. 3 to Warrant Exercisable for Junior Securities, dated August 2, 2021 (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on August 3, 2021, File No. 001-33147).
10.45	Amendment No. 4 to Warrant Exercisable for Junior Securities, dated November 5, 2021 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 10, 2021, File No. 001-33147).
10.46	Amendment No. 5 to Warrant Exercisable for Junior Securities, dated November 9, 2021 (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 10, 2021, File No. 001-33147).
10.47	Amendment No. 6 to Warrant Exercisable for Junior Securities, dated February 1, 2022 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on February 3, 2022, File No. 001-33147).
10.48	Amendment No. 7 to Warrant Exercisable for Junior Securities, dated May 2, 2022 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on April 29, 2022, File No. 001-33147)
10.49	Amendment No. 8 to Warrant Exercisable for Junior Securities, dated August 1, 2022 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on August 1, 2022, File No. 001-33147)
10.50	Amendment No. 9 to Warrant Exercisable for Junior Securities, dated December 28, 2022 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on December 30, 2022, File No. 001-33147)
10.51**	Amended and Restated Limited Liability Company Agreement, dated August 4, 2021, by and between Evolve Transition Infrastructure LP, Stonepeak Rocket Holdings LP, Nuvve Corporation, and Levo Mobility LLC (incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on November 10, 2021, File No. 001-33147).
10.52**	Parent Letter Agreement, dated August 4, 2021, by and between Evolve Transition Infrastructure LP, Stonepeak Rocket Holdings LP, Nuvve Corporation, and Levo Mobility LLC (incorporated herein by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed by Evolve Transition Infrastructure LP on November 10, 2021, File No. 001-33147).
10.53+	Inducement Award Agreement Relating to Restricted Units, dated November 3, 2021, between Randall L. Gibbs and Evolve Transition Infrastructure GP LLC (incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 9, 2021, File No. 001-33147).
10.54+	Inducement Award Agreement Relating to Restricted Units, dated November 3, 2021, between Mike Keuss and Evolve Transition Infrastructure GP LLC (incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 9, 2021, File No. 001-33147).
10.55+	Inducement Award Agreement Relating to Restricted Units, dated November 3, 2021, between Jonathan Hartigan and Evolve Transition Infrastructure GP LLC (incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 9, 2021, File No. 001-33147).

10.56+	Award Agreement Relating to Restricted Units, dated November 3, 2021, between Randall L. Gibbs and Evolve Transition Infrastructure GP LLC (incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 9, 2021, File No. 001-33147).
10.57+	Award Agreement Relating to Restricted Units, dated November 3, 2021, between Mike Keuss and Evolve Transition Infrastructure GP LLC (incorporated herein by reference to Exhibit 10.11 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 9, 2021, File No. 001-33147).
10.58+	Award Agreement Relating to Restricted Units, dated November 3, 2021, between Jonathan Hartigan and Evolve Transition Infrastructure GP LLC (incorporated herein by reference to Exhibit 10.12 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 9, 2021, File No. 001-33147).
10.59+	Award Letter Agreement, dated March 13, 2020, by and between Charles C. Ward and Sanchez Midstream Partners GP LLC (incorporated herein by reference to Exhibit 10.36 to the Annual Report on Form 10-K filed by Evolve Transition Infrastructure LP on March 16, 2021, File No. 001-33147).
10.60	Full and Final Settlement and Release Agreement, dated as of December 23, 2020, by and among Dimension Energy Services, LLC, Sunbelt Tractor & Equipment Company, Sanchez Oil and Gas Corporation, Mesquite Energy, Inc., Sanchez Midstream Partners LP, Seco Pipeline LLC and Sanchez Midstream Partners GP LLC (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Sanchez Midstream Partners LP on December 30, 2020, File No. 001-33147).
10.61**	Gas Lift Agreement, entered into on April 21, 2021 but effective January 1, 2021, by and between SN Catarina, LLC and Catarina Midstream, LLC (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on April 26, 2021, File No. 001-33147).
10.62**	Framework Agreement, dated as of November 3, 2021, by and between HOBO Renewable Diesel LLC and Evolve Transition Infrastructure LP (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 9, 2021, File No. 001-33147).
10.63*+	Evolve Transition Infrastructure LP 2021 Equity Inducement Award Plan, effective as of November 3, 2021 (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on November 9, 2021, File No. 001-33147).
10.64+	Amended and Restated Executive Services Agreement, dated as of September 2, 2022, by and between Charles C. Ward and Evolve Transition Infrastructure GP LLC (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on September 2, 2022, File No. 001-33147)
10.65**	Amended and Restated Firm Gathering and Processing Agreement, dated May 27, 2022, by and between SN Catarina, LLC and Catarina Midstream, LLC (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on May 31, 2022, File No. 001-33147)
10.66	Settlement Agreement, dated May 27, 2022, by and among SN Catarina, LLC, Catarina Midstream, LLC, Mesquite Energy, Inc., Evolve Transition Infrastructure LP, Evolve Transition Infrastructure GP LLC, SP Holdings, LLC, and SN Operating, LLC (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on May 31, 2022, File No. 001-33147)
10.67	Letter Agreement, dated May 27, 2022, by and between SN Catarina, LLC and Catarina Midstream, LLC (incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on May 31, 2022, File No. 001-33147)
10.68	Mutual Release Agreement, effective as of May 27, 2022, by and among Mesquite Energy, Inc., SN Catarina, LLC, SN Operating LLC, Evolve Transition Infrastructure LP, Catarina Midstream, LLC, Evolve Transition Infrastructure GP LLC and SP Holdings, LLC (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on June 28, 2022, File No. 001-33147)

10.69	Assignment Agreement, dated June 23, 2022, by and between Evolve Transition Infrastructure LP and Mesquite Energy, Inc. (incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on June 28, 2022, File No. 001-33147)
10.70	First Amendment to Framework Agreement, dated as of February 17, 2023, by and between HOBO Renewable Diesel LLC and Evolve Transition Infrastructure LP (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on February 21, 2023. File No. 001-33147).
10.71+	Second Amended and Restated Executive Services Agreement, dated March 15, 2023, by and between Charles C. Ward and Evolve Transition Infrastructure LP (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on March 15, 2023. File No. 001-33147)
21.1*	List of subsidiaries of Evolve Transition Infrastructure LP.
23.1*	Consent of KPMG LLP.
31.1*	Certification of Chief Executive Officer, Chief Financial Officer and Secretary of Evolve Transition Infrastructure GP LLC pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer, Chief Financial Officer and Secretary of Evolve Transition Infrastructure GP LLC pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Document
101.CAL*	Inline XBRL Calculation Linkbase Document
101.LAB*	Inline XBRL Label Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)

* Filed herewith

** Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Item 601(b)(10) of Regulation S-K.

\+ Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant, has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Evolve Transition Infrastructure LP
	By:	Evolve Transition Infrastructure GP LLC, its general partner
Date: March 27, 2023	By:	/s/ Charles C. Ward
	Name:	**Charles C. Ward**
	Title:	**Interim Chief Executive Officer, Chief Financial Officer and Secretary**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below, constitutes and appoints Charles C. Ward as his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite or necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

This report has been signed below by the following persons on behalf of the general partner of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Charles C. Ward **Charles C. Ward**	Interim Chief Executive Officer, Chief Financial Officer and Secretary (Principal Executive Officer and Principal Financial Officer)	March 27, 2023
/s/ John T. Steen III **John T. Steen III**	Director; Chairman of the Board	March 27, 2023
/s/ Michael Bricker **Michael Bricker**	Director	March 27, 2023
/s/ Michael A. Heim **Michael A. Heim**	Director	March 27, 2023
/s/ David D. Kinder **David D. Kinder**	Director	March 27, 2023
/s/ Richard S. Langdon **Richard S. Langdon**	Director	March 27, 2023
/s/ Steven E. Meisel **Steven E. Meisel**	Director	March 27, 2023

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Evolve Transition Infrastructure LP and Subsidiaries:	
Report of Independent Registered Public Accounting Firm (PCAOB ID No. 185)	F-2
Consolidated Statements of Operations	F-4
Consolidated Balance Sheets	F-5
Consolidated Statements of Cash Flows	F-6
Consolidated Statements of Changes in Partners' Deficit	F-7
Notes to Consolidated Financial Statements	F-8

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Evolve Transition Infrastructure LP and the Board of Directors of Evolve Transition Infrastructure GP LLC
Evolve Transition Infrastructure LP:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Evolve Transition Infrastructure LP and subsidiaries (the Partnership) as of December 31, 2022 and 2021, the related consolidated statements of operations, changes in partners' deficit, and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Partnership will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Partnership's inability to generate sufficient liquidity to meet future debt obligations raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Partnership is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which it relates.

Evaluation of gathering and transportation assets for impairment triggering events

As discussed in Note 8 to the consolidated financial statements, the Partnership performs a periodic assessment of gathering and transportation assets to identify facts or circumstances, or triggering events, that indicate the carrying value of such assets may not be recoverable. Asset recoverability is measured by comparing the carrying value of the asset or asset group with its expected future pre-tax undiscounted cash flows. As of December 31, 2022, the Partnership had $87.5 million of gathering and transportation assets.

We identified the evaluation of gathering and transportation assets for impairment triggering events as a critical audit matter. Sustained decreases in pricing or throughput volumes and significant increases in competition or operating costs could significantly affect the recoverability of the gathering and transportation assets, and the evaluation of these factors required a higher degree of auditor judgment.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the Partnerships' identification and assessment of triggering events by comparing actual operating and financial results to historical results as well as forecasts for the current year. We also evaluated whether there are new gathering or transportation options for their customers. For a selection of revenue transactions throughout the year we compared the throughput volumes and pricing in those transactions to the underlying revenue agreements to identify modifications to the revenue agreements that could have a significant effect on the recoverability of the assets.

/s/ KPMG LLP

We have served as the Partnership's auditor since 2013.

Houston, Texas
March 27, 2023

EVOLVE TRANSITION INFRASTRUCTURE LP and SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except unit data)

	Years Ended December 31,	
	2022	**2021**
Revenues		
Gathering and transportation lease revenues	36,109	51,482
Total revenues	36,109	51,482
Expenses		
Operating expenses		
Transportation operating expenses	9,877	8,501
General and administrative expenses	6,029	10,103
Unit-based compensation expense	53	955
Loss on sale of assets	4,408	—
Depreciation and amortization	18,516	20,559
Accretion expense	421	387
Total operating expenses	39,304	40,505
Other (income) expense		
Interest expense, net	55,230	112,969
Loss (earnings) from equity investment	(6,139)	54,073
Other (income) expense	719	(643)
Total other expenses	49,810	166,399
Total expenses	89,114	206,904
Loss before income taxes	(53,005)	(155,422)
Income tax expense (benefit)	132	(5)
Loss from continuing operations	(53,137)	(155,417)
Income from discontinued operations	—	878
Net loss	$ (53,137)	$ (154,539)
Net loss per unit		
Common units - Basic and Diluted	$ (0.35)	$ (2.04)
Weighted Average Units Outstanding		
Common units - Basic and Diluted	152,638,766	75,693,259

See accompanying notes to consolidated financial statements.

EVOLVE TRANSITION INFRASTRUCTURE LP and SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except unit data)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,785	$ 1,675
Accounts receivable	2,415	19,466
Prepaid expenses	371	629
Fair value of warrants	—	664
Deferred lease incentive	1,122	—
Total current assets	6,693	22,434
Gathering and transportation assets, net	87,478	98,235
Intangible assets, net	106,752	118,329
Equity investments	14,964	20,198
Deferred lease incentive, net	9,813	—
Right of use assets, net	5,899	1,428
Other non-current assets	75	75
Total assets	$ 231,674	$ 260,699
LIABILITIES AND PARTNERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities	$ 4,675	$ 3,225
Accounts payable and accrued liabilities - related entities	—	12,869
Royalties payable	359	359
Short-term debt, net of debt issuance costs	19,793	8,841
Class C Preferred Units	411,800	397,387
Short-term lease liabilities	2,204	391
Current liabilities from discontinued operations	79	79
Total current liabilities	438,910	423,151
Other liabilities		
Long-term accrued liabilities - related entities	3,839	10,215
Asset retirement obligation	5,121	4,700
Long-term debt, net of discount and debt issuance costs	—	39,488
Long-term lease liabilities	2,773	782
Other liabilities	3,140	7,483
Total other liabilities	14,873	62,668
Total liabilities	453,783	485,819
Commitments and contingencies (See Note 13)		
Partners’ deficit		
Common units, 225,307,052 and 124,448,646 units issued and outstanding as of December 31, 2022 and 2021, respectively	(222,109)	(225,120)
Total partners’ deficit	(222,109)	(225,120)
Total liabilities and partners’ deficit	$ 231,674	$ 260,699

See accompanying notes to consolidated financial statements.

EVOLVE TRANSITION INFRASTRUCTURE LP and SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	$ (53,137)	$ (154,539)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation, depletion and amortization	6,939	7,541
Amortization of debt issuance costs	517	921
Accretion of Class C discount	—	52,182
Class C distribution accrual	14,413	—
Accretion expense	421	460
Distributions from equity investments	11,671	15,596
Equity (earnings) loss in affiliate	(6,139)	54,073
Bad debt expense	—	(1,926)
(Gain) loss on sale of assets	4,408	(537)
Mark-to-market on Stonepeak Warrant	(4,344)	5,779
Net cash settlements received on commodity derivative contracts	—	101
(Gain) loss on Nuvve Holding Warrants	664	(664)
Unit-based compensation	76	2,291
Amortization of deferred lease incentive	653	—
Amortization of intangible assets	11,577	13,457
Changes in Operating Assets and Liabilities:		
Accounts receivable	5,461	(12,726)
Prepaid expenses	258	(34)
Other assets	—	118
Accounts payable and accrued liabilities	38,297	48,662
Other long-term liabilities	2	289
Net cash provided by operating activities	31,737	31,044
Cash flows from investing activities:		
Initial direct costs of right of use assets	(1,037)	—
Proceeds from sales of oil and natural gas properties	—	15,721
Proceeds from sale of gathering and transportation assets	500	—
Construction of gathering and transportation assets	(739)	(133)
Contributions to equity affiliates	(298)	(232)
Net cash provided by (used in) investing activities	(1,574)	15,356
Cash flows from financing activities:		
Repayment of debt	(34,000)	(67,300)
Draw on revolving loan	5,000	5,500
Issuance of common units	—	17,054
Payments for offering costs	—	(672)
Debt issuance costs	(53)	(1,025)
Net cash used in financing activities	(29,053)	(46,443)
Net increase (decrease) in cash and cash equivalents	1,110	(43)
Cash and cash equivalents, beginning of period	1,675	1,718
Cash and cash equivalents, end of period	$ 2,785	$ 1,675
Non-cash investing and financing activities:		
Change in accrued capital expenditures	$ (20)	$ 255
Right of use assets and operating lease obligations recognized including adjustments	$ 5,522	$ 1,173
Supplemental disclosures of cash flow information:		
Cash paid during the period for income tax	$ 5	$ 139
Cash paid during the period for interest	$ 1,444	$ 2,575

See accompanying notes to consolidated financial statements.

EVOLVE TRANSITION INFRASTRUCTURE LP and SUBSIDIARIES
Consolidated Statements of Changes in Partners' Deficit
(In thousands, except unit data)

	Common Units		Total
	Units	Amount	Capital
Partners' Deficit, December 31, 2020	19,953,880	$ (153,544)	$ (153,544)
Unit-based compensation programs	18,662,379	2,291	2,291
Issuance of common units, net of offering costs of $0.7 million	18,503,742	16,382	16,382
Common units issued as Class C Preferred distributions	67,328,645	64,290	64,290
Net loss	—	(154,539)	(154,539)
Partners' Deficit, December 31, 2021	124,448,646	$ (225,120)	$ (225,120)
Unit-based compensation programs	(3,251,136)	76	76
Common units issued as Class C Preferred distributions	104,109,542	56,072	56,072
Net loss	—	(53,137)	(53,137)
Partners' Deficit, December 31, 2022	225,307,052	$ (222,109)	$ (222,109)

See accompanying notes to consolidated financial statements.

EVOLVE TRANSITION INFRASTRUCTURE LP and SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2022 and 2021

1. ORGANIZATION AND BUSINESS

Organization

We are a publicly-traded limited partnership formed in 2005 focused on the acquisition, development, ownership and operation of infrastructure critical to the transition of energy supply to lower carbon sources. We own natural gas gathering systems, pipelines, and processing facilities in South Texas and continue to pursue energy transition infrastructure opportunities. Our common units are currently listed on the NYSE American under the symbol "SNMP."

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Accounting policies used by us conform to GAAP. The accompanying financial statements include the accounts of us and our wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB"), which are adopted by us as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards, which are not effective, will not have a material impact on our consolidated financial statements upon adoption.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." This ASU modifies the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology, which will result in more timely recognition of losses. Additionally, in November 2019, the FASB issued ASU 2019-10, "Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates," which changed the effective date for certain issuers to annual and interim periods in fiscal years beginning after December 15, 2022, and earlier adoption is permitted. The adoption of this standard is not expected to have a material impact on our consolidated financial statements.

Other accounting standards that have been issued by the FASB or other standards-setting bodies are not expected to have a material impact on the Partnership's financial position, results of operations and cash flows.

Liquidity and Going Concern

The Partnership's inability to generate sufficient liquidity to meet future debt obligations raises substantial doubt regarding our ability to continue as a going concern. The Credit Agreement matures September 30, 2023 and our ability to continue as a going concern is contingent upon our ability to either (i) refinance or extend the maturity of the Credit Agreement, or (ii) obtain adequate new debt or equity financing to repay the Credit Agreement in full at maturity. We intend to refinance or extend the maturity of the Credit Agreement prior to its maturity date. However, we may not be able to refinance or extend the maturity of the Credit Agreement or, if we are able to refinance or extend the maturity, we may not be able to do so with borrowing and debt issue costs, terms, covenants, restrictions, commitment amount or a borrowing base favorable to us. As such, we have concluded that these plans are outside of the control of management and therefore substantial doubt continues to exist. The consolidated financial statements have been prepared on a going concern basis of accounting, which contemplates continuity of operations, realization of assets, and satisfaction of liabilities and commitments in the normal course of business. The consolidated financial statements do not include any adjustments that might result from the outcome of substantial doubt as to the Partnership's ability to continue as a going concern. If the Partnership cannot continue as a going concern, adjustments to the carrying values and classification of its assets and liabilities and the reported amounts of income and expenses could be required and could be material.

Use of Estimates

The consolidated financial statements are prepared in conformity with GAAP, which requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and reported amounts of revenues and expenses. The estimates that are particularly significant to our financial statements include our ability to continue as a going concern; estimates of our depreciation, depletion and amortization; asset retirement obligations; certain revenues and operating expenses; and fair values of assets and liabilities. As fair value is a market-based measurement, it is determined based on the assumptions that market participants would use. These estimates and assumptions are based on management's best judgment using the data available. Management evaluates its estimates and assumptions on an on-going basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Such estimates and assumptions are adjusted when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from the estimates. Any changes in estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Revenue Recognition

We account for revenue from contracts with customers in accordance with ASC 606 and ASC 842 for our midstream segment.

