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

FORM 8-K/A

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 2, 2022 (July 11, 2022)

CRESTWOOD EQUITY PARTNERS LP
(Exact name of registrant as specified in its charter)

Delaware	001-34664	43-1918951
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

811 Main Street, Suite 3400
Houston, Texas 77002
(Address of Principal Executive Offices)

(832) 519-2200
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 partnership interests	**CEQP**	**New York Stock Exchange**
Preferred Units representing limited partner interests	**CEQP-P**	**New York Stock Exchange**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

Introductory Note

Acquisitions

As reported in a Current Report on Form 8-K filed with the Securities and Exchange Commission on July 15, 2022 (the "**Original Form 8-K**") by Crestwood Equity Partners LP (the "**Partnership**" or "**CEQP**"), on July 11, 2022:

(a) Crestwood Midstream Partners LP, a Delaware limited partnership ("**CMLP**") and wholly owned subsidiary of the Partnership, and Crestwood Sendero GP LLC, a Delaware limited liability company (together with CMLP, the "**Buyers**") and wholly owned subsidiary of CMLP, completed their acquisition (the "**Sendero Acquisition**") of Sendero Midstream Partners LP ("**Sendero**") for approximately $600 million in cash, subject to certain adjustments, pursuant to the Purchase Agreement, dated as of May 25, 2022, by and among (i) the Buyers, (ii) the Partnership, as the guarantor and indirect owner of the Buyers, (iii) Sendero, (iv) Energy Capital Partners III, LP, a Delaware limited partnership, (v) Energy Capital Partners III-A, LP, a Delaware limited partnership, (vi) Energy Capital Partners III-B (Sendero IP), LP, a Delaware limited partnership, (vii) Energy Capital Partners III-C (Sendero IP), LP, a Delaware limited partnership, (viii) Carlsbad Co-Invest, LP, a Delaware limited partnership, (ix) ECP III (Sendero Co-Invest) Corp, a Delaware corporation, (x) Sendero Midstream Management, LLC, a Delaware limited liability company, and (xi) Sendero Midstream GP, LLC, a Delaware limited liability company and the general partner of Sendero; and

(b) the Partnership completed its acquisition (the "**CPJV Acquisition**" and together with the Sendero Acquisition, the "**Acquisitions**") of the remaining 50% interest (the "**Acquired JV Interest**") in Crestwood Permian Basin Holdings LLC ("**CPJV**") from FR XIII Crestwood Permian Basin Holdings LLC, a Delaware limited liability company ("**First Reserve**"), for 11,275,546 common units of the Partnership, pursuant to the Contribution Agreement, dated as of May 25, 2022, by and among the Partnership and First Reserve. The Partnership subsequently effected a series of internal contributions such that the Acquired JV Interest was ultimately contributed to a wholly owned subsidiary of CMLP.

Capitalized terms used but not defined herein will have the meanings assigned to such terms in the Original Form 8-K. This Current Report on Form 8-K/A (this "**Amendment**") amends and supplements the Original Form 8-K to provide the following:

Sendero

- the unaudited financial statements of Sendero (for the period described in Item 9.01(a) below) and the notes thereto;
- the audited financial statements of Sendero (for the period described in Item 9.01(a) below), the notes thereto and the Report of Independent Auditors; and
- the unaudited pro forma condensed consolidated combined financial information described in Item 9.01(b) below.

CPJV

- the unaudited financial statements of CPJV (for the period described in Item 9.01(a) below) and the notes thereto;
- the audited financial statements of CPJV (for the period described in Item 9.01(a) below), the notes thereto and the Report of Independent Auditors; and
- The unaudited pro forma condensed consolidated combined financial information described in Item 9.01(b) below.

No other modifications to the Original Form 8-K are being made by this Amendment. This Amendment should be read in connection with the Original Form 8-K, which provides a more complete description of the Acquisitions.

Item 8.01 Other Information

As previously reported in a Current Report on Form 8-K filed with the Securities and Exchange Commission on February 3, 2022 by the Partnership, on February 1, 2022, the Partnership completed the transactions contemplated by that certain Agreement and Plan of Merger (the "**OMP Merger Agreement**"), dated as of October 25, 2021, by and among the Partnership, Project Falcon Merger Sub LLC, a Delaware limited liability company and direct wholly owned subsidiary of the Partnership ("**Merger Sub**"), Project Phantom Merger Sub LLC, a Delaware limited liability company and direct wholly owned subsidiary of the Partnership ("**GP Merger Sub**"), Oasis Midstream Partners LP ("**OMP**"), OMP GP LLC, a Delaware limited liability company and the general partner of OMP (the "**OMP General Partner**"), and, solely for the purposes of Section 2.1(a)(i) of the OMP Merger Agreement, Crestwood Equity GP LLC, whereby (i) Merger Sub merged with and into OMP, with OMP surviving as a subsidiary of the Partnership, and (ii) GP Merger Sub merged with and into the OMP General Partner, with the OMP General Partner surviving as a wholly owned subsidiary of the Partnership (collectively, the "**OMP Merger**"). The Partnership subsequently effected a series of internal transactions such that, following the OMP Merger, (i) OMP and OMP General Partner merged with and into CMLP, with CMLP surviving, and (ii) OMP Finance Corp., a Delaware corporation, merged with and into Crestwood Midstream Finance Corp., a Delaware corporation and wholly owned subsidiary of CMLP, with Crestwood Midstream Finance Corp. surviving.