In October 2015, we acquired (the "Catarina Transaction") a gathering system from Mesquite ("the Catarina Gathering System"), which is located on the western portion of Mesquite's acreage position in Dimmit, La Salle and Webb counties in Texas. In conjunction with the Catarina Transaction, we entered into a 15-year firm gas gathering and processing agreement with Mesquite, pursuant to which Mesquite agreed to tender all of its crude oil, natural gas and other hydrocarbon-based product volumes on approximately 35,000 dedicated acres for processing and transportation through the Catarina Gathering System, with the potential to tender additional volumes outside of the dedicated acreage (the "Gathering Agreement").

The Gathering Agreement was classified as an operating lease at inception and is accounted for under ASC 842, as Mesquite controls the physical use of the property under the lease. Revenues relating to the Gathering Agreement is recognized in the period service is provided. Under this arrangement, the Partnership receives a fee or fees for services provided. The revenue the Partnership recognizes from gathering and transportation services is generally directly related to the volume of oil and natural gas that flows through its systems.

Accounts Receivable, Net

Our accounts receivable are primarily from our contractual agreements with Mesquite and its subsidiaries. We review all outstanding accounts receivable balances and record a reserve for amounts that we expect will not be fully recovered. Actual balances are not applied against the reserves until substantially all collection efforts have been exhausted. Our allowance for doubtful accounts was $0.4 million as of December 31, 2022 and 2021.

Concentration of Credit Risk and Accounts Receivable

Financial instruments that potentially subject us to a concentration of credit risk consist of cash and cash equivalents and accounts receivable. We place our cash with high credit quality financial institutions. We routinely assess the financial strength of our customers. Bad debt expense is recognized on an account-by-account review and when recovery is not probable. We have no off-balance-sheet credit exposure related to our operations or customers.

Mesquite accounted for 100% and 93% of total revenue for the years ended December 31, 2022 and 2021, respectively. We are highly dependent upon Mesquite as our most significant customer, and we expect to derive a substantial portion of our revenue from Mesquite in the foreseeable future. Accordingly, we are indirectly subject to the business risks of Mesquite.

Income Taxes

The Partnership and each of its wholly-owned subsidiary LLCs are treated as a partnership for federal and state income tax purposes. All of our taxable income or loss, which may differ considerably from net income or loss reported for financial reporting purposes, is passed through to the federal income tax returns of our members. As such, no federal income tax for these entities has been provided for in the accompanying financial statements.

Earnings per Unit

Net income (loss) per common unit for the period is based on any distributions that are made to the unitholders (common units) plus an allocation of undistributed net income (loss) based on provisions of our partnership agreement, divided by the weighted average number of common units outstanding. Unit-based awards granted but unvested are eligible to receive distributions. The underlying unvested restricted unit awards are considered participating securities for purposes of determining net income (loss) per unit. Undistributed income is allocated to participating securities based on the proportional relationship of the weighted average number of common units and unit-based awards outstanding. Undistributed losses (including those resulting from distributions in excess of net income) are allocated to common units based on provisions of our partnership agreement. Undistributed losses are not allocated to unvested restricted unit awards as they do not participate in net losses. Distributions declared and paid in the period are treated as distributed earnings in the computation of earnings per common unit even though cash distributions are not necessarily derived from current or prior period earnings.

Asset Retirement Obligations

Asset retirement obligations represent the present value of the estimated cash flows expected to be incurred to plug, abandon and remediate producing properties, excluding salvage values, at the end of their productive lives in accordance with applicable laws. The significant unobservable inputs to this fair value measurement include estimates of plugging, abandonment and remediation costs, asset life, inflation and the credit-adjusted risk-free rate. The inputs are calculated based on historical data as well as current estimates. When the liability is initially recorded, the carrying amount of the related long-lived asset is increased. Over time, accretion of the liability is recognized each period as accretion expense in our consolidated statements of operations, and the capitalized cost is amortized over the useful life of the related asset and is included in depreciation and amortization expense in our consolidated statements of operations.

To estimate the fair value of an asset retirement obligation, the Partnership employs a present value technique, which reflects certain assumptions, including its credit-adjusted risk-free interest rate, inflation rate, the estimated settlement date of the liability and the estimated current cost to settle the liability. Changes in timing or to the original estimate of cash flows will result in changes to the carrying amount of the liability.

Gathering and Transportation Assets

Gathering and transportation assets, are stated at historical acquisition cost, net of any impairments, and are depreciated using the straight-line method over the useful lives of the assets, which range from three to 15 years for furniture and equipment, up to 36 years for gathering facilities, and up to 40 years for transportation assets.

Estimated asset retirement costs are recognized when the asset is acquired or placed in service, and are amortized over the useful life of the asset. Asset retirement costs are estimated by our engineers using existing regulatory requirements and anticipated future inflation rates.

We perform a periodic assessment of gathering and transportation assets to identify facts and circumstances, or triggering events, that indicate the carrying value may not be recoverable. Asset recoverability is measured by comparing the carrying value of the asset or asset group with its expected future pre-tax undiscounted cash flows. These cash flow estimates require us to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, we recognize an impairment equal to the excess of net book value over fair value. The determination of the fair value using present value techniques requires us to make projections and assumptions regarding the probability of a range of outcomes and the rates of interest used in the present value calculations. Any changes we make to these projections and assumptions could result in significant revisions to our evaluation of recoverability of our gathering and transportation assets and the recognition of additional impairments. Refer to Note 8 “Gathering and Transportation Related Assets” to our consolidated financial statements for additional information.

Leases

Our leasing activity primarily consists of field equipment. We determine if an arrangement is an operating or finance lease at inception. Right of use assets represent our right to use an underlying asset for the lease term when we control the use of the asset by obtaining substantially all of the economic benefits of the asset and direct the use of the asset. Lease liabilities represent our obligation to make lease payments arising from the lease. Right of use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The interest rate used to calculate the present value of lease payments is the rate implicit in the lease when determinable or our incremental borrowing rate. Our incremental borrowing rate is primarily based on our collateralized borrowing rate when such borrowings exist or an estimated collateralized borrowing rate based on independent third party quotes when such borrowings do not exist. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term. Finance lease expense is recognized based on the effective-interest method and amortization of the right of use asset is recognized based on the straight-line method.

Unit-Based Compensation

The Partnership records unit-based compensation expense for awards granted in accordance with the provisions of Accounting Standards Codification ("ASC") Topic 718, "Compensation—Stock Compensation." Unit-based compensation expense for these awards is based on the grant-date fair value and recognized over the vesting period using the straight-line method.

Investments

We follow the equity method of accounting when we do not exercise control over the investee, but we can exercise significant influence over the operating and financial policies of the investee. Under this method, our equity investments are carried originally at our acquisition cost, increased by our proportionate share of the investee's net income and by contributions made, and decreased by our proportionate share of the investee's net losses and by distributions received. We evaluate our equity investments for impairment when evidence indicates the carrying amount of our investment is no longer recoverable. Evidence of a loss in value might include, but would not necessarily be limited to, absence of an ability to recover the carrying amount of the investment or inability of the equity method investee to sustain an earnings capacity that would justify the carrying amount of the investment. The Partnership determines the fair value of the equity method investment using an income approach. Certain inputs included in the income approach, including sales projections, discount rate and exit multiple are unobservable and require management judgement. When the estimated fair value of an equity investment is less than its carrying value and the loss in value is determined to be other than temporary, we recognize the excess of the carrying value over the estimated fair value as an impairment loss within earnings from equity investments in our consolidated statements of operations.

Earnout Derivative

As part of the Carnero Gathering Transaction (as defined in Note 12. "Investments"), we are required to pay Mesquite an earnout based on natural gas received above a threshold volume and tariff at designated delivery points from Mesquite and other producers. The earnout derivative is accounted for under ASC 815, and we measure its fair value through the use of a Monte Carlo simulation model which utilized observable inputs such as the earnout price and volume commitment, as well as unobservable inputs related to the weighted probabilities of various throughput scenarios.

3. DIVESTITURES AND DISCONTINUED OPERATIONS

Kodiak Sale

On March 11, 2022, we entered into a purchase and sale agreement with Kodiak Gas Services, LLC ("Kodiak"), pursuant to which we sold to Kodiak natural gas compression equipment for a purchase price of $250 thousand. We recorded a loss of approximately $2.2 million on the sale.

On May 9, 2022, we entered into a purchase and sale agreement with Kodiak, pursuant to which we sold to Kodiak natural gas compression equipment for a purchase price of $250 thousand. We recorded a loss of approximately $2.2 million on the sale.

Palmetto Divestiture

On April 30, 2021, but effective March 1, 2021 (the “Palmetto Effective Time”), SEP Holdings IV, LLC (“SEP IV”), a wholly-owned subsidiary of the Partnership entered into a purchase agreement (the “Palmetto PSA”) with Westhoff Palmetto LP (“Palmetto Buyer”), pursuant to which SEP IV sold to Palmetto Buyer specified wellbores and other associated assets located in Gonzales and Dewitt Counties, Texas (the “Palmetto Assets”) for a base purchase price of approximately $11.5 million, including the impact of final post-closing adjustments (the “Palmetto Divestiture”). Pursuant to the Palmetto PSA, other than a limited amount of retained obligations, Palmetto Buyer agreed to assume all obligations relating to the Palmetto Assets that arose on or after the Palmetto Effective Time. The Palmetto PSA contains customary representations and warranties by SEP IV and Palmetto Buyer, and SEP IV and Palmetto Buyer have agreed to customary indemnities relating to breaches of representations, warranties and covenants and the payment of assumed and excluded obligations. The Palmetto Divestiture closed simultaneously with the execution of the Palmetto PSA and we recorded a gain of approximately $0.3 million on the sale.

Maverick Divestitures

On April 30, 2021, but effective March 1, 2021 (the “Maverick Effective Time”), SEP IV entered into a purchase agreement (the “Maverick PSA”) with Bayshore Energy TX LLC (“Maverick Buyer”), pursuant to which SEP IV sold to Maverick Buyer specified wellbores and other associated assets located in Zavala County, Texas (the “Maverick 1 Assets”) for a base purchase price of approximately $2.8 million, prior to post-closing adjustments (the “Maverick 1 Divestiture”). Pursuant to the Maverick PSA, other than a limited amount of retained obligations, Maverick Buyer agreed to assume all obligations relating to the Maverick 1 Assets that arose on or after the Maverick Effective Time. The Maverick PSA contains customary representations and warranties by SEP IV and Maverick Buyer, and SEP IV and Maverick Buyer agreed to customary indemnities relating to breaches of representations, warranties and covenants and the payment of assumed and excluded obligations. The Maverick 1 Divestiture closed simultaneously with the execution of the Maverick PSA.

Also on April 30, 2021, SEP IV entered into a letter agreement with Maverick Buyer (the “Maverick Letter Agreement”) pursuant to which SEP IV agreed to sell additional other specified wellbores and other associated assets located in Zavala and Dimmit Counties, Texas (the “Maverick 2 Assets”) for a base purchase price of approximately $1.4 million, prior to final post-closing adjustments (the “Maverick 2 Divestiture”). The closing of the Maverick 2 Divestiture was conditioned upon SEP IV obtaining certain consents and complying with other preferential rights related to the Maverick 2 Assets. Following the entrance into the Maverick Letter Agreement, SEP IV complied with the preferential rights and obtained multiple consents related to the Maverick 2 Assets. SEP IV did not obtain one of the required consents and, as a result, the Maverick 2 Assets subject to such consent were removed from the Maverick 2 Assets included in the Maverick 2 Divestiture (the “Updated Maverick 2 Assets”) and the base purchase price was adjusted downward by approximately $31,000.

On May 14, 2021, but effective as of the Maverick Effective Time, SEP IV and Maverick Buyer entered into a purchase agreement (the “Maverick 2 PSA”) pursuant to which SEP IV sold to Maverick Buyer the Updated Maverick 2 Assets. Pursuant to the Maverick 2 PSA, other than a limited amount of retained obligations, Maverick Buyer agreed to assume all obligations and liabilities related to the Updated Maverick 2 Assets that arose on or after the Maverick Effective Time. The Maverick 2 PSA contains customary representations and warranties by SEP IV and Maverick Buyer, and SEP IV and Maverick Buyer agreed to customary indemnities relating to breaches of representations, warranties and covenants and the payment of assumed and excluded obligations. The Maverick 2 Divestiture closed simultaneously with the execution of the Maverick 2 PSA.

On August 13, 2021, but effective as of the Maverick Effective Time, SEP IV and Maverick Buyer entered into a Purchase Agreement (the “Maverick 3 PSA”) pursuant to which SEP IV sold to Maverick Buyer specified wellbores and other associated assets located in Zavala County, Texas, including the remaining Maverick 2 Assets excluded from the original closing of the Maverick 2 Divestiture (the “Maverick 3 Assets”) for a base purchase price of approximately $31,000, prior to final post-closing adjustments (the “Maverick 3 Divestiture,” and together with the Maverick 1 Divestiture and the Maverick 2 Divestiture, the “Maverick Divestitures”). Pursuant to the Maverick 3 PSA, other than a limited amount of retained obligations, Maverick Buyer agreed to assume all obligations and liabilities related to the Maverick 3 Assets that arose on or after the Maverick Effective Time. The Maverick 3 PSA contains customary representations and warranties by SEP IV and Maverick Buyer, and SEP IV and Maverick Buyer agreed to customary indemnities relating to breaches of representations, warranties and covenants and the payment of assumed and excluded obligations. The Maverick 3 Divestiture closed simultaneously with the execution of the Maverick 3 PSA. We recorded a net loss of approximately $0.3 million related to the Maverick Divestitures.

Information related to the upstream oil and natural gas assets sold have been reflected in the consolidated financial statements as discontinued operations. The following table presents the results of operations and the gain on disposal which has been included in discontinued operations (in thousands):

	Year Ended December 31, 2021
Revenues	
Natural gas sales	$ 255
Oil sales	3,241
Natural gas liquid sales	182
Total revenues	3,678
Expenses	
Operating expenses	
Lease operating expenses	1,797
Production taxes	160
Gain on sale of assets	(67)
Depreciation, depletion and amortization	439
Accretion expense	73
Total operating expenses	2,402
Income before income taxes	1,276
Income tax expense	398
Income from discontinued operations	$ 878

4. REVENUE RECOGNITION

Revenue from Contracts with Customers

The unit of account in ASC 606 is a performance obligation, which is a promise in a contract to transfer to a customer either a distinct good or service (or bundle of goods or services) or a series of distinct goods or services provided over a period of time. ASC 606 requires that a contract's transaction price, which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, is to be allocated to each performance obligation in the contract based on relative standalone selling prices and recognized as revenue when (point in time) or as (over time) the performance obligation is satisfied.

Disaggregation of Revenue

The Gathering Agreement is classified as an operating lease and is accounted for under ASC 842, "Leases" and is reported as gathering and transportation lease revenues in our consolidated statements of operations.

During the year ended December 31, 2022 and 2021, we recognized revenue of approximately $36.1 million and $51.5 million, respectively, under ASC 842. Mesquite accounted for 100% and 93% of total revenue for the years ended December 31, 2022 and 2021, respectively. We are highly dependent upon Mesquite as our most significant customer.

During the year ended December 31, 2022 and 2021, we did not record any revenue under ASC 606. We disaggregate revenue based on revenue and product type. In selecting the disaggregation categories, we considered a number of factors, including disclosures presented outside the financial statements, such as in our earnings release and investor presentations, information reviewed internally for evaluating performance, and other factors used by the Partnership or the users of its financial statements to evaluate performance or allocate resources. We have concluded that disaggregating revenue by revenue and product type appropriately depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors.

We account for income from our unconsolidated equity method investments as earnings from equity investments in our consolidated statements of operations. Earnings from these equity method investments are further discussed in Note 12 “Investments.”

Contract Balances

At December 31, 2022, and 2021 our accounts receivable were approximately $2.3 million and $19.1 million, respectively, under ASC 842.

On May 27, 2022, but effective as of April 1, 2022, we entered into the A&R Gathering Agreement, a related side letter agreement and the 2022 Settlement Agreement (collectively the “Settlement Documents”). We accounted for the Settlement Documents as a single contract modification of the Original Gathering Agreement under the contract combination guidance in ASC 842.

Prior to the execution of the A&R Gathering Agreement, Mesquite disputed the tariff rate for interruptible throughput volumes from Eastern Catarina (as defined below) billed from July 1, 2021 forward, which resulted in a disputed receivable balance of approximately $26.7 million. Under the terms of the A&R Gathering Agreement and other agreements concurrently entered into, approximately $15.1 million of the disputed receivable balance was paid in cash. In addition, the A&R Gathering Agreement amended key provisions of the Original Gathering Agreement in a manner favorable to us. Principally, it provides for, among other things, a new dedication of the eastern portion of Mesquite’s acreage position in Dimmit, La Salle and Webb counties, Texas (“Eastern Catarina”), whereas only Western Catarina (as defined in Note 11 “Intangible Assets”) was dedicated under the Original Gathering Agreement. The A&R Gathering Agreement also established gathering and processing fee rates for both Western Catarina and Eastern Catarina as well as rates for new production from the Dedicated Acreage (as defined in the A&R Gathering Agreement) and from the Subject Wells (as defined in the A&R Gathering Agreement).

In accordance with ASC 842, the portion of the disputed receivable balance of approximately $11.6 million we did not collect in cash was reclassified as a deferred lease incentive, reflective of the non-distinct nature of the contractual concessions received from Mesquite in the A&R Gathering Agreement. The deferred lease incentive is being amortized over the remaining term of the A&R Gathering Agreement.

Amortization of the deferred A&R Gathering Agreement lease incentive for the year ended December 31, 2022, was approximately $0.7 million. This amortization is recorded as a reduction to gathering and transportation lease revenues in our consolidated statements of operations.

Under our sales contracts, we invoice customers after our performance obligations have been satisfied, at which point payment is unconditional. Accordingly, our contracts do not give rise to contract assets or liabilities under ASC 606. At December 31, 2022, and 2021, our accounts receivables from contracts with customers was zero.

5. FAIR VALUE MEASUREMENTS

Measurements of fair value of derivative instruments are classified according to the fair value hierarchy, which prioritizes the inputs to the valuation techniques used to measure fair value. Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are classified and disclosed in one of the following categories:

Level 1: Measured based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Active markets are considered those in which transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Measured based on quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. Substantially all of these inputs are observable in the marketplace throughout the term of the instrument, can be derived from observable data, or supported by observable levels at which transactions are executed in the marketplace.

Level 3: Measured based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources (i.e., supported by little or no market activity).

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

The following table summarizes the fair value of our assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2022 (in thousands):

	Fair Value Measurements at December 31, 2022			
	Active Markets for Identical Assets (Level 1)	**Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**	**Fair Value**
Fair value of warrants				
Nuvve Holding Warrants	$ —	$ —	$ —	$ —
Other liabilities				
Stonepeak Warrant	—	(2,853)	—	(2,853)
Total	$ —	$ (2,853)	$ —	$ (2,853)

The following table summarizes the fair value of our assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2021 (in thousands):

	Fair Value Measurements at December 31, 2021			
	Active Markets for Identical Assets (Level 1)	**Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**	**Fair Value**
Fair value of warrants				
Nuvve Holding Warrants	$ —	$ 664	$ —	$ 664
Other liabilities				
Stonepeak Warrant	—	(7,197)	—	(7,197)
Total	$ —	$ (6,533)	$ —	$ (6,533)

As of December 31, 2022 and 2021, the estimated fair value of cash and cash equivalents, accounts receivable, other current assets and current liabilities approximated their carrying value due to their short-term nature.