The Partnership is supplementally providing the audited financial statements, the notes thereto and the Report of Independent Auditors of OMP as of and for the years ended December 31, 2021 and 2020, attached as Exhibit 99.6 hereto. Additionally, the unaudited pro forma condensed consolidated combined financial information as of and for the six months ended June 30, 2022 and the year ended December 31, 2021 described in Item 9.01(b) below also supplementally give effect to the OMP Merger.

Item 9.01 Financial Statements and Exhibits

(a) Financial Statements of Business Acquired.

Sendero

- Unaudited financial statements of Sendero as of June 30, 2022 and for the six months ended June 30, 2022, and the related notes to the financial statements, attached as Exhibit 99.2 hereto; and
- Audited financial statements of Sendero as of and for the year ended December 31, 2021, and the related notes to the financial statements, attached as Exhibit 99.3 hereto.

CPJV

- Unaudited financial statements of CPJV as of June 30, 2022 and for the six months ended June 30, 2022, and the related notes to the financial statements, attached as Exhibit 99.4 hereto; and
- Audited financial statements of CPJV as of and for the year ended December 31, 2021, and the related notes to the financial statements, attached as Exhibit 99.5 hereto.

(b) Pro Forma Financial Information.

The following unaudited pro forma condensed consolidated combined financial information of the Partnership as of and for the six months ended June 30, 2022 and the year ended December 31, 2021 attached as Exhibit 99.1 hereto:

- Unaudited Pro Forma Condensed Consolidated Combined Balance Sheet as of June 30, 2022;
- Unaudited Pro Forma Condensed Consolidated Combined Statement of Operations for the Six Months Ended June 30, 2022;
- Unaudited Pro Forma Condensed Consolidated Combined Statement of Operations for the Year Ended December 31, 2021; and
- Notes to Unaudited Pro Forma Condensed Consolidated Combined Financial Statements.

(d) Exhibits.

Exhibit Number	Description
23.1	Consent of Grant Thornton LLP
23.2	Consent of Ernst & Young LLP
23.3	Consent of PricewaterhouseCoopers LLP
99.1	Unaudited pro forma condensed consolidated combined financial information of CEQP as of June 30, 2022 and for the six months ended June 30, 2022 and the year ended December 31, 2021
99.2	Historical unaudited financial statements of Sendero as of and for the six months ended June 30, 2022
99.3	Historical audited financial statements of Sendero as of and for the year ended December 31, 2021
99.4	Historical unaudited financial statements of CPJV as of and for the six months ended June 30, 2022
99.5	Historical audited financial statements of CPJV as of and for the year ended December 31, 2021
99.6	Historical audited financial statements of OMP as of and for the years ended December 31, 2021 and 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CRESTWOOD EQUITY PARTNERS LP

By: **Crestwood Equity GP LLC, its General Partner**

By: /s/ Steven Dougherty
Steven Dougherty
Executive Vice President and Chief Accounting Officer

Dated: September 2, 2022

Exhibit 23.1

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated April 22, 2022, with respect to the consolidated financial statements of Sendero Midstream Partners, LP included in the Current Report of Crestwood Equity Partners LP on Form 8-K/A dated September 2, 2022. We consent to the incorporation by reference of said report in the Registration Statements of Crestwood Equity Partners LP on Forms S-3 (File No. 333-210146, File No. 333-217062, File No. 333-237571, File No. 333-223892, File No. 333-255799 and File No. 333-262722) and on Forms S-8 (File No. 333-201534, File No. 333-148619, File No. 333-131767, File No. 333-83872, File No. 333-227017 and File No. 333-259922).