Fair Value on a Non-Recurring Basis

The Partnership follows the provisions of Topic 820-10, “Fair Value Measurement,” for non-financial assets and liabilities measured at fair value on a non-recurring basis. The fair value measurements of assets acquired and liabilities assumed are based on inputs that are not observable in the market and therefore represent Level 3 inputs under the fair value hierarchy. We periodically review gathering and transportation assets for impairment when facts and circumstances indicate that their carrying values may not be recoverable.

A reconciliation of the beginning and ending balances of the Partnership’s asset retirement obligations is presented in Note 10 “Asset Retirement Obligation.”

Fair Value of Financial Instruments

The estimated fair value amounts of financial instruments have been determined using available market information and valuation methodologies described below. We prioritize the use of the highest level inputs available in determining fair value such that fair value measurements are determined using the highest and best use as determined by market participants and the assumptions that they would use in determining fair value.

Credit Agreement – We believe that the carrying value of our Credit Agreement (as defined in Note 7 “Debt”) approximates its fair value because the interest rates on the debt approximate market interest rates for debt with similar terms. The debt is classified as a Level 2 input in the fair value hierarchy and represents the amount at which the instrument could be valued in an exchange during a current transaction between willing parties. The Credit Agreement is discussed further in Note 7 “Debt.”

Nuvve Holding Warrants – The Nuvve Holding Warrants (as defined in Note 6 “Derivative and Financial Instruments”) are valued using the value of Nuvve’s common stock and the Nuvve Holding Warrants exercise price. We have therefore classified the fair value measurement of the Nuvve Holding Warrants as Level 2 and is presented within fair value of warrants on the consolidated balance sheets. As of December 31, 2022, the Nuvve Holding Warrants fair value was determined to be zero.

Stonepeak Warrant – As part of the Exchange (as defined in Note 16. “Partners’ Deficit”), the Partnership issued to Stonepeak Catarina the Stonepeak Warrant which entitles the holder to receive junior securities of the Partnership representing ten percent of junior securities deemed outstanding when exercised. The Stonepeak Warrant is valued using ten percent of the Partnership’s junior securities deemed outstanding and the common unit price as of the balance sheet date. We have therefore classified the fair value measurement of the Stonepeak Warrant as Level 2 and is presented within other liabilities on the consolidated balance sheets.

Earnout Derivative – As part of the Carnero Gathering Transaction (as defined in Note 12 “Investments”), we are required to pay Mesquite an earnout based on natural gas received above a threshold volume and tariff at designated delivery points from Mesquite and other producers. The earnout derivative was valued through the use of a Monte Carlo simulation model which utilized observable inputs such as the earnout price and volume commitment, as well as unobservable inputs related to the weighted probabilities of various throughput scenarios. We have therefore classified the fair value measurements of the earnout derivative as Level 3 inputs. For the years ended December 31, 2022 and 2021, the fair value of the earnout was determined to be zero.

6. DERIVATIVE AND FINANCIAL INSTRUMENTS

On May 17, 2021, the Partnership entered into a letter agreement (the “Levo Letter Agreement”) with Nuvve Holding Corp. (“Nuvve Holding”) and Stonepeak Rocket Holdings LP, relating to the proposed formation of a joint venture, Levo Mobility LLC (“Levo” and such proposed joint venture, the “Levo JV”). In connection with the Levo Letter Agreement, on May 17, 2021, Nuvve Holding issued ten-year warrants to the Partnership as follows: (i) Series B Warrants to purchase 200,000 shares of Nuvve Holding’s common stock, at an exercise price of $10.00 per share, which are fully vested upon issuance; (ii) Series C warrants to purchase 100,000 shares of Nuvve Holding’s common stock, at an exercise price of $15.00 per share, which are vested as to 50% of the shares upon issuance and vest as to the remaining 50% when Levo has entered into contracts with third parties for $125 million in aggregate capital expenditures; (iii) Series D warrants to purchase 100,000 shares of Nuvve Holding’s common stock, at an exercise price of $20.00 per share, which are vested as to 50% of the shares upon issuance and vest as to the remaining 50% when Levo has entered into contracts with third parties for $250 million in aggregate capital expenditures; (iv) Series E warrants to purchase 100,000 shares of Nuvve Holding’s common stock, at an exercise price of $30.00 per share, which are vested as to 50% of the shares upon issuance and vest as to the remaining 50% when Levo has entered into contracts with third parties for $375 million in aggregate capital expenditures; and (v) Series F warrants to purchase 100,000 shares of Nuvve Holding’s common stock, at an exercise price of $40.00 per share, which are vested as to 50% of the shares upon issuance and vest as to the remaining 50% when Levo has entered into contracts with third parties for $500 million in aggregate capital expenditures (collectively, the “Nuvve Holding Warrants”).The Nuvve Holding Warrants are accounted for in accordance with Topic 815, “Derivatives and Hedging,” and are recorded on the consolidated balance sheets at fair value. Changes in the Nuvve Holding Warrants’ fair value are recognized in earnings and included in “Other (income) expense” on the consolidated statements of operations.

The following table sets forth a reconciliation of the changes in fair value of the Partnership's Nuvve Holding Warrants for the periods indicated (in thousands):

	Years Ended December 31,	
	2022	2021
Beginning fair value of warrants	$ 664	$ —
Net gain (loss) on warrants	(664)	664
Ending fair value of warrants	$ —	$ 664

Under Topic 815, "Derivatives and Hedging," all derivative instruments are recorded on the consolidated balance sheets at fair value as either short-term or long-term assets or liabilities based on their anticipated settlement date. Changes in the derivatives' fair values are recognized in earnings.

Earnout Derivative

See Note 5 "Fair Value Measurements" for disclosure regarding the earnout derivative.

7. DEBT

Credit Agreement

We have entered into a credit facility with Royal Bank of Canada, as administrative agent and collateral agent, and the lenders party thereto, as amended through the date of the Twelfth Amendment to Third Amended and Restated Credit Agreement, dated as of August 20, 2021 (the "Credit Agreement"). The Credit Agreement provides a quarterly amortizing term loan of $65.0 million (the "Term Loan") and a maximum revolving credit amount of $5.0 million (the "Revolving Loan"). The Credit Agreement matures on September 30, 2023. Borrowings under the Credit Agreement are secured by various mortgages of midstream properties that we own as well as various security and pledge agreements among us, certain of our subsidiaries and the administrative agent.

The Credit Agreement is a current liability that matures on September 30, 2023. We expect to refinance or extend the maturity of the Credit Agreement prior to its maturity date. However, we may not be able to refinance or extend the maturity of the Credit Agreement or, if we are able to refinance or extend the maturity, we may not be able to do so with borrowing and debt issue costs, terms, covenants, restrictions, commitment amount or a borrowing base favorable to us.

Borrowings under the Credit Agreement are available for limited direct investment in midstream properties, acquisitions, and working capital and general business purposes. The Credit Agreement has a sub-limit of up to $2.5 million which may be used for the issuance of letters of credit. As of December 31, 2022, we had approximately $20.2 million of debt outstanding, comprised solely of the Term Loan. We are required to make mandatory amortizing payments of outstanding principal on the Term Loan, which are, as of the quarter ended December 31, 2021, $3.0 million per fiscal quarter, decreasing to $2.0 million per fiscal quarter commencing with the quarter ending March 31, 2023. As of December 31, 2022, we have met our mandatory amortizing payments of outstanding principal on the Term Loan through March 2023. The maximum revolving credit amount is $5.0 million leaving us with approximately $5.0 million in unused borrowing capacity. There were no letters of credit outstanding under our Credit Agreement as of December 31, 2022.

At our election, interest for borrowings under the Credit Agreement are determined by reference to (i) the London Interbank Offered Rate ("LIBOR") plus an applicable margin between 2.75% and 3.50% per annum based on net debt to EBITDA or (ii) a domestic bank rate ("ABR") plus an applicable margin between 1.75% and 2.50% per annum based on net debt to EBITDA plus (iii) a commitment fee of 0.50% per annum based on the unutilized portion of the Revolving Loan. Interest on the borrowings for ABR loans and the commitment fee are generally payable quarterly. Interest on the borrowings for LIBOR loans are generally payable at the applicable maturity date.

The Credit Agreement contains fallback language that seeks to facilitate an agreement with the administrative agent under on a replacement benchmark rate for LIBOR upon the occurrence of certain benchmark transition events or an early opt-in election. Upon the occurrence of one of these triggering events, the administrative agent has the right to make conforming changes to the Credit Agreement to reflect the new benchmark rate. The replacement of LIBOR or any other benchmark rates may result in fluctuating interest rates.

The Credit Agreement contains various covenants that limit, among other things, our ability to incur certain indebtedness, grant certain liens, merge or consolidate, sell all or substantially all of our assets, make certain loans, acquisitions, capital expenditures and investments, and pay distributions to unitholders.

In addition, we are required to maintain the following financial covenants:

- current assets to current liabilities, excluding any current maturities of debt, of at least 1.0 to 1.0 at all times; and
- senior secured net debt to consolidated adjusted EBITDA for the last twelve months, as of the last day of any fiscal quarter, of not greater than 3.25 to 1.00.

The Credit Agreement also includes customary events of default, including events of default relating to non-payment of principal, interest or fees, inaccuracy of representations and warranties when made or when deemed made, violation of covenants, cross-defaults, bankruptcy and insolvency events, certain unsatisfied judgments, loan documents not being valid and a change in control. A change in control is generally defined as the occurrence of one of the following events: (i) our existing general partner ceases to be our sole general partner or (ii) certain specified persons shall cease to own more than 50% of the equity interests of our general partner or shall cease to control our general partner. If an event of default occurs, the lenders will be able to accelerate the maturity of the Credit Agreement and exercise other rights and remedies.

At December 31, 2022, we were in compliance with the financial covenants contained in the Credit Agreement. We monitor compliance on an ongoing basis. If we are unable to remain in compliance with the financial covenants contained in our Credit Agreement or maintain the required ratios discussed above, the lenders could call an event of default and accelerate the outstanding debt under the terms of the Credit Agreement, such that our outstanding debt could become then due and payable. We may request waivers of compliance from the violated financial covenants from the lenders, but there is no assurance that such waivers would be granted.

We are required to make mandatory amortizing payments of the outstanding principal on the Term Loan and we expect these quarterly amortizing payments will be made from our operating cash flows and other capital resources. However, there can be no assurance that operations and other capital resources will provide cash in sufficient amounts to make these mandatory amortizing payments.

Debt Issuance Costs

As of December 31, 2022 and 2021, our unamortized debt issuance costs were approximately $0.4 million and $0.6 million, respectively. These costs are amortized to interest expense in our consolidated statements of operations over the life of our Credit Agreement. Amortization of debt issuance costs recorded during the years ended December 31, 2022 and 2021 was approximately $0.5 million and $0.9 million, respectively.

8. GATHERING AND TRANSPORTATION ASSETS

Gathering and transportation assets consisted of the following (in thousands):

	December 31,	
	2022	2021
Gathering and transportation assets		
Midstream assets	$ 181,981	$ 188,952
Less: Accumulated depreciation and impairment	(94,503)	(90,717)
Total gathering and transportation assets, net	$ 87,478	$ 98,235

Depreciation and Amortization. Gathering and transportation assets, are stated at historical acquisition cost, net of any impairments, and are depreciated using the straight-line method over the useful lives of the assets, which range from three to 15 years for furniture and equipment, up to 36 years for gathering facilities, and up to 40 years for transportation assets.

Depreciation and amortization consisted of the following (in thousands):

	Years Ended December 31,	
	2022	2021
Depreciation and amortization of gathering and transportation assets	$ 6,939	$ 7,102
Amortization of intangible assets	11,577	13,457
Total depreciation and amortization	$ 18,516	$ 20,559

Impairment of Gathering and Transportation Assets. We perform a periodic review of gathering and transportation assets to identify facts and circumstances, or triggering events, that indicate the carrying value may not be recoverable. Asset recoverability is measured by comparing the carrying value of the asset or asset group with its expected future pre-tax undiscounted cash flows. These cash flow estimates require us to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost and other factors. If the carrying amount exceeds the expected future undiscounted cash flows, we recognize an impairment equal to the excess of net book value over fair value. The determination of the fair value using present value techniques requires us to make projections and assumptions regarding the probability of a range of outcomes and the rates of interest used in the present value calculations. Any changes we make to these projections and assumptions could result in significant revisions to our evaluation of recoverability of our gathering and transportation assets and the recognition of additional impairments. Upon disposition or retirement of gathering and transportation assets, any gain or loss is recorded to operations.

9. PROVISION FOR INCOME TAXES

Publicly traded partnerships like ours are treated as corporations unless they have 90% or more in qualifying income (as that term is defined in the Internal Revenue Code). We satisfied this requirement in each of the years ended December 31, 2022 and 2021 and, as a result, are not subject to federal income tax. However, our partners are individually responsible for paying federal income taxes on their share of our taxable income. Net earnings for financial reporting purposes may differ significantly from taxable income reportable to our unitholders as a result of differences between the tax basis and financial reporting basis of certain assets and liabilities and other factors. We do not have access to information regarding each partner's individual tax basis in our limited partner interests.

Provision for income taxes reflects franchise tax obligations in the state of Texas (the "Texas Margin Tax"). Deferred income tax assets and liabilities are recognized for temporary differences between the assets and liabilities of our tax paying entities for financial reporting and tax purposes.

Our federal and state income tax provision (benefit) is summarized below:

	December 31,	
	2022	2021
Current:		
Federal	$ 3	$ 3
State	131	(2)
Total current	134	1
Deferred:		
Federal	—	—
State	(2)	(6)
Total deferred	(2)	(6)
Total provision for income taxes	$ 132	$ (5)

A reconciliation of the provision for (benefit from) income taxes with amounts determined by applying the statutory U.S. federal income tax rate to income (loss) before income taxes is as follows (in thousands):

	Years Ended December 31,	
	2022	2021
Pre-tax net book loss	$ (53,005)	$ (155,422)
Federal Income Tax	3	3
Texas Margin Tax [(a)]	130	(6)
Return to accrual	(1)	(2)
Provision for income taxes	$ 132	$ (5)
Effective income tax rate	(0.25)%	— %

(a) Although the Texas Margin Tax is not considered a state income tax, it has the characteristics of an income tax since it is determined by applying a tax rate to a base that considers our Texas-sourced revenues and expenses.

The following table presents the significant components of deferred tax assets and deferred tax liabilities at the dates indicated (in thousands):

	December 31,	
	2022	2021
Deferred tax assets (liabilities):		
Derivative assets	$ (19)	$ (22)
Depreciable, depletable property, plant and equipment	(271)	(271)
Other	3	5
Deferred tax assets (liabilities):	(287)	(288)
Valuation allowance	—	—
Total deferred tax assets (liabilities)	$ (287)	$ (288)

The Partnership assessed the available positive and negative evidence to determine that a valuation allowance was not required for a portion of its deferred tax assets because it is more likely than not that the deferred tax assets will be realized.

As of December 31, 2022 and 2021, the Partnership had no material uncertain tax positions.

The Partnership files income tax returns in the U.S. and various state jurisdictions. The Partnership is no longer subject to examination by federal income tax authorities prior to 2019. State statutes vary by jurisdiction.

10. ASSET RETIREMENT OBLIGATION

We recognize the fair value of a liability for an asset retirement obligation ("ARO") in the period in which it is incurred if a reasonable estimate of fair value can be made. Each period, we accrete the ARO to its then present value. The associated asset retirement cost ("ARC") is capitalized as part of the carrying amount of our gathering and transportation assets. Subsequently, the ARC is depreciated using the straight-line method. The AROs recorded by us relate to the abandonment of natural gas gathering and other facilities.

Inherent in the fair value calculation of AROs are numerous assumptions and judgments including the ultimate settlement amounts, inflation factors, credit adjusted discount rates, timing of settlement and changes in the legal, regulatory, environmental and political environments. To the extent future revisions to these assumptions result in adjustments to the recorded fair value of the existing ARO, a corresponding adjustment is made to the ARC capitalized as part of gathering and transportation assets.

The following table is a reconciliation of changes in ARO for the years ended December 31, 2022 and 2021 (in thousands):

	Years Ended December 31, 2022	2021
Asset retirement obligation, beginning balance	$ 4,700	$ 4,313
Accretion expense	421	387
Asset retirement obligation, ending balance	$ 5,121	$ 4,700

Additional AROs increase the liability associated with new gathering and transportation assets and other facilities as these obligations are incurred. Abandonments of gathering and transportation assets and other facilities reduce the liability for AROs. During the years ended December 31, 2022 and 2021, there were no significant expenditures for abandonments and there were no assets legally restricted for purposes of settling existing AROs. During the year ended December 31, 2021, obligations were relieved as part of the Palmetto Divestiture and the Maverick Divestitures.

11. INTANGIBLE ASSETS

Intangible assets are comprised of customer and marketing contracts. The intangible assets balance as of December 31, 2022 is related to the Gathering Agreement with Mesquite that was entered into as part of the acquisition of the Catarina Gathering System, which is located on the western portion of Mesquite’s acreage position in Dimmit, La Salle and Webb counties, Texas (the western portion of such acreage, “Western Catarina”). Pursuant to the ten-year agreement, Mesquite tenders all of its crude oil, natural gas and other hydrocarbon-based product volumes produced in the Western Catarina of the Eagle Ford Shale in Texas for processing and transportation through the Catarina Gathering System, with a right to tender additional volumes outside of the dedicated acreage. These intangible assets are being amortized using the straight-line method over the 17-year life of the agreement.

Amortization expense for the years ended December 31, 2022 and 2021 was approximately $11.6 million and $13.5 million, respectively. These costs are amortized to depreciation, depletion, and amortization expense in our consolidated statements of operations. The following table is a reconciliation of changes in intangible assets for the years ended December 31, 2022 and 2021 (in thousands):

	Years Ended December 31, 2022	2021
Beginning balance	$ 118,329	$ 131,786
Amortization	(11,577)	(13,457)
Ending balance	$ 106,752	$ 118,329

12. INVESTMENTS

In July 2016, we completed a transaction pursuant to which we acquired from Mesquite a 50% interest in Carnero Gathering, LLC (“Carnero Gathering”), a joint venture that was 50% owned and operated by Targa Resources Corp. (NYSE: TRGP) (“Targa”), for an initial payment of approximately $37.0 million and the assumption of remaining capital commitments to Carnero Gathering, estimated at approximately $7.4 million as of the acquisition date (the “Carnero Gathering Transaction”). The fair value of the intangible asset for the contractual customer relationship related to Carnero Gathering was valued at approximately $13.0 million. This amount is being amortized over a contract term of 15 years and decreases earnings from equity investments in our consolidated statements of operations. As part of the Carnero Gathering Transaction, we are required to pay Mesquite an earnout based on natural gas received above a threshold volume and tariff at designated delivery points from Mesquite and other producers. See Note 5 “Fair Value Measurements” for further discussion of the earnout derivative.

In November 2016, we completed a transaction pursuant to which we acquired from Mesquite a 50% interest in Carnero Processing, LLC (“Carnero Processing”), a joint venture that was 50% owned and operated by Targa, for aggregate cash consideration of approximately $55.5 million and the assumption of remaining capital contribution commitments to Carnero Processing, estimated at approximately $24.5 million as of the date of acquisition.

In May 2018, we executed a series of agreements with Targa and other parties pursuant to which, among other things: (1) the parties merged their respective 50% interests in Carnero Gathering and Carnero Processing (the “Carnero JV Transaction”) to form an expanded 50 / 50 joint venture in South Texas, within Carnero G&P, LLC (“Carnero JV”), (2) Targa contributed 100% of the equity interest in the Silver Oak II Gas Processing Plant (“Silver Oak II Plant”), located in Bee County, Texas, to Carnero JV, which expands the processing capacity of Carnero JV from 260 MMcf/d to 460 MMcf/d, (3) Targa contributed certain capacity in the 45 miles of high pressure natural gas gathering pipelines owned by Carnero Gathering (the “Carnero Gathering Line”) that connect the Catarina Gathering System to nearby pipelines and the 260 MMcf/d cryogenic natural gas processing plant located in La Salle County, Texas (the “Raptor Plant”) Carnero JV resulting in Carnero JV owning all of the capacity in the Carnero Gathering Line, which has a design limit (without compression) of 400 MMcf/d, (4) Carnero JV received a new dedication from Mesquite and its working interest partners of over 315,000 acres located in the Western Eagle Ford on Mesquite’s acreage in Dimmit, Webb, La Salle, Zavala and Maverick counties, Texas (such acreage is collectively referred to as Mesquite’s “Comanche Asset”) pursuant to a new long-term firm gas gathering and processing agreement. The agreement with Mesquite, which was approved by all of the unaffiliated Comanche Asset working interest partners, establishes commercial terms for the gathering of gas on the Carnero Gathering Line and processing at the Raptor Plant and the Silver Oak II Plant. As a result of the Carnero JV Transaction, we now record our share of earnings and losses from Carnero JV using the Hypothetical Liquidation at Book Value (“HLBV”) method of accounting. HLBV is a balance-sheet approach that calculates the amount we would have received if Carnero JV were liquidated at book value at the end of each measurement period. The change in our allocated amount during the period is recognized in our consolidated statements of operations. In the event of the liquidation of Carnero JV, available proceeds are first distributed to any priority return and unpaid capital associated with Silver Oak II, and then to members in accordance with their capital accounts.

As of December 31, 2022, the Partnership had paid approximately $124.7 million for its investment in Carnero JV related to the initial payments and contributed capital. The Partnership has accounted for this investment using the equity method. Targa is the operator of Carnero JV and has significant influence with respect to the normal day-to-day capital and operating decisions. We have included the investment balance in the equity investments caption on the consolidated balance sheets. For the year ended December 31, 2022, the Partnership recorded earnings of approximately $7.3 million in equity investments from Carnero JV, which was partially offset by approximately $1.2 million related to the amortization of the contractual customer intangible asset. We have included these equity method earnings in the earnings from equity investments line within the consolidated statements of operations. For the years ended December 31, 2022 and 2021, gross profit and income from continuing operations approximated net income. Cash distributions of approximately $11.7 million were received during the year ended December 31, 2022. As of December 31, 2021, an impairment of approximately $173.2 million was recorded at the JV level with approximately $55.0 million allocated to our net loss based on the Partnership’s proportionate share of aggregate capital contributions. At December 31, 2021, the carrying value of our investment in Carnero JV was $20.2 million.

Summarized financial information of unconsolidated entities is as follows (in thousands):

	Years Ended December 31,	
	2022	2021
Sales	$ 111,602	$ 114,165
Total expenses	99,502	277,545
Net income	$ 12,100	$ (163,380)

13. COMMITMENTS AND CONTINGENCIES

As part of the Carnero Gathering Transaction, we are required to pay Mesquite an earnout based on natural gas received above a threshold volume and tariff at designated delivery points from Mesquite and other producers. This earnout has an approximate value of zero as of December 31, 2022 and 2021. For the years ended December 31, 2022 and 2021, we made no payments to Mesquite related to the earnout.

14. RELATED PARTY TRANSACTIONS

Relationship with Stonepeak

Since October 14, 2015, Stonepeak Catarina has owned all of our issued and outstanding preferred units, which are comprised solely of our Class C Preferred Units.

As of March 24, 2023, Stonepeak owns (i) 200,202,635 common units, representing approximately 78.5% of our total 254,893,417 outstanding common units (the common unit amounts include 23,861,365 common units Stonepeak Catarina has the right to acquire upon exercise of the Stonepeak Warrant), (ii) all of our issued and outstanding Class C Preferred Units, (iii) the Stonepeak Warrant, which entitles Stonepeak Catarina to receive junior securities of the Partnership (including common units) representing 10% of all junior securities deemed outstanding when exercised, (iv) the non-economic general partner interest in the Partnership and (v) all of our incentive distribution rights. Stonepeak also owns 100% of the issued and outstanding equity interests in SP Holdings, which is the sole member of our general partner. SP Holdings has the right to appoint all of the members of the Board of directors other than two directors which Stonepeak Catarina is entitled to designate pursuant to that certain Amended and Restated Board Representation and Standstill Agreement, dated as of August 2, 2019. Stonepeak controls us and our general partner and has the ability to appoint all of the members of the Board and is considered a related party of the Partnership. Stonepeak Catarina is considered to be our parent because it is our affiliate and has the power to control us, directly or indirectly, through its ownership of common units, Class C Preferred Units, and all of the issued and outstanding equity interests of SP Holdings and its other contractual rights with us.

Pursuant to Section 15.1 of our partnership agreement, if at any time Stonepeak holds more than 80% of our outstanding common units and transfers all of the common units held by it to our general partner or a controlled affiliate of our general partner, Stonepeak will be able, via its limited call right, to cause our general partner or a controlled affiliate of our general partner to exercise its right to acquire all, but not less than all, of our common units held by persons other than our general partner and its controlled affiliates. During the period from December 28, 2022 to March 15, 2023,Stonepeak held more than 80% of our outstanding common units. As of the date of this Form 10-K Stonepeak holds approximately 76.3% of our common units. If Stonepeak holds more than 80% of our common units at any point following the date of this Form 10-K, Stonepeak will be able to cause our general partner to exercise the limited call right at any time after Stonepeak completes the Stonepeak LCR Transfer by causing our general partner to exercise its limited call right at a price equal to the greater of (1) the average of the daily closing price of our common units over the 20 trading days preceding the date three days before notice of exercise of our general partner’s limited call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its controlled affiliates for common units during the 90-day period preceding the date such notice is first mailed. As a result, common unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or a negative return on their investment. Common unitholders may also incur tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of common units to be repurchased upon exercise of its limited call right. If our general partner exercises its limited call right, the effect would be to take the Partnership private and, if the common units are subsequently deregistered, the Partnership will no longer be subject to the reporting requirements of the Exchange Act.

Currently, four of our directors, Michael Bricker, Michael A. Heim, David D. Kinder and John T. Steen III are representatives of Stonepeak, as either employees or operating partners of Stonepeak. Messrs. Kinder, Heim, Bricker and Steen do not receive separate compensation for their service on the Board, but they are entitled to indemnification related to their service as directors pursuant to the terms of our partnership agreement. Prior to their replacement, Messrs. Howell and Taylor did not receive separate compensation for their service on the Board, but they were entitled to indemnification related to their service as directors pursuant to the terms of our partnership agreement. “See Part III, Item 11. Executive Compensation—Compensation of Directors.”

Relationship with SP Holdings

We are controlled by our general partner, Evolve Transition Infrastructure GP LLC. The sole member of our general partner is SP Holdings which has no officers. The sole member of SP Holdings is Stonepeak Catarina and the managing member of SP Holdings is Stonepeak Catarina Upper Holdings, LLC, an affiliate of Stonepeak Catarina.

Shared Services Agreement

We have entered into the Shared Services Agreement with SP Holdings. In connection with providing the services under the Shared Services Agreement, SP Holdings receives compensation consisting of: (i) a quarterly fee equal to 0.375% of the value of our properties other than our assets located in the Mid-Continent region, (ii) reimbursement for all allocated overhead costs as well as any direct third-party costs incurred and (iii) for each asset acquisition, asset disposition and financing, a fee not to exceed 2% of the value of such transaction. Prior to August 2, 2019 each of these fees, not including the reimbursement of costs, was paid in cash unless SP Holdings elected for such fee to be paid in our equity. However, on August 2, 2019, we and SP Holdings entered into a letter agreement providing that until such time as we redeem all of our issued and outstanding Class C Preferred Units, SP Holdings will elect to receive its fees, not including reimbursement of costs, in common units rather than cash. In addition, on November 8, 2019, we and SP Holdings entered into an additional letter agreement providing that during the period beginning with the fiscal quarter ended September 30, 2019 and continuing until the end of the fiscal quarter after the fiscal quarter in which we redeem all of our issued and outstanding Class C Preferred Units (the "Tolling Period"), SP Holdings would agree to delay receipt of its fees, not including reimbursement of costs. During the Tolling Period, we are required to keep an accurate ledger of the dollar amount of the fee applicable to each quarter within the Tolling Period and the daily closing price of our common units on the NYSE. Following the end of the Tolling Period we will provide a notice to SP Holdings including such ledgers and pay the accrued fees within thirty days of delivery of such notice. The Shared Services Agreement has a ten-year term and will be automatically renewed for an additional ten years unless we or SP Holdings provide notice of termination to the other with at least 180 days' notice. During the year ended December 31, 2022, pursuant to the November 8, 2019 letter agreement, SP Holdings did not receive any fees, other than reimbursement of its costs. However, pursuant to the requirements under the November 8, 2019 letter agreement, we have determined that there was a net benefit during the years ended December 31, 2022 and 2021, of approximately $6.4 million and $1.9 million, respectively. The November 8, 2019 letter agreement resulted in the accumulating balance being subject to mark-to-market adjustments based on the market price for our common units. The volatility in our common unit market price during the periods caused the swing in fees earned.

The Shared Services Agreement can be terminated (i) by either party at any time by 180 days' prior written notice to the other party, (ii) by SP Holdings if there is an uncured material breach thereunder by the Partnership, or (iii) by the Partnership, subject to Board approval, if (1) there is an uncured material breach thereunder by SP Holdings or (2) there is a change in control of SP Holdings. Pursuant to the Standstill Agreement, the Partnership must obtain Stonepeak Catarina's consent to its termination of the Shared Services Agreement. The Shared Services Agreement provides that if there is a termination other than by either party at the end of the Shared Services Agreement's term, by the Partnership for an uncured breach by SP Holdings, or by the Partnership upon a change of control of SP Holdings, then the Partnership will owe a termination payment to SP Holdings in an amount equal to $5,000,000 plus 5% of the transaction value of all asset acquisitions theretofore consummated. We estimate that this amount was in excess of $34.0 million as of December 31, 2022. Such termination fee may be payable in cash or common units. If the Partnership terminates upon 180 days' prior notice then the Partnership must also pay to SP Holdings all costs and expenses of SP Holdings that result from such termination. To date, no notice of termination of the Shared Services Agreement has been delivered by SP Holdings, and the Partnership is continuing to discuss the Shared Services Agreement with SP Holdings.

Relationship with HOBO

As described below under "—Related Party Transactions—2021—HOBO Transaction," we have the option to fund certain development expenses of HOBO, in our sole discretion, as HOBO seeks to develop, construct, own and operate renewable fuels facilities. Messrs. Gibbs and Keuss, who served as the Chief Executive Officer and Chief Operating Officer of our general partner, respectively, during the year ended December 31, 2022, also serve as the Chief Executive Officer and President, respectively, of HOBO and are also owners of a substantial majority of the equity interests in HOBO. However, effective as of March 15, 2023, HOBO is no longer considered a related person because Messrs. Gibbs, Keuss and Hartigan are no longer officers of the Partnership.

As described in "Part I, Item 1. Business—Subsequent Events—First Amendment to Framework Agreement," we entered into the Framework Amendment on February 17, 2023, which provides us with the election to fund development expenses of HOBO only if we, in our sole discretion, elect to proceed with the Initial Project (as defined in the Framework Agreement).

Related Party Transactions

2021

HOBO Transaction

On November 3, 2021, we entered into a Framework Agreement with HOBO. At the time of entry into the Framework Agreement there were no other material relationships between us or any of our affiliates and HOBO. On February 17, 2023, we entered into the First Amendment to Framework Agreement with HOBO (as amended, the "Framework Agreement"). The Framework Agreement provides that, subject to the satisfaction of applicable conditions precedent, we will fund certain development expenses of HOBO as HOBO seeks to develop, construct, own and operate renewable fuels facilities (each, a "Project"). HOBO's initial Project is a 9,000 barrel per day (120 million gallons per year) renewable diesel production facility (the "Initial Project").

Upon satisfaction of the Offtake Condition, HOBO will send written notice thereof to us. If, following our review of the supporting materials relating to the Offtake Condition (as defined in the Framework Agreement) we are, in our sole discretion satisfied and elect to proceed with the Initial Project, then we will pay to HOBO the lesser of 50% of the Qualified Development Costs incurred as of such date and $3.0 million (the "Initial Development Payment"). If we, in our sole discretion, elect not to proceed with the Initial Project, then no Initial Development Payment shall be due or payable to HOBO. If we elect not to proceed with the Initial Project then no payment by Evolve shall ever become payable under the Framework Agreement with respect to the Initial Project.

Assuming we proceed with the Initial Project and pay the Initial Development Payment, then upon receipt of all Material Permits (as defined in the Framework Agreement) for the Initial Project and conclusion of the FEL2 Level Pre-Feasibility Study Report verifying the Initial Project can be completed in accordance with the Qualified Project Model, HOBO will send written notice thereof to us and if we are reasonably satisfied with our review of the supporting materials, we will pay to HOBO (i) the lesser of 50% of the aggregate Qualified Development Costs incurred as of such date and $7.5 million minus (ii) the amount of any Qualified Development Costs previously paid by us (the "Interim Development Payment").

Upon achievement of all Conditions Precedent (as defined in the Framework Agreement) for the Initial Project (other than Evolve Approval (as defined in the Framework Agreement)), HOBO will send written notice thereof to us. If we are reasonably satisfied with our review of the Conditions Precedent, then subject to the closing and initial funding of Project Financing (as defined in the Framework Agreement), which is required to cover a specified percentage of the anticipated procurement, construction, completion and commercialization costs of the Initial Project, we will pay to HOBO (i) the lesser of $15.0 million and the aggregate Qualified Development Costs incurred as of such date, minus (ii) the aggregate amount of the Initial Development Payment, the Interim Development Payment and any other Qualified Development Costs previously paid by us (the "Final Development Payment").

For the Initial Project, HOBO shall also be entitled to payment of an Incentive Development Fee (as defined in the Framework Agreement), equal to 5% of the aggregate capital expenditures in the final capital expenditure budget included in the Final Qualified Project Model (as defined in the Framework Agreement) with a maximum payment of $22.7 million (subject to adjustment for any change in the scope of the Initial Project), at least 50% of which shall be payable in Class A units of the holding company we form in connection with the Initial Project. We may be required to issue common units to HOBO if, at HOBO's election, it chooses to receive payment of the Incentive Development Fee in the form of common units in lieu of cash or Class A units in the holding company. Half of the Incentive Development Fee shall be due at Financial Close (as defined in the Framework Agreement) and the remaining half shall be due upon the Initial Project achieving Commercial Operation. On or prior to Financial Close, HOBO shall also have the right to commit to purchase up to 10% of the total expected Class A units in the holding company.

If we make each of the required funding payments in connection with the Initial Project, the approximate dollar value of such payments would be approximately $15.0 million plus the amount of the Incentive Development Fee. As explained above in "Part III, Item 13. Related Party Transactions—Relationship with HOBO," Messrs. Gibbs and Keuss, who served as the Chief Executive Officer and Chief Operating Officer of our general partner, respectively, during the year ended December 31, 2022, also serve as the Chief Executive Officer and President, respectively, of HOBO and are also owners of a substantial majority of the equity interests in HOBO. As a result of their ownership of HOBO, each of Messrs. Gibbs and Keuss would receive a substantial proportion of such payments. Additionally, all or part of the cash portion of the Incentive Development Fee may be utilized to purchase Class A units in the holding company. As a result, HOBO may choose to acquire additional interests in the Initial Project as a result of ownership of such Class A units. Any increase in HOBO's ownership of Class A units would increase each of Messrs. Gibbs and Keuss indirect interest in the holding company and could increase the value of their interest in the HOBO Transaction.

Indirect costs billed by SP Holdings in connection with the Shared Services Agreement are recorded as general and administrative expenses. For the years ended December 31, 2022 and 2021, indirect costs were recorded as a credit of approximately $6.4 million and $1.9 million, respectively.

2022

Relationship with West Texas Gas Marketing LLC

On October 1, 2022, our general partner entered into an Interruptible Gas Purchase Contract (the "Gas Purchase Contract") with West Texas Gas Marketing LLC ("WTG"). WTG is a related person of the Partnership because (i) John T. Steen III, who serves as the Chairman and a member of the Board, also serves as Chief Executive Officer of WTG, and (ii) Michael A. Heim, who serves as a member of the Board, also serves on the board of WTG. During the year ended December 31, 2022, we sold natural gas to WTG under the Gas Purchase Contract of approximately $0.2 million.

15. UNIT-BASED COMPENSATION

The Sanchez Production Partners LP Long-Term Incentive Plan (the "LTIP") allows for grants of restricted common units. Restricted common unit activity under the LTIP during the year ended December 31, 2022 is presented in the following table:

	Number of Restricted Units	Weighted Average Grant Date Fair Value Per Unit
Outstanding at December 31, 2021	4,254,082	$ 1.24
Returned/Cancelled	(661,248)	1.18
Outstanding at December 31, 2022	3,592,834	$ 1.25

In August 2022, 661,248 units were returned to the LTIP due to the departure of an officer of our general partner.

As of December 31, 2022, 25,126,090 common units remained available for future issuance to participants under the LTIP.

The Evolve Transition Infrastructure LP 2021 Equity Inducement Award Plan (the "Inducement Plan") allows for grants of restricted common units. During the year ended December 31, 2022, 2,589,888 restricted common units were forfeited and returned to the Inducement Plan, no restricted common units were issued under the Inducement Plan and vesting is dependent upon certain performance conditions being met. As of December 31, 2022, there are 2,589,888 common units available for issuance to participants under the Inducement Plan.

	Number of Common Units
Outstanding at December 31, 2021	14,100,000
Returned/Cancelled	(2,589,888)
Outstanding at December 31, 2022	11,510,112

16. PARTNERS' DEFICIT

Outstanding Units

As of December 31, 2022, we had 36,474,436 Class C Preferred Units outstanding and 225,307,052 common units outstanding which included 3,592,834 unvested restricted common units issued under the LTIP.