/s/ GRANT THORNTON LLP

Tulsa, Oklahoma
September 2, 2022

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in the following registration statements of Crestwood Equity Partners LP:

(1) Registration Statement (Form S-8 No. 333-201534);
(2) Registration Statement (Form S-8 No. 333-148619);
(3) Registration Statement (Form S-8 No. 333-131767);
(4) Registration Statement (Form S-8 No. 333-83872);
(5) Registration Statement (Form S-3 No. 333-210146);
(6) Registration Statement (Form S-3 No. 333-217062);
(7) Registration Statement (Form S-3ASR No. 333-237571);
(8) Registration Statement (Form S-3 No. 333-223892);
(9) Registration Statement (Form S-8 No. 333-227017);
(10) Registration Statement (Form S-3 No. 333-255799);
(11) Registration Statement (Form S-8 No. 333-259922); and
(12) Registration statement (Form S-3ASR No. 333-262722).

of our report dated August 29, 2022, relating to the consolidated financial statements of Crestwood Permian Basin Holdings, LLC, as of and for the year ended December 31, 2021, appearing in this Current Report on Form 8-K/A of Crestwood Equity Partners LP.

/s/ Ernst & Young LLP

Houston, Texas
September 2, 2022

Exhibit 23.3

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-210146, No. 333-217062, No. 333-237571, No. 333-223892, No. 333-255799, and No. 333-262722) and Form S-8 (No. 333-201534, No. 333-148619, No. 333-131767, No. 333-83872, No. 333-227017, and No. 333-259922) of Crestwood Equity Partners LP of our report dated August 25, 2022 relating to the financial statements of Oasis Midstream Partners LP, which appears in this Current Report on Form 8-K/A.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
September 2, 2022

Exhibit 99.1

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED COMBINED FINANCIAL INFORMATION

On May 25, 2022, Crestwood's wholly owned subsidiaries entered into a Purchase Agreement to acquire Sendero Midstream Partners, LP ("Sendero"), a Delaware limited partnership, for approximately $631 million (the "Sendero Transaction"). In addition, Crestwood entered into a Contribution Agreement with FR XIII Crestwood Permian Basin Holdings LLC (First Reserve) to acquire First Reserve's 50% equity interest in Crestwood Permian Basin Holdings LLC ("Crestwood Permian") in exchange for 11,275,546 Crestwood common units ("the CPBH Transaction"). The Sendero Transaction and the CPBH Transaction each closed on July 11, 2022. References to "Crestwood," "we," "us" or "our" in this section refer to Crestwood Equity Partners LP and its consolidated subsidiaries.

The unaudited pro forma condensed consolidated combined financial information set forth below has been prepared in accordance with Article 11 of SEC Regulation S-X and includes pro forma adjustments that are directly attributable to the Transactions (defined below) and factually supportable.

We prepared the pro forma adjustments included in the unaudited pro forma condensed consolidated combined financial statements using the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, *Business Combinations*. As of the date of the unaudited pro forma condensed consolidated combined financial information, we have not completed the final purchase price accounting adjustments for the Sendero Transaction and the CPBH Transaction, respectively, including the allocation of fair value to their respective assets and liabilities. The purchase price accounting is dependent upon certain valuation and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments are preliminary and subject to further adjustment as additional information becomes available and the various analyses and other valuations are completed. Such adjustments may have a significant effect on total assets, total liabilities, total equity, operating revenues, operating expenses and net income. The pro forma adjustments have been made solely for the purposes of providing the unaudited pro forma condensed consolidated combined financial information. We expect to finalize the purchase price allocation for the Sendero Transaction and the CPBH Transaction in 2022.

The unaudited pro forma condensed consolidated combined statements of operations also include pro forma adjustments related to our merger with Oasis Midstream Partners LP ("Oasis Midstream") on February 1, 2022 (the "Oasis Merger") as this transaction was considered a significant acquisition under Rule 11-01(a) of Regulation S-X. In addition, the unaudited pro forma condensed consolidated combined statement of operations for the year ended December 31, 2021 also includes pro forma adjustments related to the Simplification Transaction (as defined below). On March 30, 2021, Oasis Midstream Services LLC contributed its remaining 64.7% and 30% limited liability company interests in BobCat DevCo LLC ("BobCat Devco") and Beartooth DevCo LLC ("Beartooth DevCo"), respectively, in exchange for cash and Oasis Midstream common units, and Oasis Midstream and OMP GP LLC caused the incentive distribution rights of Oasis Midstream owned by OMP GP LLC to be cancelled and converted into common units of Oasis Midstream ("the Simplification Transaction"). In addition, in conjunction with the Simplification Transaction, Oasis Midstream closed its private placement of $450 million in aggregate principal amount of 8.00% senior unsecured notes due 2029 and utilized the proceeds to pay the cash consideration for the Simplification Transaction and repay outstanding borrowings under its revolving credit facility. This transaction was considered a significant acquisition for Oasis Midstream under Rule 11-01 (a) of Regulation S-X. The unaudited pro forma condensed consolidated combined statements of operations for the six months ended June 30, 2022 and the year ended December 31, 2021 reflect the Oasis Merger and Simplification Transaction as though these transactions occurred on January 1, 2021. The unaudited pro forma condensed consolidated financial information related to the Simplification Transaction was filed as an exhibit to Oasis Midstream's Current Report on Form 8-K, as filed with the SEC on April 1, 2021, and is incorporated by reference in this Current Report on Form 8-K/A.