Common Unit Issuances

We entered into a letter agreement with SP Holdings providing that during the period beginning with the fiscal quarter ended September 30, 2019 and continuing until the end of the fiscal quarter after the fiscal quarter in which we redeem all of our issued and outstanding Class C Preferred Units, SP Holdings agrees to delay receipt of its fees, not including reimbursement of costs. As of December 31, 2022, we have not redeemed any Class C Preferred Units and, as a result, we have not issued any common units to SP Holdings in connection with providing services under the Shared Services Agreement for any quarter following the quarter ended June 30, 2019. As of December 31, 2022, the number of units to be issued under the Shared Services Agreement is 19,978,457. At December 31, 2022, the value of these units was approximately $3.8 million and is recorded on the consolidated balance sheets in long-term accrued liabilities - related entities.

Class C Preferred Units

On August 2, 2019, Stonepeak exchanged all of their current equity ownership for newly issued Class C Preferred Units and the Original Warrant in a private placement transaction (the "Exchange").

The holders of the Class C Preferred Units receive a quarterly distribution of 14.0% per annum payable in cash. To the extent that Available Cash (as defined in our partnership agreement) is insufficient to pay the distribution in cash, all or a portion of the distribution may be paid in Class C Preferred PIK Units (as defined in our partnership agreement). Distributions are to be paid on or about the last day of each of February, May, August and November following the end of each quarter and are charged to interest expense in our consolidated statements of operations. As of January 1, 2022, Adjusted Available Cash (as defined in our partnership agreement) will be distributed to holders of the Class C Preferred Units to redeem a number of Class C Preferred Units to be determined based on the amount of Adjusted Available Cash. As of December 31, 2022, no Class C Preferred Units have been redeemed. During the years ended December 31, 2022 and 2021, we recorded non-cash interest expense related to the Class C Preferred Units of approximately $57.7 million and $103.7 million, respectively, which are recorded in interest expense on the income statement.

The Class C Preferred Units are accounted for as a current liability on our consolidated balance sheets consisting of the following (in thousands):

	Years Ended December 31,	
	2022	**2021**
Class C Preferred Units, beginning balance	$ 397,387	$ 345,205
Accretion of discount	—	52,182
Distribution accrual	14,413	—
Class C Preferred Units, ending balance	$ 411,800	$ 397,387

On November 16, 2020, the Partnership and Stonepeak entered into the Stonepeak Letter Agreement wherein the parties agreed that the distribution on the Class C Preferred Units for the three months ended September 30, 2020 would be paid in common units instead of Class C Preferred PIK Units, cash or a combination thereof. The Stonepeak Letter Agreement also provides that Stonepeak will be able to elect to receive distributions on the Class C Preferred Units in common units for any quarter following the third quarter of 2020 by providing written notice to the Partnership no later than the last day of the calendar month following the end of such quarter.

The table below reflects distributions on Class C Preferred Units which were elected to be paid in common units related to the periods indicated.

Three Months Ended	Class C Preferred Distribution of Common Units	Date of Distribution
September 30, 2020	22,274,869	February 1, 2021
December 31, 2020	12,445,491	February 25, 2021
March 31, 2021	13,763,249	May 20, 2021
June 30, 2021	8,012,850	August 20, 2021
September 30, 2021	10,832,186	November 22, 2021
December 31, 2021	24,502,356	February 22, 2022
March 31, 2022	24,721,910	May 20, 2022
June 30, 2022	27,442,638	August 22, 2022
September 30, 2022	27,442,638	December 28, 2022

Stonepeak Warrant

On August 2, 2019, in connection with the Exchange, the Partnership issued to Stonepeak the Original Warrant, which entitles the holder to receive junior securities of the Partnership representing ten percent of junior securities deemed outstanding when exercised. The Stonepeak Warrant expires on the later of August 2, 2026 or 30 days following the full redemption of the Class C Preferred Units. There is no strike price associated with the exercise of the Stonepeak Warrant. The Stonepeak Warrant is accounted for as a liability in accordance with ASC 480 and is presented within other liabilities on the consolidated balance sheets. Changes in the fair value of the Stonepeak Warrant are charged to interest expense in our consolidated statements of operations. During the years ended December 31, 2022 and 2021, we recorded a benefit of approximately $4.3 million and an expense of approximately $5.8 million, respectively related to the Stonepeak Warrant.

Earnings per Unit

Net income (loss) per common unit for the period is based on any distributions that are made to the unitholders (common units) plus an allocation of undistributed net income (loss) based on provisions of our partnership agreement, divided by the weighted average number of common units outstanding. Unit-based awards granted but unvested are eligible to receive distributions. The underlying unvested restricted unit awards are considered participating securities for purposes of determining net income (loss) per unit. Undistributed income is allocated to participating securities based on the proportional relationship of the weighted average number of common units and unit-based awards outstanding. Undistributed losses (including those resulting from distributions in excess of net income) are allocated to common units based on provisions of our partnership agreement. Undistributed losses are not allocated to unvested restricted unit awards as they do not participate in net losses. Distributions declared and paid in the period are treated as distributed earnings in the computation of earnings per common unit even though cash distributions are not necessarily derived from current or prior period earnings.

The Partnership's general partner does not have an economic interest in the Partnership and, therefore, does not participate in the Partnership's net income.

17. VARIABLE INTEREST ENTITIES

The Partnership's investment in Carnero JV represents a variable interest entity ("VIE") that could expose the Partnership to losses. The amount of losses the Partnership could be exposed to from Carnero JV is limited to the capital investment of approximately $15.0 million.

As of December 31, 2022, the Partnership had invested approximately $124.7 million in Carnero JV and no debt has been incurred by Carnero JV. We have included this VIE in equity investments on our consolidated balance sheets.

Below is a tabular comparison of the carrying amounts of the assets and liabilities of the VIE and the Partnership's maximum exposure to loss as of December 31, 2022 and 2021 (in thousands):

	December 31,	
	2022	2021
Acquisitions, earnout and capital investments	$ 128,781	$ 128,483
Earnings in equity investments	(17,479)	(23,618)
Distributions received	(96,338)	(84,667)
Maximum exposure to loss	$ 14,964	$ 20,198

18. LEASES

On November 9, 2021, the Partnership entered into a Gas Compression Agreement with Kodiak to lease gas compression units from Kodiak (the "Gas Compression Agreement"). All leased units have a 36 month primary term commencing on the startup date. Following the primary term of the leased units, the Gas Compression Agreement calls for continuation of the term on a month-to-month basis until terminated with 30 days written notice.

The following table presents the right of use assets, net recorded in the consolidated balance sheets as of December 31, 2022 and 2021 (in thousands):

		December 31,	
	Location in Consolidated Balance Sheets	2022	2021
Assets			
Operating lease assets	Right of use assets, net	$ 5,899	$ 1,428
Total right of use assets		$ 5,899	$ 1,428
Liabilities			
Current liabilities			
Operating lease liabilities	Short-term lease liabilities	$ 2,204	$ 391
Non-current liabilities			
Operating lease liabilities	Long-term lease liabilities	2,773	782
Total lease liabilities		$ 4,977	$ 1,173

The following table presents the total lease costs recorded in the consolidated statement of operations for the years ended December 31, 2022 and 2021 (in thousands):

		Years Ended December 31,	
	Location in Consolidated Statements of Operations	2022	2021
Operating lease cost			
Amortization of right of use assets	Depreciation and amortization	$ 371	$ —
Short-term and variable leases	Transportation operating expenses	1,807	—
Total lease cost		$ 2,178	$ —

The following table presents the future minimum lease payments for our operating leases as of December 31, 2022 (in thousands):

	Future Minimum Lease Payments as of December 31, 2022	
	Operating Leases	
2023	$	2,394
2024		2,374
2025		464
Total lease payments	$	5,232
Less interest		(255)
Total lease liabilities	$	4,977

The following table presents the cash flows from operating leases and other detail for the years ended December 31, 2022 and 2021 (in thousands):

	Years Ended December 31,			
	2022		2021	
Operating cash flows from operating leases	$	(2,178)	$	—
Investing cash flows from operating leases		(1,037)		—
Right of use assets obtained in exchange for operating lease obligations:				
Amortization of right of use assets		371		—
Other information related to operating leases as follows:				
Weighted average remaining lease term		2.21 years		3 years
Weighted average discount rate		5.00 %		3.96 %

19. SUBSEQUENT EVENTS

Termination of Chief Executive Officer and Director and Chief Operating Officer

Effective March 15, 2023, the Board terminated Randall Gibbs, the Chief Executive Officer of our general partner, and Michael Keuss, the President and Chief Operating Officer of our general partner. The terminations of Messrs. Gibbs and Keuss were each without “Cause,” as such term is defined in each of the Executive Services Agreements, each dated November 3, 2021, between our general partner and each of Messrs. Gibbs and Keuss, respectively. SP Holdings, the sole member of our general partner, also removed Mr. Gibbs from his position on the Board effective as of March 15, 2023. The removal of Mr. Gibbs from his position on the Board was not the result of any disagreement with the Partnership, the Board or our general partner.

Appointment of Interim Chief Executive Officer

On March 15, 2023, the Board appointed Charles C. Ward, the current Chief Financial Officer and Secretary of our general partner, to serve as the Interim Chief Executive Officer of our general partner, in addition to continuing as Chief Financial Officer and Secretary. Mr. Ward’s appointment as Interim Chief Executive Officer was effective on the March 15, 2023. As a result of Mr. Ward’s appointment as Interim Chief Executive Officer, Mr. Ward will be designated as both our principal executive officer and our principal financial officer.

Amended Executive Agreement

In connection with Mr. Ward’s appointment as the Interim Chief Executive Officer of our general partner, our general partner and Mr. Ward entered into that certain Second Amended and Restated Executive Services Agreement, effective as of March 15, 2023 (the “Amended Executive Agreement”), which was approved by the Board on March 10, 2023 and amends and restates the Amended and Restated Executive Services Agreement, between Mr. Ward and our general partner, dated as of September 2, 2022 (the “Ward Executive Agreement”).

The Amended Executive Agreement, among other things, provides for Mr. Ward’s appointment as the Interim Chief Executive Officer of our general partner on a temporary basis and amends the definition of “Good Reason” to establish that “Good Reason” will not include (whether pursuant to the Ward Executive Agreement or the Amended Executive

Agreement) Mr. Ward's appointment to the position of Interim Chief Executive Officer, or the replacement of Mr. Ward as Interim Chief Executive Officer with a permanent President and Chief Executive Officer; provided that Mr. Ward continues to serve as the Chief Financial Officer and Secretary of our general partner following the appointment of a permanent President and Chief Executive Officer.

First Amendment to Framework Agreement

On February 17, 2023, we and HOBO entered into the First Amendment to the Framework Agreement (the "Framework Amendment"). The Framework Amendment, among other things, (i) provides that the Partnership will pay the Initial Development Fee (as defined in the Framework Agreement) if the Partnership is in its sole discretion satisfied and elects to proceed with the Initial Project (as defined in the Framework Agreement); (ii) amended the termination provisions to provide for immediate termination following notice by either the Partnership or HOBO from and after June 1, 2023; (iii) removed the exclusivity period; and (iv) removed certain HOBO information reporting requirements.

Stonepeak Election

On February 10, 2023, the Partnership received written notice of Stonepeak's election to receive distributions on the Class C Preferred Units for the quarter ended December 31, 2022 in Class C Preferred PIK Units. The aggregate distribution of 1,276,605 Class C Preferred PIK Units was paid on February 28, 2023 to holders of record on February 20, 2023.

Exhibit 4.2

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

As of December 31, 2022, Evolve Transition Infrastructure LP (the "Partnership," "we" or "us") had a single class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): common units representing limited partner interests in the Partnership ("common units"). We also had a single Warrant Exercisable for Junior Securities (the "2019 Warrant") issued and outstanding, which is exercisable for Junior Securities, including common units.

The following description is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to (i) the Third Amended and Restated Agreement of Limited Partnership of the Partnership, which is incorporated by reference as Exhibit 3.5 to the Annual Report on Form 10-K, of which this Exhibit 4.2 is a part, as amended by the letter agreement, dated as of November 16, 2020, by and between the Partnership and Stonepeak Catarina Holdings, LLC (the "Stonepeak Letter Agreement"), as further amended by Amendment No. 1 thereto, effective as of February 26, 2021 ("partnership agreement"), and (ii) the 2019 Warrant, which is incorporated by reference as Exhibit 10.44 to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part, as amended by Amendment No. 1 thereto, effective as of February 24, 2021, Amendment No. 2 thereto, effective as of May 3, 2021, Amendment No. 3 thereto, effective as of August 2, 2021, Amendment No. 4 thereto, effective as of November 5, 2021, Amendment No. 5 thereto, effective as of November 9, 2021, Amendment No. 6 thereto, effective as of February 1, 2022, Amendment No. 7 thereto, effective as of May 2, 2022, Amendment No. 8 thereto, effective as of August 1, 2022 and Amendment No. 9 thereto, effective as of December 28, 2022. . Please read and refer to the partnership agreement, the applicable provisions of the Delaware Act and the 2019 Warrant, for additional information. References to our "general partner," refer to Evolve Transition Infrastructure GP, LLC. Capitalized terms used but not defined herein have the meanings ascribed to them in the partnership agreement.

DESCRIPTION OF THE COMMON UNITS

The Common Units

The common units represent limited partner interests in us that entitle the holders thereof to the rights and privileges specified to limited partners set forth in our partnership agreement, including the right to participate in Partnership distributions.

Listing of Common Units

Our common units are traded on the NYSE American under the trading symbol "SNMP".

Transfer Agent and Registrar

Duties

Computershare Trust Company, N.A. serves as the registrar and transfer agent for the common units. We pay all fees charged by the transfer agent for transfers of common units except the following, which must be paid by our unitholders:

- surety bond premiums to replace lost or stolen certificates, taxes and other governmental charges;
- special charges for services requested by a holder of a common unit; and
- other similar fees or charges.

There is no charge to unitholders for disbursements of our cash distributions. We indemnify the transfer agent, its agents and each of their respective stockholders, directors, officers and employees against all claims and losses that may arise out of acts performed or omitted for their activities in that capacity, except for any liability due to any gross negligence or intentional misconduct of the indemnified person or entity.

Resignation or Removal

The transfer agent may resign, by notice to us, or be removed by us. The resignation or removal of the transfer agent will become effective upon our appointment of a successor transfer agent and registrar and its acceptance of the appointment. If no successor is appointed or a successor has not accepted its appointment, our general partner may act as the transfer agent and registrar until a successor is appointed.

Transfer of Common Units

Common units are "securities" as defined in the Securities Act, and are transferable according to the laws governing transfers of securities. In addition to the other rights acquired upon transfer, the transferee of the common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Each transferee:

- represents that the transferee has the capacity, power and authority to enter into our partnership agreement;
- automatically becomes bound by the terms and conditions of our partnership agreement; and
- makes the consents, acknowledgement and waivers contained in our partnership agreement, all with or without the execution of the partnership agreement by such transferee.

Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly.

We may, at our discretion, treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Until a common unit has been transferred on our books, we and the transfer agent may treat the record holder of the common unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

Number of Common Units

As of December 31, 2022, we had 225,307,052 common units issued and outstanding; 48,965,782 common units were held by the public; and 176,341,270 common units were held by affiliates of our general partner.

PROVISIONS OF OUR PARTNERSHIP AGREEMENT RELATING TO CASH DISTRIBUTIONS

Set forth below is a summary of the significant provisions of our partnership agreement that relate to cash distributions.

Cash Distribution Policy

Distributions of Available Cash

Our partnership agreement requires that, on or about the last day of each of February, May, August and November, we distribute all of our available cash to unitholders of record on the applicable record date. Available cash generally means, for any quarter, the sum of all cash and cash equivalents on hand at the end of that quarter:

- *less*, the amount of cash reserves established by our general partner to:
  - provide for the proper conduct of our business (including cash reserves for our future capital expenditures and anticipated future debt service requirements) subsequent to that quarter;
  - comply with applicable law, any of our debt instruments or other agreements; or

- o provide funds for distributions to our unitholders for any one or more of the next four quarters (provided that our general partner may not establish cash reserves for distributions if the effect of the establishment of such reserves will prevent us from distributing the cash portion of any distributions on our Class C Preferred Units or minimum quarterly distribution on our common units with respect to such quarter);

- *plus*, if our general partner so determines, all or any portion of additional cash and cash equivalents on hand on the date of determination of available cash for the quarter resulting from working capital borrowings made subsequent to the end of such quarter.

The purpose and effect of the last bullet point above is to allow our general partner, if it so decides, to use cash from working capital borrowings made after the end of the quarter but on or before the date of determination of available cash for that quarter to pay distributions to unitholders. Under our partnership agreement, working capital borrowings are generally borrowings that are made under a credit facility, commercial paper facility or similar financing arrangement, and in all cases are used solely for working capital purposes or to pay distributions to unitholders, and with the intent of the borrower to repay such borrowings within twelve months with funds other than from additional working capital borrowings.

Class C Preferred Units

Under the terms of our partnership agreement, with respect to any quarter beginning on or after January 1, 2022, the Class C Preferred Units receive a quarterly distribution of 3.5% per quarter, or 14.0% per annum, regardless of whether paid in cash, paid-in-kind units or a combination thereof. The terms of the Stonepeak Letter Agreement permit Stonepeak Catarina to elect to receive the quarterly distribution on its Class C Preferred Units in common units for any quarter following the third quarter of 2020 by providing written notice to the Partnership no later than the last day of the calendar month following the end of such quarter.

Additionally, under the terms of our partnership agreement, until the first quarter in which no Class C Preferred Units remain outstanding, we are not permitted to, and are prohibited from declaring or making, any distributions, redemptions or repurchases in respect of any Junior Securities, including common units, or any Parity Securities.

General Partner Interest and Incentive Distribution Rights

Our general partner currently owns a non-economic general partner interest in us which does not entitle it to receive cash distributions. However, our general partner may in the future own common units or other equity interests in us and will be entitled to receive distributions on any such interests.

SP Holdings, LLC ("SP Holdings"), the sole member of our general partner, holds all of our incentive distribution rights, which entitles it to receive increasing percentages, up to a maximum of 35.5%, of the available cash we distribute from operating surplus (as defined in our partnership agreement) after we have achieved the minimum quarterly distribution and the target distribution levels.

Percentage Allocation of Distributions from Operating Surplus

The following table illustrates the percentage allocation of distributions from operating surplus among our unitholders and SP Holdings (as the holder of our incentive distribution rights) at various distribution levels (1) pursuant to the distribution provisions of our partnership agreement, as well as (2) following a hypothetical reset of the target distribution levels based on the assumption that the quarterly distribution amount per common unit during the two fiscal quarters immediately preceding the reset election was $0.875.

Under our partnership agreement, our general partner has considerable discretion to determine the amount of available cash (as defined therein) for distribution each quarter to our unitholders, including discretion to establish cash reserves that would limit the amount of available cash eligible for distribution to our unitholders for any quarter. We do not guarantee that we will pay the target amount of the minimum quarterly distribution listed below (or any distributions at all) on our units in any quarter. The percentage interest set forth below for SP Holdings (1) assume that SP Holdings has not transferred its incentive distribution rights and (2) assume that we do not issue additional classes of equity securities. Additionally, as disclosed above under "—Class C Preferred Units" we are prohibited from making distributions to our common unitholders until the first quarter during which no Class C Preferred Units remain outstanding.

	Total Quarterly Distribution per Common Unit	**Common Unitholders**	**SP Holdings**
Minimum Quarterly Distribution	up to $0.50	100.0 %	0.0%
First Target Distribution	above $0.50 up to $0.575	100.0%	0.0%
Second Target Distribution	above $0.575 up to $0.625	87.0%	13.0%
Third Target Distribution	above $0.625 up to $0.875	77.0%	23.0%
Thereafter	above $0.875	64.5%	35.5%

Distributions of Cash Upon Liquidation

If we dissolve in accordance with our partnership agreement, we will sell or otherwise dispose of our assets in a process called liquidation. We will first apply the proceeds of liquidation to the payment of our creditors. We will distribute any remaining proceeds to the unitholders and the holders of the incentive distribution rights, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation. Any further net gain recognized upon liquidation will be allocated in a manner that takes into account the incentive distribution rights of SP Holdings.

Adjustments to Capital Accounts

We will make adjustments to capital accounts upon the issuance of additional units. In doing so, we generally will allocate any unrealized and, for tax purposes, unrecognized gain or loss resulting from the adjustments to the unitholders and the holders of our incentive distribution rights in the same manner as we allocate gain or loss upon liquidation.

DESCRIPTION OF OUR PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our partnership agreement. Please refer to our partnership agreement for additional information, which is incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. We summarize the following provisions of our partnership agreement elsewhere herein:

- information relating to the rights and preferences of holders of common units in and to Partnership cash distributions is summarized under "Provisions of Our Partnership Agreement Relating to Cash Distributions" above; and

- information relating to the transfer of common units is summarized under "Description of the Common Units—Transfer of Common Units" above.

Capital Contributions

Unitholders are not obligated to make additional capital contributions, except as described below under "— Limited Liability."

Voting Rights

The following is a summary of the unitholder vote required for approval of the matters specified below. Matters that require the approval of a "unit majority" require the approval of a majority of the common units. Holders of Class C Preferred Units have voting rights identical to the voting rights of the common unitholders and vote together with the common units as a single class, such that the Class C Preferred Units (including, for the avoidance of doubt, the Class C Preferred PIK Units) will be entitled to one vote per Class C Preferred Unit, except that the Class C Preferred Units are entitled to vote as a separate class on any matter on which unitholders are entitled to vote that adversely affects the rights or preferences of the Class C Preferred Units in relation to other classes of partnership interests.

In voting their common units, our general partner and its affiliates will have no fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interests of us or the limited partners.

Issuance of additional units	No approval right.
Amendment of the partnership agreement	Certain amendments may be made by our general partner without the approval of the unitholders. Other amendments generally require the approval of a unit majority. Please read "—Amendment of Our Partnership Agreement." In addition, amendments to the partnership agreement pertaining to the Class C Preferred Units requires the consent of each holder of a Class C Preferred Unit, to the extent such amendment would adversely affect such holder.
Merger of our partnership or the sale of all or substantially all of our assets	Unit majority in certain circumstances.
Dissolution of our partnership	Unit majority.
Continuation of our business upon dissolution	Unit majority.
Withdrawal of our general partner	Under most circumstances, the approval of a majority of the common units and Class C Preferred Units, excluding common units held by our general partner and its affiliates, is required for the withdrawal of our general partner prior to September 30, 2024 in a manner that would cause a dissolution of our partnership.
Removal of our general partner	Not less than 66 2/3% of the outstanding units, voting as a single class, including units held by our general partner and its affiliates.
Transfer of our general partner interest	No approval right.
Transfer of incentive distribution rights	No approval right.
Transfer of ownership interests in our general partner	No approval right.

Our partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove Evolve Transition Infrastructure GP LLC as our general partner or otherwise change our management. Please read "—Change of Management Provisions" and "—Meetings; Voting."

Applicable Law; Forum, Venue and Jurisdiction

Our partnership agreement is governed by Delaware law. Our partnership agreement requires that any claims, suits, actions or proceedings:

- arising out of or relating in any way to our partnership agreement (including any claims, suits or actions to interpret, apply or enforce the provisions of our partnership agreement or the duties, obligations or liabilities among limited partners or of limited partners to us, or the rights or powers of, or restrictions on, the limited partners or us);

- brought in a derivative manner on our behalf;

- asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of us or our general partner, or owed by our general partner, to us or the limited partners;

- asserting a claim arising pursuant to any provision of the Delaware Act; or

- asserting a claim governed by the internal affairs doctrine,

shall be exclusively brought in the Court of Chancery of the State of Delaware (or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction), in each case regardless of whether such claims, suits, actions or proceedings sound in contract, tort, fraud or otherwise, are based on common law, statutory, equitable, legal or other grounds, or are derivative or direct claims. In addition, each party to such claims, suits, actions or proceedings irrevocably waives the right to trial by jury.

Although we believe these provisions will benefit us by providing increased consistency in the application of Delaware law for the specific types of actions and proceedings, the provisions may have the effect of discouraging lawsuits against our directors, officers, employees and agents. The enforceability of similar forum selection provisions in other companies' certificates of incorporation or similar governing documents have been challenged in legal proceedings, and it is possible that, in connection with one or more actions described above, a court could find that the forum selection provision contained in our partnership agreement is inapplicable or unenforceable in such action or actions, including with respect to claims arising under the federal securities laws. Limited partners will not be deemed, by operation of the forum selection provision alone, to have waived claims arising under the federal securities laws and the rules and regulations thereunder.

The forum selection provision is intended to apply "to the fullest extent permitted by applicable law" to the above-specified types of actions and proceedings, including, to the extent permitted by the federal securities laws, to lawsuits asserting both the above-specified claims and federal securities claims. However, application of the forum selection provision may in some instances be limited by applicable law. Section 27 of the Exchange Act provides: "The district courts of the United States ... shall have exclusive jurisdiction of violations of the Exchange Act or the rules and regulations thereunder, and of all suits in equity and actions at law brought to enforce any liability or duty created by the Exchange Act or the rules and regulations thereunder." As a result, the forum selection provision will not apply to actions arising under the Exchange Act or the rules and regulations thereunder. However, Section 22 of the Securities Act provides for concurrent federal and state court jurisdiction over actions under the Securities Act and the rules and regulations thereunder, subject to a limited exception for certain "covered class actions" as defined in Section 16 of the Securities Act and interpreted by the courts. Accordingly, we believe that the forum selection provision would apply to actions arising under the Securities Act or the rules and regulations thereunder, except to the extent a particular action fell within the exception for covered class actions.

Limited Liability

Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Act and that such limited partner otherwise acts in conformity with the provisions of our partnership agreement, that such limited partner's liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital that such limited partner is obligated to contribute to us for that such limited partner's common units plus that such limited partner's share of any undistributed profits and assets. However, if it were determined that the right, or exercise of the right, by the limited partners as a group:

- to remove or replace our general partner;
- to approve some amendments to our partnership agreement; or
- to take other action under our partnership agreement

constituted "participation in the control" of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our obligations under the laws of Delaware, to the same extent as our general partner. This liability would extend to persons who transact business with us under the reasonable belief that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a limited partner were to lose limited liability through any fault of our general partner. While this does not mean that a limited partner could not seek legal recourse, we know of no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if, after the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of the partnership, would exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years.

Limitations on the liability of members or limited partners for the obligations of a limited liability company or limited partnership have not been clearly established in many jurisdictions. If, by virtue of our ownership interest in our subsidiary or any subsidiaries we may have in the future, or otherwise, it were determined that we were conducting business in any jurisdiction without compliance with the applicable limited partnership or limited liability company statute, or that the right or exercise of the right by the limited partners as a group to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other action under our partnership agreement constituted "participation in the control" of our business for purposes of the statutes of any relevant jurisdiction, then the limited partners could be held personally liable for our obligations under the law of that jurisdiction to the same extent as our general partner under the circumstances. We will operate in a manner that our general partner considers reasonable and necessary or appropriate to preserve the limited liability of the limited partners.

Issuance of Additional Partnership Interests; Preemptive Rights

Our partnership agreement authorizes us to issue an unlimited number of additional partnership interests for the consideration and on the terms and conditions determined by our general partner without the approval of the unitholders.

It is possible that we will fund acquisitions through the issuance of additional common units or other partnership interests. Holders of any additional common units that we issue will be entitled to share equally with the then-existing common unitholders in our distributions. In addition, the issuance of additional common units or other partnership interests may dilute the value of the interests of the then-existing common unitholders in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional partnership interests that, as determined by our general partner, may have rights to distributions or special voting rights to which the common units are not entitled. In addition, our partnership agreement does not prohibit our current or future subsidiaries from issuing equity interests, which may effectively rank senior to the common units.

The holders of our common units do not have preemptive rights to acquire additional common units or other partnership securities.

Amendment of Our Partnership Agreement

General

Amendments to our partnership agreement may be proposed only by our general partner. However, our general partner will have no duty or obligation to propose any amendment and may decline to do so free of any fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interests of us or the limited partners. In order to adopt a proposed amendment, other than the amendments discussed below, our general partner is required to seek written approval of the holders of the number of units required to approve the amendment or to call a meeting of the limited partners to consider and vote upon the proposed amendment. Except as described below, an amendment must be approved by a unit majority. In addition, amendments to our partnership agreement pertaining to the Class C Preferred Units requires the consent of holders of a majority of the outstanding Class C Preferred Units, voting separately as a class with one vote per Class C Preferred Unit, to the extent such amendment would adversely affect the Class C Preferred Units.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner without his consent, unless approved by at least a majority of the type or class of limited partner interests so affected; or

- enlarge the obligations of, restrict, change or modify in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by us to our general partner or any of its affiliates without the consent of our general partner, which consent may be given or withheld in its sole discretion.

The provisions of our partnership agreement preventing the amendments having the effects described in the clauses above can be amended upon the approval of the holders of at least 75% of the outstanding units, voting as a single class (including units owned by our general partner and its affiliates).

No Unitholder Approval

Our general partner may generally make amendments to our partnership agreement without the approval of any limited partner to reflect:

- a change in our name, the location of our principal place of business, our registered agent or our registered office;

- the admission, substitution, withdrawal or removal of partners in accordance with our partnership agreement;

- a change that our general partner determines to be necessary or appropriate to qualify or continue our qualification as a limited partnership or other entity in which the limited partners have limited liability under the laws of any state or to ensure that neither we nor any of our subsidiaries will be treated as an association taxable as a corporation or otherwise taxed as an entity for U.S. federal income tax purposes (to the extent not already so treated or taxed);

- a change in our fiscal year or taxable year and related changes;

- an amendment that is necessary, in the opinion of our counsel, to prevent us or our general partner or its directors, officers, agents or trustees from in any manner being subjected to the provisions of the Investment Company Act of 1940, the Investment Advisers Act of 1940 or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), whether or not substantially similar to plan asset regulations currently applied or proposed;

- an amendment that our general partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of additional partnership interests or the right to acquire partnership interests;

- any amendment expressly permitted in our partnership agreement to be made by our general partner acting alone;

- an amendment effected, necessitated or contemplated by a merger agreement that has been approved under the terms of our partnership agreement;

- any amendment that our general partner determines to be necessary or appropriate for the formation by us of, or our investment in, any corporation, partnership or other entity, as otherwise permitted by our partnership agreement;

- conversions into, mergers with or conveyances to another limited liability entity that is newly formed and has no assets, liabilities or operations at the time of the conversion, merger or conveyance other than those it receives by way of the conversion, merger or conveyance in certain circumstances; or

- any other amendments substantially similar to any of the matters described in the clauses above.

In addition, our general partner may make amendments to our partnership agreement, without the approval of any limited partner, if our general partner determines that those amendments:

- do not adversely affect the limited partners, considered as a whole, or any particular class of limited partners, in any material respect;

- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute;

- are necessary or appropriate to facilitate the trading of limited partner interests or to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;

- are necessary or appropriate for any action taken by our general partner relating to splits or combinations of units under the provisions of our partnership agreement;

- are necessary or appropriate in connection with the creation, authorization or issuance of any class or series of partnership securities; or

- are required to effect the intent of the provisions of our partnership agreement or are otherwise contemplated by our partnership agreement.

Opinion of Counsel and Unitholder Approval

Any amendment that our general partner determines adversely affects in any material respect one or more particular classes of limited partners will require the approval of at least a majority of the class or classes so affected, but no vote will be required by any class or classes of limited partners that our general partner determines are not adversely affected in any material respect. Any amendment that would have a material adverse effect on the rights or preferences of any type or class of outstanding units in relation to other classes of units will require the approval of at least a majority of the type or class of units so affected. Any amendment that would reduce the voting percentage required to take any action other than to remove the general partner or call a meeting of unitholders is required to be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the voting requirement sought to be reduced. Any amendment that would increase the percentage of units required to remove the general partner or call a meeting of unitholders must be approved by the affirmative vote of limited partners whose aggregate outstanding units constitute not less than the percentage sought to be increased. For amendments of the type not requiring unitholder approval, our general partner will not be required to obtain an opinion of counsel that an amendment will neither result in a loss of limited liability to the limited partners nor result in our being treated as a taxable entity for federal income tax purposes in connection with any of the amendments. Any amendment relating to special unitholder meetings, notices of unitholder meetings, quorum and voting requirements, actions without a meeting and the amendment provisions in our partnership agreement require approval of 75% of our outstanding units. No amendments to our partnership agreement, other than those the general partner can adopt without unitholder approval or in connection with a merger or consolidation, will become effective without the approval of holders of at least 90% of the outstanding units, voting as a single class, unless we first obtain an opinion of counsel to the effect that the amendment will not affect the limited liability under applicable law of any of our limited partners.

Merger, Consolidation, Conversion, Sale or Other Disposition of Assets

A merger, consolidation or conversion of us requires the prior consent of our general partner. However, our general partner will have no duty or obligation to consent to any merger, consolidation or conversion and may decline to do so free of any fiduciary duty or obligation whatsoever to us or the limited partners, including any duty to act in good faith or in the best interest of us or the limited partners.

In addition, our partnership agreement generally prohibits our general partner, without the prior approval of the holders of a unit majority, from causing us to sell, exchange or otherwise dispose of all or substantially all of our assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination. Our general partner may, however, mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our assets without such approval. Our general partner may also sell all or substantially all of our assets under a foreclosure or other realization upon those encumbrances without such approval. Finally, our general partner may consummate any merger without the prior approval of our unitholders if we are the surviving entity in the transaction, our general partner has received an opinion of counsel regarding limited liability and tax matters, the transaction would not result in a material amendment to the partnership agreement (other than an amendment that the general partner could adopt without the consent of other partners), each of our units will be an identical unit of our partnership following the transaction and the partnership securities to be issued do not exceed 20% of our outstanding partnership interests (other than incentive distribution rights) immediately prior to the transaction. If the conditions specified in our partnership agreement are satisfied, our general partner may convert us or any of our subsidiaries into a new limited liability entity or merge us or any of our subsidiaries into, or convey all of our assets to, a newly formed entity, if the sole purpose of that conversion, merger or conveyance is to effect a mere change in our legal form into another limited liability entity, we have received an opinion of counsel regarding limited liability and tax matters and the governing instruments of the new entity provide the limited partners and our general partner with the same rights and obligations as contained in our partnership agreement. Our unitholders are not entitled to dissenters' rights of appraisal under our partnership agreement or applicable Delaware law in the event of a conversion, merger or consolidation, a sale of substantially all of our assets or any other similar transaction or event.

Dissolution

We will continue as a limited partnership until dissolved and terminated under our partnership agreement and the Delaware Act. We will dissolve upon:

- the election of our general partner to dissolve us, if approved by the holders of units representing a unit majority;
- there being no limited partners, unless we are continued without dissolution in accordance with applicable Delaware law;
- the entry of a decree of judicial dissolution of our partnership;
- the withdrawal or removal of our general partner or any other event that results in its ceasing to be our general partner other than by reason of a transfer of its general partner interest in accordance with our partnership agreement or its withdrawal or removal following the approval and admission of a successor; or
- any other dissolution event as required by applicable Delaware law.

Upon a dissolution under the penultimate clause above, the holders of a unit majority may also elect, within specific time limitations, to continue our business on the same terms and conditions described in our partnership agreement by appointing as a successor general partner an entity approved by the holders of units representing a unit majority, subject to our receipt of an opinion of counsel to the effect that:

- the action would not result in the loss of limited liability under Delaware law of any limited partner; and
- neither we nor any of our subsidiaries would be treated as an association taxable as a corporation or otherwise be taxable as an entity for U.S. federal income tax purposes upon the exercise of that right to continue (to the extent not already so treated or taxed).

Liquidation and Distribution of Proceeds

Upon our dissolution, unless our business is continued, the liquidator authorized to wind up our affairs will, acting with all of the powers of our general partner that are necessary or appropriate, liquidate our assets and apply the proceeds of the liquidation as described in "Provisions of Our Partnership Agreement Relating to Cash Distributions— Distributions of Cash Upon Liquidation." The liquidator may defer liquidation or distribution of our assets for a reasonable period of time or distribute assets to partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

Withdrawal or Removal of Our General Partner

Except as described below, our general partner has agreed not to withdraw voluntarily as our general partner prior to September 30, 2024 without obtaining the approval of the holders of at least a majority of the outstanding common units, excluding common units held by our general partner and its affiliates, and furnishing an opinion of counsel regarding limited liability and tax matters. On or after September 30, 2024, our general partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days' written notice, and that withdrawal will not constitute a violation of our partnership agreement. Notwithstanding the information above, our general partner may withdraw without unitholder approval upon 90 days' notice to the limited partners if at least 50% of the outstanding common units are held or controlled by one person and its affiliates, other than our general partner and its affiliates. In addition, our partnership agreement permits our general partner to sell or otherwise transfer all of its general partner interest in us without the approval of the unitholders. Please read "—Transfer of General Partner Interest."

Upon withdrawal of our general partner under any circumstances, other than as a result of a transfer by our general partner of all or a part of its general partner interest in us, the holders of a unit majority may appoint a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated, unless within a specified period after that withdrawal, the holders of a unit majority agree in writing to continue our business and to appoint a successor general partner. Please read "—Dissolution."

Our general partner may not be removed unless that removal is approved by the vote of the holders of not less than 66 2/3% of the outstanding units, voting together as a single class, including units held by our general partner and its affiliates, and we receive an opinion of counsel regarding limited liability and tax matters. Any removal of our general partner is also subject to the approval of a successor general partner by the vote of a unit majority. Notwithstanding that Stonepeak, as the holder of all of our Class C Preferred Units held approximately 63.1% of our outstanding units as of December 31, 2019, it has agreed that until the earlier of the occurrence of a material breach of the partnership agreement by us or our general partner, and the date on which all of the Class C Preferred Units have been redeemed, without the prior written consent of the Board of Directors, it will not vote in favor of removing our general partner.