The unaudited pro forma condensed consolidated combined financial information has been derived from and should be read in conjunction with (i) our historical audited consolidated financial statements and related notes included in our Annual

Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC on February 28, 2022; (ii) our unaudited consolidated financial statements and related notes included in the Quarterly Report on Form 10-Q for the six months ended June 30, 2022, as filed with the SEC on July 28, 2022; (iii) the historical consolidated financial statements of Sendero Midstream, which are included as exhibits to this Current Report on Form 8-K/A; (iv) the historical consolidated financial statements of Crestwood Permian, which are included as exhibits to this Current Report on Form 8-K/A; (v) Oasis Midstream's historical audited consolidated financial statements and related notes for the year ended December 31, 2021, which are included as an exhibit to this Current Report on Form 8-K/A; (vi) Oasis Midstream's unaudited pro forma condensed consolidated financial information and related notes included as an exhibit to its Current Report on Form 8-K, as filed with the SEC on April 1, 2021; and (vii) the notes accompanying this unaudited pro forma condensed consolidated combined financial information. The Oasis Merger and Simplification Transaction, and together with the Sendero Transaction and CPBH Transaction, are referred to herein as the "Transactions." Oasis Midstream's historical unaudited consolidated statement of operations for the month ended January 31, 2022 was derived from Oasis Midstream's historical accounting records.

The unaudited pro forma condensed consolidated combined financial information was prepared by applying pro forma adjustments to our historical audited and unaudited consolidated financial statements. The unaudited pro forma condensed consolidated combined balance sheet as of June 30, 2022 has been prepared to give effect to the Sendero Transaction and the CPBH Transaction as if each had occurred on June 30, 2022. The historical balance sheet information presented for Crestwood as of June 30, 2022 reflects the Oasis Merger which closed on February 1, 2022. The unaudited pro forma condensed consolidated combined statements of operations for the six months ended June 30, 2022 and the year ended December 31, 2021, have been prepared to give effect to the Transactions as if they had occurred on January 1, 2021.

The unaudited pro forma condensed consolidated combined financial information is based on financial statements prepared in accordance with accounting principles generally accepted in the United States. The unaudited pro forma adjustments are based on available information and certain assumptions that we believe are reasonable under the circumstances. The pro forma adjustments and their underlying assumptions are described more fully in the notes to the unaudited pro forma condensed consolidated combined financial information. The unaudited pro forma condensed consolidated combined financial information is presented for illustrative purposes only and is not necessarily indicative of the financial position that would have been obtained or the financial results that would have occurred if the Transactions had been completed as of the dates indicated. In addition, the unaudited pro forma condensed consolidated financial information does not reflect the anticipated benefits from opportunities to earn additional revenues, cost savings from operating efficiencies or synergies (or associated costs or capital expenditures required to achieve such additional revenue, savings or synergies), the impact of restructuring, or other factors that may result as a consequence of the Sendero Transaction, CPBH Transaction and Oasis Merger and, accordingly, do not attempt to predict or suggest future results.

Crestwood Equity Partners LP
Unaudited Pro Forma Condensed Consolidated Combined Balance Sheet
As of June 30, 2022
(in millions)

	Crestwood Equity Partners LP Historical	Sendero Midstream Partners, LP	Crestwood Permian Basin Holdings LLC	Pro Forma Adjustments		Crestwood Equity Partners LP Pro Forma
Assets						
Current assets:						
Cash and restricted cash	$ 13.8	$ 46.8	$ —	$ 150.0	(b)	$ 201.6
				631.0	(c)	
				(631.0)	(c)	
				75.0	(d)	
				(75.0)	(d)	
				(9.0)	(f)	
Accounts receivable	419.6	61.9	62.0	(33.8)	(e)	509.7
Inventory and other current assets	432.4	1.9	0.2	—		434.5
Total current assets	865.8	110.6	62.2	107.2		1,145.8
Property, plant and equipment, net	3,795.8	335.8	373.0	15.5	(a)	4,533.6
				13.5	(b)	
Intangible assets, net	1,156.6	71.6	—	103.4	(a)	1,391.6
				60.0	(b)	
Goodwill	194.8	—	—	50.0	(a)	244.8
Investments in unconsolidated affiliates	164.8	—	76.1	(193.4)	(b)	122.5
				75.0	(d)	
Other non-current assets	25.0	0.2	10.7	(10.7)	(b)	25.2
Total assets	$ 6,202.8	$ 518.2	$ 522.0	$ 220.5		$ 7,463.5
Liabilities and capital						
Current liabilities:						
Accounts payable	$ 404.1	$ 46.7	$ 54.2	$ (33.6)	(e)	$ 471.4
Accrued expenses and other liabilities	241.1	5.8	6.4	(0.2)	(a)	252.9
				(0.2)	(e)	
Total current liabilities	645.2	52.5	60.6	(34.0)		724.3
Long-term debt, less current portion	2,929.3	195.7	139.0	(195.7)	(a)	3,774.3
				631.0	(c)	
				75.0	(d)	
Other long-term liabilities	270.5	3.8	15.5	(8.4)	(b)	281.4
Total liabilities	3,845.0	252.0	215.1	467.9		4,780.0
Interest of non-controlling partner in subsidiary	434.4	—	—	—		434.4
Partners' capital - common units	1,311.4	266.2	306.9	364.8	(a)	1,637.1
				(306.9)	(b)	
				63.9	(b)	
				270.8	(b)	
				(631.0)	(c)	
				(9.0)	(f)	
Partners' capital - preferred units	612.0	—	—	—		612.0
Total partners' capital	1,923.4	266.2	306.9	(247.4)		2,249.1
Total liabilities and capital	$ 6,202.8	$ 518.2	$ 522.0	$ 220.5		$ 7,463.5