In the event of the removal of our general partner under circumstances where cause exists or withdrawal of our general partner where that withdrawal violates our partnership agreement, a successor general partner will have the option to purchase the general partner interest and incentive distribution rights of the departing general partner and its affiliates for a cash payment equal to the fair market value of those interests. Under all other circumstances where our general partner withdraws or is removed by the limited partners, the departing general partner will have the option to require the successor general partner to purchase the general partner interest and the incentive distribution rights of the departing general partner and its affiliates for fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value; if the departing general partner and the successor general partner cannot agree upon an expert, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, then the departing general partner's general partner interest and all of its affiliates' incentive distribution rights will automatically convert into common units equal to the fair market value of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

In addition, we will be required to reimburse the departing general partner for all amounts due to the departing general partner, including, without limitation, all employee-related liabilities, including severance liabilities, incurred as a result of the termination of any employees employed for our benefit by the departing general partner or its affiliates.

Transfer of General Partner Interest

At any time, our general partner may transfer all or any of its general partner interest to another person without the approval of our common unitholders. As a condition of this transfer, the transferee must, among other things, assume the rights and duties of our general partner, agree to be bound by the provisions of our partnership agreement and furnish an opinion of counsel regarding limited liability and tax matters.

Transfer of Ownership Interests in the General Partner

At any time, the owners of our general partner may sell or transfer all or part of its ownership interests in our general partner to an affiliate or third-party without the approval of our unitholders.

Transfer of Incentive Distribution Rights

By transfer of incentive distribution rights in accordance with our partnership agreement, each transferee of incentive distribution rights will be admitted as a limited partner with respect to the incentive distribution rights transferred when such transfer and admission is reflected in our books and records. Each transferee:

- represents that the transferee has the capacity, power and authority to become bound by our partnership agreement;
- automatically becomes bound by the terms and conditions of our partnership agreement; and
- gives the consents, waivers and approvals contained in our partnership agreement.

Our general partner will cause any transfers to be recorded on our books and records no less frequently than quarterly.

We may, at our discretion, treat the nominee holder of incentive distribution rights as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Incentive distribution rights are securities and any transfers are subject to the laws governing transfer of securities. In addition to other rights acquired upon transfer, the transferor gives the transferee the right to become a limited partner for the transferred incentive distribution rights.

Until an incentive distribution right has been transferred on our books, we and the transfer agent may treat the record holder of the unit or right as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

Change of Management Provisions

Our partnership agreement contains specific provisions that are intended to discourage a person or group from attempting to remove Evolve Transition Infrastructure GP LLC as our general partner or from otherwise changing our management. Please read "—Withdrawal or Removal of Our General Partner" for a discussion of certain consequences of the removal of our general partner. If any person or group, other than our general partner and its affiliates, acquires beneficial ownership of 20% or more of any class of units, that person or group loses voting rights on all of its units. This loss of voting rights does not apply in certain circumstances. Please read "—Meetings; Voting."

Limited Call Right

If at any time our general partner and its controlled affiliates own more than 80% of the then-issued and outstanding limited partner interests of any class, our general partner will have the right, which it may assign and transfer in whole or in part to any of its affiliates or beneficial owners or to us, to acquire all, but not less than all, of the limited partner interests of the class held by unaffiliated persons, as of a record date to be selected by our general partner, on at least 10, but not more than 60, days' notice. The purchase price in the event of this purchase is the greater of:

- the highest price paid by our general partner or any of its affiliates for any limited partner interests of the class purchased within the 90 days preceding the date on which our general partner first mails notice of its election to purchase those limited partner interests; and
- the average of the daily closing prices of the partnership securities of such class over the 20 consecutive trading days preceding the date that is three days before the date the notice is mailed.

As a result of our general partner's right to purchase outstanding limited partner interests, a holder of limited partner interests may have his limited partner interests purchased at an undesirable time or at a price that may be lower than market prices at various times prior to such purchase or lower than a unitholder may anticipate the market price to be in the future. The tax consequences to a unitholder of the exercise of this call right are the same as a sale by that unitholder of his common units in the market.

Possible Redemption of Ineligible Holders

Non-Taxpaying Holders; Redemption

To avoid any adverse effect on the maximum applicable rates chargeable to customers by us or any of our future subsidiaries, or in order to reverse an adverse determination that has occurred regarding such maximum rate, our partnership agreement provides our general partner the power to amend the agreement. If our general partner, with the advice of counsel, determines that our not being treated as an association taxable as a corporation or otherwise taxable as an entity for U.S. federal income tax purposes, coupled with the tax status (or lack of proof thereof) of one or more of our limited partners, has, or is reasonably likely to have, a material adverse effect on the maximum applicable rates chargeable to customers by us or our subsidiaries, then our general partner may adopt such amendments to our partnership agreement as it determines necessary or appropriate to:

- obtain proof of the U.S. federal income tax status of our limited partners (and their owners, to the extent relevant); and

- permit us to redeem the units held by any person whose tax status has or is reasonably likely to have a material adverse effect on the maximum applicable rates or who fails to comply with the procedures instituted by our general partner to obtain proof of the federal income tax status. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption.

Non-Citizen Assignees; Redemption

If our general partner, with the advice of counsel, determines that we are subject to U.S. federal, state or local laws or regulations that create a substantial risk of cancellation or forfeiture of any property that we have an interest in because of the nationality, citizenship or other related status of any limited partner, then our general partner may adopt such amendments to our partnership agreement as it determines necessary or advisable to:

- obtain proof of the nationality, citizenship or other related status of our limited partners (and their beneficial owners, to the extent relevant); and

- permit us to redeem the units held by any person whose nationality, citizenship or other related status creates substantial risk of cancellation or forfeiture of any property or who fails to comply with the procedures instituted by the general partner to obtain proof of the nationality, citizenship or other related status. The redemption price in the case of such a redemption will be the average of the daily closing prices per unit for the 20 consecutive trading days immediately prior to the date set for redemption.

Meetings; Voting

Except as described below regarding a person or group owning 20% or more of any class of units then outstanding, record holders of units on an applicable record date will be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited.

Our general partner does not anticipate that any meeting of our unitholders will be called in the foreseeable future. Any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or without a meeting if consents in writing describing the action so taken are signed by holders of the number of units necessary to authorize or take that action at a meeting. Meetings of the unitholders may be called by our general partner or by unitholders owning at least 20% of the outstanding units of the class for which a meeting is proposed. Unitholders may vote either in person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called, represented in person or by proxy, will constitute a quorum, unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum will be the greater percentage.

Each record holder of a unit has a vote according to his percentage interest in us, although additional limited partner interests having special voting rights could be issued. Please read "—Issuance of Additional Interests." However, if at any time any person or group, other than our general partner and its affiliates, or a direct or subsequently approved transferee of our general partner or its affiliates and purchasers specifically approved by our general partner, acquires, in the aggregate, beneficial ownership of 20% or more of any class of units then outstanding (other than any class of the Class C Preferred Units), that person or group will lose voting rights on all of its units and the units may not be voted on any matter and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes. This loss of voting rights does not apply (i) to any person or group that acquires the units directly from our general partner or its affiliates, (ii) to any transferees of that person or group approved by our general partner, (iii) to any person or group who acquires the units with the specific prior approval of our general partner, (iv) Stonepeak with respect to its ownership (beneficial or recorded) of the Class C Preferred Units or (v) the holder of the 2019 Warrant with respect to the Junior Securities issued or issuable upon exercise of the 2019 Warrant. In addition, if any person or group beneficially owns 20% or more of any class of units solely as a result of actions taken by us, then the 20% threshold is increased, with respect to such person, to a percentage equal to such person's new beneficial ownership after the taking of such action plus the difference between 20% and such person's beneficial ownership prior to such action. Common units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record common unitholders under our partnership agreement will be delivered to the record holder by us or by the transfer agent.

Voting Rights of Incentive Distribution Rights

If a majority of the incentive distribution rights are held by our general partner and its affiliates, the holders of the incentive distribution rights will have no right to vote in respect of such rights on any matter, unless otherwise required by law, and the holders of the incentive distribution rights shall be deemed to have approved any matter approved by our general partner.

If less than a majority of the incentive distribution rights are held by our general partner and its affiliates, the incentive distribution rights will be entitled to vote on all matters submitted to a vote of unitholders, other than amendments and other matters that our general partner determines do not adversely affect the holders of the incentive distribution rights in any material respect. On any matter in which the holders of incentive distribution rights are entitled to vote, such holders will vote together with the common units as a single class, and such incentive distribution rights shall be treated in all respects as common units when sending notices of a meeting of our limited partners to vote on any matter (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under our partnership agreement. The relative voting power of the holders of the incentive distribution rights and the common units will be set in the same proportion as cumulative cash distributions, if any, in respect of the incentive distribution rights for the four consecutive quarters prior to the record date for the vote bears to the cumulative cash distributions in respect of such class of units for such four quarters.

Status as Limited Partner

By transfer of common units in accordance with our partnership agreement, each transferee of common units shall be admitted as a limited partner with respect to the common units transferred when such transfer and admission are reflected in our books and records. Except as described under "—Limited Liability," the common units and the Class C Preferred Units will be fully paid, and unitholders will not be required to make additional contributions.

Indemnification

Under our partnership agreement, in most circumstances, we will indemnify the following persons, to the fullest extent permitted by law, from and against all losses, claims, damages or similar events:

- our general partner;
- any departing general partner;
- any person who is or was an affiliate of our general partner or any departing general partner;
- any person who is or was a manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of our partnership, our subsidiaries, our general partner, any departing general partner or any of their affiliates;
- any person who is or was serving at the request of a general partner, any departing general partner or any of their respective affiliates as a manager, managing member, general partner, director, officer, employee, agent, fiduciary or trustee of another person owing a fiduciary duty to us or our subsidiaries;
- any person who controls our general partner or any departing general partner; and
- any person designated by our general partner.

Any indemnification under these provisions will only be out of our assets. Unless our general partner otherwise agrees, it will not be personally liable for, or have any obligation to contribute or lend funds or assets to us to enable us to effectuate, indemnification. We may purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our partnership agreement.

Reimbursement of Expenses

Our partnership agreement requires us to reimburse our general partner and its affiliates for all direct and indirect expenses they incur or payments they make on our behalf and all other expenses allocable to us or otherwise incurred by our general partner and its affiliates in connection with operating our business. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses may include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our general partner is entitled to determine in good faith the expenses that are allocable to us.

Books and Reports

Our general partner is required to keep appropriate books of our business at our principal offices. These books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and fiscal reporting purposes, our fiscal year is the calendar year.

We will furnish or make available to record holders of our common units, within 105 days after the close of each fiscal year, an annual report containing audited consolidated financial statements and a report on those consolidated financial statements by our independent registered public accounting firm. Except for our fourth quarter, we will also furnish or make available summary financial information within 50 days after the close of each quarter. We will be deemed to have made any such report available if we file such report with the SEC on EDGAR or make the report available on a publicly available website which we maintain.

We will furnish each record holder with information reasonably required for U.S. federal and state tax reporting purposes within 90 days after the close of each calendar year. This information is expected to be furnished in summary form so that some complex calculations normally required of partners can be avoided. Our ability to furnish this summary information to our unitholders will depend on their cooperation in supplying us with specific information. Every unitholder will receive information to assist him in determining his U.S. federal and state tax liability and in filing his U.S. federal and state income tax returns, regardless of whether he supplies us with the necessary information.

Right to Inspect Our Books and Records

Our partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable written demand stating the purpose of such demand and at his own expense, have furnished to him:

- a current list of the name and last known address of each record holder;
- information as to the amount of cash, and a description and statement of the agreed value of any other capital contribution, contributed or to be contributed by each partner and the date on which each became a partner;
- copies of our partnership agreement, our certificate of limited partnership, related amendments and powers of attorney under which they have been executed;
- information regarding the status of our business and financial condition (provided that obligation shall be satisfied to the extent the limited partner is furnished our most recent annual report and any subsequent quarterly or periodic reports required to be filed (or which would be required to be filed) with the SEC pursuant to Section 13(a) of the Exchange Act); and
- any other information regarding our affairs that our general partner determines is just and reasonable.

Under our partnership agreement, however, each of our limited partners and other persons who acquire interests in our partnership interests do not have rights to receive information from us or any of the persons we indemnify as described above under "—Indemnification" for the purpose of determining whether to pursue litigation or assist in pending litigation against us or those indemnified persons relating to our affairs, except pursuant to the applicable rules of discovery relating to the litigation commenced by the person seeking information.

Our general partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which our general partner believes in good faith is not in our best interests or that we are required by law or by agreements with third parties to keep confidential.

Registration Rights

Under our partnership agreement, we have agreed to register for resale under the Securities Act and applicable state securities laws any common units or other limited partner interests proposed to be sold by our general partner or any of its affiliates or their assignees if an exemption from the registration requirements is not otherwise available. These registration rights continue for two years following any withdrawal or removal of our general partner. We are obligated to pay all expenses incidental to the registration, excluding underwriting discounts.

On November 22, 2016, we entered into a registration rights agreement with SN UR Holdings, LLC, and agreed to register the common units issued to such person on such date in connection with a private placement of our common units.

On August 2, 2019, we entered into an amended and restated registration rights agreement with Stonepeak and agreed to register the common units issuable to Stonepeak upon exercise of the 2019 Warrant.

DESCRIPTION OF 2019 WARRANT

On August 2, 2019, we issued the 2019 Warrant to Stonepeak. The 2019 Warrant entitles the holder to receive a number of each class of Junior Securities representing ten percent (10%) of the Junior Securities Deemed Outstanding (as defined in the 2019 Warrant) of such class as of the date the 2019 Warrant is exercised.

The 2019 Warrant is exercisable until the later of August 2, 2026 or the thirtieth (30th) calendar day following the date on which all of the Class C Preferred Units are redeemed by us. There is no exercise price payable in connection with the exercise of the 2019 Warrant. As a result of the 2019 Warrant having no exercise price, the 2019 Warrant does not contain any provisions for changes to or adjustments in the exercise price.

In the event of any (i) capital reorganization of the Partnership, (ii) reclassification of Partnership interests (other than a change as a result of a unit dividend or subdivision, split-up or combination of units), (iii) consolidation or merger of the Partnership with or into another Person, (iv) sale of all or substantially all of the Partnership's assets to another Person or (v) other similar transaction, in each case which entitles the holders of Junior Securities other than Excluded Junior Securities (as defined in the 2019 Warrant) to receive (either directly or upon subsequent liquidation) units, securities or assets with respect to or in exchange for such class of Junior Securities (each such transaction, an "Adjustment Transaction"), the 2019 Warrant shall, immediately after such Adjustment Transaction, remain outstanding and shall thereafter, in lieu of or in addition to (as the case may be) the number of Warrant Units (as defined in the 2019 Warrant) then exercisable under the 2019 Warrant, be exercisable for the kind and number of units or other securities or assets of the Partnership or of the successor Person resulting from such transaction to which the holder would have been entitled upon such Adjustment Transaction if the Holder had exercised the 2019 Warrant in full immediately prior to the time of such Adjustment Transaction and acquired the applicable number of Warrant Units then issuable hereunder as a result of such exercise.

Following the issuance of the 2019 Warrant we have entered into the following amendments to the 2019 Warrant, in each case with Stonepeak Catarina Holdings, LLC: Amendment No. 1 thereto, effective as of February 24, 2021, Amendment No. 2 thereto, effective as of May 3, 2021, Amendment No. 3 thereto, effective as of August 2, 2021, Amendment No. 4 thereto, effective as of November 5, 2021, Amendment No. 5 thereto, effective as of November 9, 2021, Amendment No. 6 thereto, effective as of February 1, 2022, Amendment No. 7 thereto, effective as of May 2, 2022, Amendment No. 8 thereto, effective as of August 1, 2022 and Amendment No. 9 thereto, effective as of December 28, 2022.

Exhibit 10.12

ELEVENTH AMENDMENT
TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT

This ELEVENTH AMENDMENT TO THIRD AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment"), dated as of July 28, 2021, is among EVOLVE TRANSITION INFRASTRUCTURE LP, a Delaware limited partnership (formerly known as SANCHEZ MIDSTREAM PARTNERS LP) (the "Borrower"), the guarantors party hereto (the "Guarantors"), each of the Lenders party hereto, and ROYAL BANK OF CANADA, as administrative agent (in such capacity, the "Administrative Agent"), and relates to that certain Third Amended and Restated Credit Agreement, dated as of March 31, 2015 (as amended, restated, modified or supplemented from time to time prior to the date hereof, the "Existing Credit Agreement"; and as amended hereby, the "Credit Agreement"), among the Borrower, the Lenders, the Administrative Agent, the Collateral Agent and the Issuer.

WITNESSETH:

WHEREAS, on May 17, 2021, the Borrower entered into a letter agreement with Nuvve Holding Corp., a Delaware corporation, and Stonepeak Rocket Holdings LP, a Delaware limited partnership, pursuant to which the parties agreed to negotiate in good faith to enter into definitive agreements relating to the proposed formation of a joint venture, Levo Mobility LLC, a Delaware limited liability company ("Levo JV"), to engage in the business of acquiring, owning, selling, leasing, developing and managing electric buses, vehicles, transportation assets, and related charging infrastructure and ancillary assets; and

WHEREAS, the Borrower now desires to enter into such definitive agreements and make certain Investments in Levo JV pursuant thereto; and

WHEREAS, the Borrower desires to amend the Existing Credit Agreement on the terms set forth herein to, *inter alia*, permit such Investments, subject to the terms and conditions set forth in the Credit Agreement; and

WHEREAS, the Borrower and certain of the Lenders entered into a certain letter agreement dated as of May 11, 2021 (the "Letter Agreement"), pursuant to which the Lenders waived, *inter alia*, the provisions of Section 9.05 of the Existing Credit Agreement to the extent necessary to permit the Borrower to commit to pay or reimburse certain legal and due diligence costs of Levo JV in an aggregate amount not to exceed $200,000 if the joint venture transaction is ultimately consummated; and

WHEREAS, the Borrower has requested that (i) the Existing Credit Agreement be amended in certain respects to permit the Borrower's investment in Levo JV and (ii) the amount of the maximum amount of the legal and due diligence cost reimbursement specified in the Letter Agreement be increased to $350,000 in the aggregate; and

WHEREAS, Section 12.02 of the Existing Credit Agreement provides that the Borrower and the Lenders may amend the Existing Credit Agreement and the other Loan Documents for certain purposes; and

WHEREAS, the Administrative Agent, the Lenders party hereto, the Borrower and the Guarantors all desire to enter into this Amendment to amend the Existing Credit Agreement on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. ***Definitions***. Unless otherwise defined in this Amendment, each capitalized term used in this Amendment has the meaning assigned to such term in the Credit Agreement.