See Notes to Unaudited Pro Forma Condensed Consolidated Combined Financial Statements.

Crestwood Equity Partners LP
Unaudited Pro Forma Condensed Consolidated Combined Statement of Operations
For the Six Months Ended June 30, 2022
(in millions, except per unit data)

	Crestwood Equity Partners LP Historical	Oasis Midstream Partners LP	Sendero Midstream Partners, LP	Crestwood Permian Basin Holdings LLC	Pro Forma Adjustments		Crestwood Equity Partners LP Pro Forma
		(g)					
Revenues	$ 3,031.8	$ 34.6	$ 63.4	$ 250.0	$ (113.8)	(k)	$ 3,266.0
Costs of product/services sold (exclusive of items shown separately below)	2,577.6	10.6	—	209.9	(112.6)	(k)	2,685.5
Operating expenses and other:							
Operations and administrative	158.9	8.6	18.5	13.6	(1.7)	(k)	196.2
					(1.7)	(l)	
Depreciation, amortization and accretion	155.4	—	12.1	10.5	8.4	(i)	186.4
Loss on long-lived assets and impairments, net	11.0	—	—	—	—		11.0
	325.3	8.6	30.6	24.1	5.0		393.6
Operating income	128.9	15.4	32.8	16.0	(6.2)		186.9
Earnings from unconsolidated affiliates, net	9.0	—	—	1.2	(7.4)	(m)	2.8
Interest and debt expense, net	(76.2)	(3.7)	(4.7)	(2.2)	(8.8)	(j)	(95.6)
Other income (expense), net	0.2	(3.1)	—	—	3.1	(l)	0.2
Income (loss) before income taxes	61.9	8.6	28.1	15.0	(19.3)		94.3
Provision for income taxes	(0.3)	—	—	(0.2)	—		(0.5)
Net income (loss)	61.6	8.6	28.1	14.8	(19.3)		93.8
Net income attributable to non-controlling interests	20.5	—	—	—	—		20.5
Net income (loss) attributable to controlling interests	41.1	8.6	28.1	14.8	(19.3)		73.3
Net income attributable to preferred units	30.0	—	—	—	—		30.0
Net income (loss) attributable to limited partners	$ 11.1	$ 8.6	$ 28.1	$ 14.8	$ (19.3)		$ 43.3
Net income per limited partner unit:							
Basic	$ 0.12						$ 0.42
Diluted	$ 0.11						$ 0.40
Weighted-average limited partners' units outstanding:							
Basic	92.0				11.3	(n)	103.3
Dilutive	4.7				—		4.7
Diluted	96.7				11.3	(n)	108.0

See Notes to Unaudited Pro Forma Condensed Consolidated Combined Financial Statements.

Crestwood Equity Partners LP
Unaudited Pro Forma Condensed Consolidated Combined Statement of Operations
For the Year Ended December 31, 2021
(in millions, except per unit data)

	Crestwood Equity Partners LP Historical	Oasis Midstream Partners LP	Sendero Midstream Partners, LP	Crestwood Permian Basin Holdings LLC	Pro Forma Adjustments		Crestwood Equity Partners LP Pro Forma
Revenues	$ 4,569.0	$ 407.9	$ 74.0	$ 286.1	$ (139.1)	(k)	$ 5,197.9
Costs of product/services sold (exclusive of items shown separately below)	3,843.9	100.5	—	228.7	(138.1)	(k)	4,035.0
Operating expenses and other:							
Operations and administrative	218.6	90.5	31.2	19.7	(0.9)	(k)	359.1
Depreciation, amortization and accretion	244.2	37.2	24.3	19.1	47.9	(i)	372.7
Loss on long-lived assets and impairments, net	39.6	—	4.3	—	—		43.9
	502.4	127.7	59.8	38.8	47.0		775.7
Operating income	222.7	179.7	14.2	18.6	(48.0)		387.2
Earnings (loss) from unconsolidated affiliates, net	(120.4)	—	—	4.9	(9.6)	(m)	(125.1)
Interest and debt expense, net	(132.1)	(37.4)	(9.5)	(4.1)	(32.5)	(j)	(215.6)
Loss on modification/extinguishment of debt	(7.5)	—	—	—	—		(7.5)
Other income (expense), net	0.1	(0.1)	—	—	—		—
Income (loss) before income taxes	(37.2)	142.2	4.7	19.4	(90.1)		39.0
Provision for income taxes	(0.2)	—	—	(0.3)	—		(0.5)
Net income (loss)	(37.4)	142.2	4.7	19.1	(90.1)		38.5
Net income attributable to non-controlling interests	41.1	17.0	—	—	(17.0)	(h)	41.1
Net income (loss) attributable to controlling interests	(78.5)	125.2	4.7	19.1	(73.1)		(2.6)
Net income attributable to preferred units	60.1	—	—	—	—		60.1
Net income (loss) attributable to limited partners	$ (138.6)	$ 125.2	$ 4.7	$ 19.1	$ (73.1)		$ (62.7)
Net loss per limited partner unit:							
Basic and Diluted	$ (2.11)						$ (0.57)
Weighted-average limited partners' units outstanding:							
Basic and Diluted	65.6				45.1	(n)	110.7

See Notes to Unaudited Pro Forma Condensed Consolidated Combined Financial Statements.

Note 1–Basis of Pro Forma Presentation

The unaudited pro forma condensed consolidated combined financial information has been prepared in accordance with Article 11 of SEC Regulation S-X and includes pro forma adjustments that are directly attributable to the transactions and factually supportable.

The unaudited pro forma condensed consolidated combined balance sheet gives effect to the Sendero Transaction and the CPBH Transaction as if each had occurred on June 30, 2022. The historical balance sheet information presented for Crestwood as of June 30, 2022 reflects the Oasis Merger which closed on February 1, 2022. The unaudited pro forma condensed consolidated combined statements of operations for the six months ended June 30, 2022 and year ended December 31, 2021, have been prepared to give effect to the Transactions as if they had occurred on January 1, 2021.

The pro forma adjustments represent management's best estimates based on information available as of the date of this Current Report on Form 8-K/A and are subject to change as additional information becomes available and additional analysis is performed. The unaudited pro forma condensed consolidated combined financial statements do not reflect the anticipated benefits from opportunities to earn additional revenues, cost savings from operating efficiencies or synergies (or associated costs or capital expenditures required to achieve such additional revenues, savings or synergies).

Note 2–Pro Forma Adjustments and Assumptions

Condensed Consolidated Combined Balance Sheet

The pro forma adjustments to reflect the preliminary allocation of the purchase price consideration for the Sendero Transaction and the CPBH Transaction are calculated under the purchase method of accounting. Under the purchase method of accounting, tangible and identifiable intangible assets acquired and liabilities assumed are recorded at their estimated fair values. The excess purchase price over the preliminary estimated fair value of net assets acquired is classified as goodwill on the unaudited pro forma condensed consolidated combined balance sheet. The preliminary estimates used to prepare the pro forma financial information presented related to the Sendero Transaction and the CPBH Transaction will be finalized during 2022 with the assistance of third party valuation advisors.

(a) The following is a preliminary allocation of the purchase price consideration for the Sendero Transaction (*in millions*):

	Historical Net Book Value	Adjustments	Preliminary Fair Value
Current assets	$ 110.6	$ —	$ 110.6
Property, plant and equipment, net	335.8	15.5	351.3
Intangible assets, net	71.6	103.4	175.0
Goodwill	—	50.0	50.0
Other non-current assets	0.2	—	0.2
Current liabilities (1)	52.5	(0.2)	52.3
Long-term debt (1)	195.7	(195.7)	—
Other long-term liabilities	3.8	—	3.8
Total assumed purchase price	$ 266.2	$ 364.8	$ 631.0

(1) The pro forma adjustment to current liabilities and long-term debt reflects the elimination of all outstanding debt, including accrued interest which was paid off immediately prior to the closing of the Sendero Transaction.