Section 2. ***Amendments to the Existing Credit Agreement***. The Existing Credit Agreement is hereby amended as follows:

(a) Section 1.02 of the Existing Credit Agreement is hereby amended by inserting in its alphabetically appropriate location therein the following new definitions:

> "**Eleventh Amendment Effective Date**" shall have the meaning set forth in that certain Eleventh Amendment to Third Amended and Restated Credit Agreement dated as of July 28, 2021, among the Borrower, the Guarantors, the Lenders party thereto, and the Administrative Agent.
>
> "**Levo JV**" means Levo Mobility LLC, a Delaware limited liability company.
>
> "**Levo JV Investment**" means the acquisition by the Borrower of Equity Interests of Levo JV in consideration for capital contributions of cash or Cash Equivalents made by the Borrower to Levo JV.

(b) The definition of "Excluded Cash" in Section 1.02 of the Existing Credit Agreement is hereby amended and restated to provide:

> "**Excluded Cash**" means, as of any date of determination and without duplication, the sum of (a) the aggregate amount of cash and Cash Equivalents held by the Borrower or its Subsidiaries that the Borrower or its Subsidiaries reasonably expects to use within five (5) Business Days from the date of such determination to make any payment that is permitted in accordance with the Credit Agreement and the other Loan Documents (other than a Levo JV Investment in accordance with **clauses (i)**, **(j)** or **(k)** of **Section 9.05**), *plus* (b) the aggregate amount of cash and Cash Equivalents set aside by the Borrower for the purpose of making a Levo JV Investment in accordance with **Section 9.05(i)** *plus* (c) an amount of cash and Cash Equivalents not exceeding $1,000,000 from the proceeds of the issuance or at-the-market sale by the Borrower of Equity Interests in the Borrower that are then held by the Borrower for the purpose of making a Levo JV Investment in accordance with **Section 9.05(k)**, *plus* (d) the aggregate amount of cash and Cash Equivalents received by the Borrower from Stonepeak Investors for the purpose of making a Levo JV Investment in accordance with **Section 9.05(j)**; provided that, with respect to the inclusion of any amounts in "Excluded Cash" in reliance on the foregoing **clauses (b)**, **(c)** and **(d)**, the Borrower shall have provided the Administrative Agent with prior or concurrent written notice (in reasonable detail) of such amounts and the Borrower's intention to use such amounts for the purpose of making a Levo JV Investment in accordance with **clauses (i)**, **(j)** or **(k)** of **Section 9.05**.

(c) Section 9.05 of the Existing Credit Agreement is hereby amended by (i) deleting the word "or" at the end of clause (g) thereof, (ii) replacing period at the end of clause (h) thereof with a semicolon, and (iii) inserting the following new clauses (i), (j) and (k) therein:

> " (i) if (and only if) a Levo JV Investment is consummated, any cash or Cash Equivalent Investment made by the Borrower in the Levo JV for the payment or reimbursement by the Borrower of legal and due diligence costs of Levo JV (or capital contributions of other members of the Levo JV previously

made in respect of such legal and due diligence costs) in an aggregate amount not to exceed $350,000 from and after the Eleventh Amendment Effective Date;

(j) any Levo JV Investment made by the Borrower using the cash or Cash Equivalent proceeds of a concurrent contribution of capital to the Borrower from Stonepeak Investors; or

(k) any other Levo JV Investment made by the Borrower from the proceeds of the issuance or at-the-market sale by the Borrower of Equity Interests in the Borrower; provided that the aggregate amount of Investments made pursuant to this clause (k) shall not exceed $1,000,000 from and after the Eleventh Amendment Effective Date."

(d) Section 9.06 of the Existing Credit Agreement is hereby amended by inserting the following proviso immediately prior to the period at the end thereof:

"; provided, however, that notwithstanding the foregoing, the Borrower shall be permitted to make any Levo JV Investment in accordance with **clauses (i)**, **(j)** or **(k)** of **Section 9.05** from and after the Eleventh Amendment Effective Date."

(e) Section 9.13 of the Existing Credit Agreement is hereby amended by (i) replacing the word "and" immediately prior to clause (g) with a comma, (ii) deleting the period at the end of clause (g) and inserting "and" in place thereof, and (iii) inserting the following new clause (h) therein:

"(h) any Levo JV Investment in accordance with **clauses (i)** , **(j)** or **(k)** of **Section 9.05** from and after the Eleventh Amendment Effective Date.

Section 3. ***Ratification***. Except as expressly amended, modified or waived herein, each of the Borrower and the Guarantors hereby ratifies and confirms all of the Obligations under the Credit Agreement and the other Loan Documents to which it is a party, and all references to the Credit Agreement, the Mortgages and the Notes in any of the Loan Documents shall be deemed to be references to the Credit Agreement, the Mortgages and the Notes as amended, modified or waived hereby.

Section 4. ***Effectiveness***. This Amendment shall become effective on the date (the "Eleventh Amendment Effective Date") on which each of the following conditions is satisfied:

(a) the Administrative Agent shall have received counterparts of this Amendment executed by the Administrative Agent, the Borrower, the Guarantors and Lenders comprising at least the Majority Lenders; and

(b) the Borrower and each Guarantor shall have confirmed and acknowledged to the Administrative Agent and the Lenders, and by its execution and delivery of this Amendment the Borrower and each Guarantor do hereby confirm and acknowledge to the Administrative Agent and the Lenders, that (i) the execution, delivery and performance of this Amendment has been duly authorized by all requisite limited partnership or limited liability company action, as applicable, on the part of the Borrower or such Guarantor, as applicable, (ii) the Credit Agreement and each other Loan Document to which it is a party constitute valid and legally binding agreements enforceable against the Borrower or such Guarantor, as applicable, in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws relating to or affecting the enforcement of creditors' rights generally and by general principles of equity, (iii) the representations and warranties of the Borrower or such Guarantor, if any, set forth in the Credit Agreement and in each other Loan Document to which it is a party, shall be true and correct in all material respects on and as of the Eleventh Amendment Effective Date, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such specified earlier date, (iv) no Default or Event of Default exists under the Credit Agreement or any of the other Loan Documents and (v) since December 31, 2019, there has been no event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

Section 5. ***Post-Closing Covenant***. Promptly following, but in any event not later than five (5) Business Days after, the Borrower's initial Investment in Levo JV, the Borrower shall deliver to the Administrative Agent a certified true and correct copy of Levo JV's organizational documents.

Section 6. ***Letter Agreement Superseded as to Reimbursement***. For the avoidance of doubt, the Borrower hereby acknowledges and agrees that the new Section 9.05(i) is intended to supersede and replace (and is not in addition to) the $200,000 amount specified in the Letter Agreement and the waiver of the PubCo Reimbursement (as defined in the Letter Agreement) from Section 9.05 as provided in the Letter Agreement.

Section 7. ***Governing Law***. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 8. ***Miscellaneous***.

(a) On and after the Eleventh Amendment Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import, referring to the Credit Agreement, and each reference in each other Loan Document to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Existing Credit Agreement as amended or otherwise modified by this Amendment. This Amendment shall constitute a Loan Document for purposes of the Credit Agreement.

(b) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any default of the Borrower or any Guarantor or any right, power or remedy of the Administrative Agent, the Collateral Agent, the Issuer or the Lenders under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

(c) Each of the Borrower and each Guarantor represents and warrants that as of the date hereof (i) it has the limited partnership or limited liability company power and authority to execute, deliver and perform the terms and provisions of this Amendment, has taken all necessary limited partnership or limited liability company action to authorize the execution, delivery and performance of this Amendment, delivery and performance of this Amendment does not and will not contravene the terms of the Borrower's or such Guarantor's, as applicable, organizational documents; (ii) it has duly executed and delivered this Amendment and this Amendment constitutes the legal, valid and binding obligation of the Borrower or such Guarantor enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law); (iii) no Default or Event of Default has occurred and is continuing; and (iv) no action, suit, investigation or other proceeding is pending or threatened before any arbitrator or Governmental Authority seeking to restrain, enjoin or prohibit or declare illegal, or seeking damages from the Borrower in connection with this Amendment or which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

Section 9. ***Severability***. Any provisions of this Amendment held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Amendment and the effect thereof shall be confined to the provisions so held to be invalid.

Section 10. ***Successors and Assigns***. This Amendment is binding upon and shall inure to the benefit of the Administrative Agent, the Collateral Agent, the Issuer, the Lenders, the Borrower and each Guarantor and their respective successors and assigns.

Section 11. ***Counterparts; Electronic Execution***. This Amendment and each other Loan Document may be executed in one or more counterparts (and by different parties hereto in different counterparts), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by fax or other electronic transmission of an executed counterpart of a signature page to this Amendment and each other Loan Document shall be effective as delivery of an original executed counterpart of this Amendment and such other Loan Document. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Amendment or any other Loan Document shall be deemed to include electronic signatures, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, as in provided Parts 2 and 3 of the Personal Information Protection and Electronic Documents Act (Canada), the Electronic Commerce Act, 2000 (Ontario), the Electronic Transaction Acts (British Columbia), the Electronic Transactions Act (Alberta), or any other similar laws based on the Uniform Electronic Commerce Act of the Uniform Law Conference of Canada. The Administrative Agent may, in its discretion, require that any such documents and signatures executed electronically or delivered by fax or other electronic transmission be confirmed by a manually-signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature executed electronically or delivered by fax or other electronic transmission.

Section 12. ***Headings***. The headings, captions and arrangements used in this Amendment are for convenience only and shall not affect the interpretation of this Amendment or any other Loan Document.

Section 13. ***Integration***. This Amendment represents the final agreement of the Borrower, each Guarantor, the Collateral Agent, the Administrative Agent, the Issuer, and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Borrower, any Guarantor, the Administrative Agent, the Collateral Agent, the Issuer, nor any Lender relative to subject matter hereof not expressly set forth or referred to herein.

Section 14. ***RELEASE***. IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS SET FORTH IN THIS AMENDMENT, THE BORROWER AND EACH OF THE GUARANTORS HEREBY RELEASES, ACQUITS, DISCHARGES, COVENANTS NOT TO SUE, AND AGREES FOREVER TO HOLD HARMLESS THE ADMINISTRATIVE AGENT, THE COLLATERAL AGENT, THE ISSUER AND EACH LENDER THAT EXECUTES AND DELIVERS TO THE ADMINISTRATIVE AGENT (OR ITS COUNSEL) A COUNTERPART OF THIS AMENDMENT ON OR BEFORE THE AMENDMENT

APPROVAL DEADLINE, ALONG WITH ALL OF THEIR BENEFICIARIES, OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS, EMPLOYEES, SERVANTS, ATTORNEYS, ADVISORS AND REPRESENTATIVES, AS WELL AS THEIR RESPECTIVE HEIRS, EXECUTORS, LEGAL REPRESENTATIVES, ADMINISTRATORS, PREDECESSORS IN INTEREST, SUCCESSORS AND ASSIGNS (EACH INDIVIDUALLY, A "RELEASED PARTY") FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, DEBTS, LIABILITIES, CONTRACTS, AGREEMENTS, OBLIGATIONS, ACCOUNTS, DEFENSES, SUITS, OFFSETS AGAINST THE INDEBTEDNESS EVIDENCED BY THE LOAN DOCUMENTS, ACTIONS, AND ANY AND ALL CLAIMS FOR DAMAGES OR RELIEF OF WHATEVER KIND OR NATURE, WHETHER IN EQUITY OR AT LAW, MONETARY OR NON-MONETARY, KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, MATURED OR UNMATURED, THAT THE BORROWER OR ANY GUARANTOR OR ANY SUBSIDIARY OF ANY OF THEM, HAS, HAD OR MAY HAVE AGAINST ANY RELEASED PARTY, INDIVIDUALLY OR COLLECTIVELY, FOR OR BY REASON OF ANY MATTER, CAUSE OR THING WHATSOEVER OCCURRING ON OR AT ANY TIME PRIOR TO THE DATE OF THE EXECUTION OF THIS AMENDMENT, INCLUDING, WITHOUT LIMITATION, ANY MATTER THAT RELATES TO, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY (A) THIS AMENDMENT, THE CREDIT AGREEMENT, ANY NOTE, ANY SECURITY INSTRUMENTS, ANY OTHER LOAN DOCUMENT, ANY SWAP AGREEMENT OR SWAP TRANSACTION EXECUTED BY LENDERS OR THEIR AFFILIATES (COLLECTIVELY, THE "TRANSACTION DOCUMENTS") OR THE TRANSACTIONS EVIDENCED HEREBY OR THEREBY, INCLUDING, WITHOUT LIMITATION, ANY DISBURSEMENTS UNDER ANY TRANSACTION DOCUMENTS, THE TERMS HEREOF OR THEREOF, OR THE APPROVAL, ADMINISTRATION OR SERVICING HEREOF OR THEREOF, OR (B) ANY NOTICE OF DEFAULT, EVENT OF DEFAULT IN REFERENCE TO ANY TRANSACTION DOCUMENTS OR ANY OTHER MATTER PERTAINING TO THE COLLECTION OR ENFORCEMENT BY ANY RELEASED PARTY OF THE INDEBTEDNESS EVIDENCED BY ANY TRANSACTION DOCUMENTS OR ANY RIGHT OR REMEDY UNDER ANY TRANSACTION DOCUMENTS, OR (C) ANY PURPORTED ORAL AGREEMENTS OR UNDERSTANDINGS BY AND BETWEEN ANY RELEASED PARTY AND THE BORROWER AND ANY GUARANTOR IN REFERENCE TO ANY TRANSACTION DOCUMENTS.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Amendment to be executed by its officer(s) thereunto duly authorized as of the date first above written.

EVOLVE TRANSITION INFRASTRUCTURE LP (f/k/a SANCHEZ MIDSTREAM PARTNERS LP),
as Borrower

By: **EVOLVE TRANSITION INFRASTRUCTURE GP, LLC,** its general partner

By: /s/ Charles C. Ward
Name: Charles C. Ward
Title: Chief Financial Officer

SEP HOLDINGS IV, LLC,
as a Guarantor

By: /s/ Charles C. Ward
Name: Charles C. Ward
Title: Chief Financial Officer

CATARINA MIDSTREAM, LLC,
as a Guarantor

By: /s/ Charles C. Ward
Name: Charles C. Ward
Title: Chief Financial Officer

SECO PIPELINE, LLC,
as a Guarantor

By: /s/ Charles C. Ward
Name: Charles C. Ward
Title: Chief Financial Officer

ROYAL BANK OF CANADA,
as Administrative Agent

By: /s/ Yvonne Brazier
Name: Yvonne Brazier
Title: Manager, Agency Services

ROYAL BANK OF CANADA,
as a Revolving Lender

By: /s/ Don J. McKinnerney
Name: Don J. McKinnerney
Title: Authorized Signatory

ROYAL BANK OF CANADA,
as a Term Lender

By: /s/ Don J. McKinnerney
Name: Don J. McKinnerney
Title: Authorized Signatory

CITIBANK, N.A.,
as a Revolving Lender

By: /s/ Jeff Ard
Name: Jeff Ard
Title: Vice President

CITIBANK, N.A.,
as a Term Lender

By: /s/ Jeff Ard
Name: Jeff Ard
Title: Vice President

ING CAPITAL LLC,
as a Revolving Lender

By: /s/ Scott Lamoreaux
Name: Scott Lamoreaux
Title: Director

By: /s/ Lauren Gutterman
Name: Lauren Gutterman
Title: Vice President

ING CAPITAL LLC,
as a Term Lender

By: /s/ Scott Lamoreaux
Name: Scott Lamoreaux
Title: Director

By: /s/ Lauren Gutterman
Name: Lauren Gutterman
Title: Vice President

SUNTRUST BANK, as a Revolving Lender

By: /s/ John Kovarik
Name: John Kovarik
Title: Director

SUNTRUST BANK, as a Term Lender

By: /s/ John Kovarik
Name: John Kovarik
Title: Director

[Eleventh Amendment – Signature Page]

CIT BANK, N.A., as a Revolving Lender

By: /s/ Sean Murphy____
Name: Sean Murphy
Title: Managing Director

CIT BANK, N.A., as a Term Lender

By: /s/ Sean Murphy____
Name: Sean Murphy
Title: Managing Director

Exhibit 10.28

Executive Officer Compensation

Base Salary

The following table sets forth the base salary for each named executive officer of Evolve Transition Infrastructure GP LLC, the general partner of Evolve Transition Infrastructure LP (the "Partnership"). Each person is an employee of SNMP Services Inc. ("Services") and provides services to the Partnership, with the amounts listed being the portion of the salary allocated to the Partnership, effective as of January 1, 2023.

Evolve Transition Infrastructure LP, Officer	**Base Salary**
Randall L. Gibbs *Chief Executive Officer*	$600,000
Michael A. Keuss *President & Chief Operating Officer*	$600,000
Charles C. Ward *Chief Financial Officer & Secretary*	$500,000

Other Benefits

Services does not maintain a defined benefit pension plan for its employees because it believes that such plans primarily reward longevity rather than performance. Service provides a basic benefits package generally to all employees, which includes a 401(k) plan, parking costs, and health, disability and life insurance. In its discretion, Services and/or the board of directors of the Partnership's general partner may award the named executive officers cash bonuses and/or equity compensation.

Exhibit 10.29

Board Compensation for Directors*

Type of Compensation	Amount
Board Cash Retainer+	Fiscal 2022: $12,500, payable monthly on the last day of each fiscal month, commencing January 1, 2022+

* Includes only persons serving as Independent Directors.

\+ For any person who ceases to serve during the fiscal month prior to such payment date, such person shall receive a pro rata amount for the portion of the fiscal month so served.

Exhibit 21.1

List of Subsidiaries of Evolve Transition Infrastructure LP

Name	Jurisdiction of Organization
SEP Holdings IV, LLC	Delaware
Catarina Midstream, LLC	Delaware
SECO Pipeline, LLC	Delaware
SNMP Services Inc.	Delaware

* The names of certain indirectly owned subsidiaries have been omitted because, considered in the aggregate as a single subsidiary, they would not constitute a significant subsidiary pursuant to Rule 1-02(W) of Regulation S-X.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-260981) on Form S-1, registration statements (Nos. 333-202578, 333-210783, 333-217007, 333-230273 and 333-254321) on Form S-8 and registration statements (Nos. 333-218570, 333-223569 and 333-254509) on Form S-3 of our report dated March 27, 2023, with respect to the consolidated financial statements of Evolve Transition Infrastructure LP.

/s/ KPMG LLP

Houston, Texas
March 27, 2023

Exhibit 31.1

EVOLVE TRANSITION INFRASTRUCTURE LP
CERTIFICATION

I, Charles C. Ward, certify that:

1. I have reviewed this Annual Report on Form 10-K of Evolve Transition Infrastructure LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 27, 2023

/s/ Charles C. Ward

Charles C. Ward
Interim Chief Executive Officer, Chief Financial Officer and Secretary
Evolve Transition Infrastructure GP, LLC, general partner of Evolve Transition Infrastructure LP
(Principal Executive Officer)
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying annual report of Evolve Transition Infrastructure LP (the "Partnership") on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Charles C. Ward, the Interim Chief Executive Officer, Chief Financial Officer and Secretary of Evolve Transition Infrastructure GP LLC, the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(i) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: March 27, 2023

/s/ Charles C. Ward

Charles C. Ward

Interim Chief Executive Officer, Chief Financial Officer and Secretary

Evolve Transition Infrastructure GP, LLC, as general partner of Evolve Transition Infrastructure LP

(Principal Executive Officer)
(Principal Financial Officer)