(b) The following is a preliminary allocation of the purchase price consideration for the CPBH Transaction (*in millions*):

	Historical Net Book Value	Adjustments	Preliminary Fair Value
Current assets (1)	$ 62.2	$ 150.0	$ 212.2
Property, plant and equipment, net	373.0	13.5	386.5
Intangible assets, net	—	60.0	60.0
Investment in unconsolidated affiliate	76.1	—	76.1
Other non-current assets (2) (3)	10.7	(10.7)	—
Current liabilities	60.6	—	60.6
Long-term debt	139.0	—	139.0
Other long-term liabilities (3)	15.5	(8.4)	7.1
Estimated fair value of 100% interest in Crestwood Permian	$ 306.9	$ 221.2	$ 528.1
Less:			
Elimination of equity investment in Crestwood Permian			(193.4)
Gain on acquisition of Crestwood Permian			(63.9)
Total assumed purchase price (4)			$ 270.8

(1) The pro forma adjustment to current assets reflects a cash contribution of $75 million by each of the members of Crestwood Permian immediately prior to the closing of the CPBH Transaction.

(2) The pro forma adjustment to other non-current assets reflects the elimination of approximately $2.3 million of unamortized debt issuance costs associated with the Crestwood Permian credit facility.

(3) The pro forma adjustment to other non-current assets and other long-term liabilities reflects the elimination of operating lease agreements between Crestwood and Crestwood Permian.

(4) Represents the equity consideration issued in exchange for Crestwood's acquisition of First Reserve's 50% equity interest in Crestwood Permian which was calculated by multiplying the 11,275,546 common units issued to First Reserve by the closing price of Crestwood's common units of $24.02 as of July 11, 2022.

(c) Reflects borrowings under Crestwood's revolving credit facility to fund cash consideration of $631 million related to the Sendero Transaction.

(d) Reflects borrowings under Crestwood's revolving credit facility to fund a cash contribution of $75 million to Crestwood Permian immediately prior to the closing of the CPBH Transaction pursuant to the Contribution Agreement.

(e) Reflects the elimination of intercompany transactions between Crestwood and Crestwood Permian.

(f) Reflects payment of estimated one-time transaction costs directly related to the Transactions.

Condensed Consolidated Combined Statements of Operations

(g) Reflects the results of Oasis Midstream for the month ended January 31, 2022.

(h) Reflects the elimination of net income attributable to non-controlling interests in conjunction with the Simplification Transaction. The unaudited pro forma condensed consolidated combined financial information related to the Simplification Transaction was filed as an exhibit to Oasis Midstream's Current Report on Form 8-K, as filed with the SEC on April 1, 2021, and is incorporated by reference in this Current Report on Form 8-K/A.

(i) Reflects the pro forma adjustment to depreciation, amortization and accretion expense as follows (*in millions*):

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Eliminate Oasis Midstream historical depreciation, amortization and accretion expense	$ —	$ (37.2)
Eliminate Sendero Midstream historical depreciation, amortization and accretion expense	(12.1)	(24.3)
Eliminate Crestwood Permian historical depreciation, amortization and accretion expense	(10.5)	(19.1)
Pro forma depreciation and accretion expense - Oasis Midstream (1)	4.7	56.6
Pro forma depreciation and accretion expense - Sendero (1)	8.8	17.6
Pro forma depreciation and accretion expense - Crestwood Permian (1)	9.7	19.3
Pro forma amortization expense related to fair value of intangible assets recorded in the final allocation of the Oasis Merger consideration	1.9	23.2
Pro forma amortization expense related to preliminary fair value of intangible assets recorded in the preliminary allocation of the Sendero Transaction consideration	4.4	8.8
Pro forma amortization expense related to preliminary fair value of intangible assets recorded in the preliminary allocation of the CPBH Transaction consideration	1.5	3.0
Pro forma adjustment to depreciation, amortization and accretion expense	$ 8.4	$ 47.9

(1) The adjustment reflects the recognition of Oasis Midstream's, Sendero's and Crestwood Permian's property, plant and equipment at fair value and to conform the estimated useful lives to those used by Crestwood related to depreciation of property, plant and equipment.

(j) Reflects the pro forma adjustments to interest and debt expense, net as follows (*in millions*):

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Eliminate historical interest expense on Oasis Midstream's revolving credit facility	$ 0.6	$ 9.4
Eliminate amortization of Oasis Midstream's deferred financing costs related to its outstanding senior unsecured notes	0.1	0.9
Amortization of fair value adjustment to Oasis Midstream's outstanding senior unsecured notes (1)	(0.3)	(3.8)
Interest expense on Oasis Midstream's senior unsecured notes	—	(9.0)
Eliminate historical interest expense on Sendero's long-term debt	4.7	9.5
Interest expense on borrowings related to the cash consideration paid in conjunction with the Oasis Merger, repayment of Oasis Midstream's revolving credit facility, cash consideration to acquire Sendero and cash contribution to Crestwood Permian (2)	(13.9)	(39.5)
Pro forma adjustment to interest and debt expense, net	$ (8.8)	$ (32.5)

(1) The amortization period relative to the fair value adjustment of Oasis Midstream's outstanding senior unsecured notes is approximately eight years.

(2) Interest expense under Crestwood's revolving credit facility is calculated using a weighted-average interest rate of 3.64% during the six months ended June 30, 2022 and during the year ended December 31, 2021. A change of 20 basis points to the assumed rate on the borrowings under Crestwood's revolving credit facility would increase or decrease pro forma interest expense by approximately $0.7 million during the six months ended June 30, 2022 and $2.2 million during the year ended December 31, 2021.

(k) Reflects the elimination of intercompany transactions between Crestwood and Crestwood Permian.

(l) Reflects the elimination of expenses recorded by Oasis Midstream in conjunction with the Oasis Merger.

(m) Reflects the reversal of equity earnings in Crestwood Permian historically recorded by us a result of Crestwood Permian being treated as an equity method investment.

(n) Reflects the pro forma adjustments to basic and diluted earnings per Crestwood common unit as follows: (*in millions*):

	Six Months Ended June 30, 2022	Year Ended December 31, 2021
Basic:		
Crestwood historical basic weighted average Crestwood common units outstanding	92.0	65.6
Crestwood common units to be issued as equity consideration related to the CPBH Transaction	11.3	11.3
Crestwood common units issued as equity consideration related to the Oasis Merger	—	33.8
Crestwood pro forma basic weighted average Crestwood common units outstanding	103.3	110.7
Diluted:		
Crestwood historical diluted weighted average Crestwood common units outstanding	96.7	65.6
Crestwood common units to be issued as equity consideration related to the CPBH Transaction	11.3	11.3
Crestwood common units issued as equity consideration related to the Oasis Merger	—	33.8
Crestwood pro forma diluted weighted average Crestwood common units outstanding	108.0	110.7

Exhibit 99.2

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Sendero Midstream Partners, LP
As of and for the six months ended June 30, 2022

Sendero Midstream Partners, LP

Unaudited Interim Consolidated Financial Statements

As of and for the six months ended June 30, 2022

Contents

Sendero Midstream Partners, LP
Consolidated Balance Sheet

(In thousands of dollars)
(Unaudited)

	June 30, 2022
Assets	
Current assets:	
Cash	$ 46,698
Restricted cash	91
Trade receivables	61,885
Prepaid expenses and other current assets	1,029
Inventory	857
Total current assets	110,560
Land	2,631
Property, plant and equipment, net of accumulated depreciation of $47,749	333,228
Intangibles, net of accumulated amortization of $36,535	71,606
Other long-term assets	201
Total assets	**$518,226**
Liabilities and Partners' Capital	
Current liabilities:	
Accounts payable and accrued expenses	$ 51,372
Accrued construction costs	955
Interest payable	261
Total current liabilities	52,588
Asset retirement obligation	3,776
Long-term debt, net of financing costs of $2,931	157,874
Long-term debt - affiliate	37,776
Partners' capital	266,212
Total liabilities and partners' capital	**$518,226**

See accompanying notes to the unaudited interim consolidated financial statements

Sendero Midstream Partners, LP
Consolidated Statement of Operations

(In thousands of dollars)
(Unaudited)

	Six Months Ended June 30, 2022
Revenues:	
Service fees	$ 63,462
Total revenues	63,462
Costs and expenses:	
Operations and maintenance	13,440
General and administrative	3,988
Depreciation, amortization, and accretion	12,060
Transaction costs	1,138
Total costs and expenses	30,626
Operating income	32,836
Other expense:	
Interest expense	2,065
Interest expense, affiliate	2,660
Total other expense, net	4,725
Net income	**$ 28,111**

See accompanying notes to the unaudited interim consolidated financial statements

Sendero Midstream Partners, LP
Consolidated Statement of Partners' Capital

(In thousands of dollars)
(Unaudited)

	Capital	Accumulated Loss	Total Partners' Capital
Balance at January 1, 2022	$317,417	$ (79,316)	$238,101
Net income	—	28,111	28,111
Balance at June 30, 2022	**$317,417**	**$ (51,205)**	**$266,212**

See accompanying notes to the unaudited interim consolidated financial statements

Sendero Midstream Partners, LP
Consolidated Statement of Cash Flow

(In thousands of dollars)
(Unaudited)

	Six Months Ended June 30, 2022
Cash flows provided by operating activities:	
Net income	$ 28,111
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation, amortization, and accretion	12,705
Interest on long-term debt, affiliate paid in kind	2,660
Changes in operating assets and liabilities	
Trade receivables	(32,424)
Prepaid expenses and other current assets	107
Inventory	(221)
Other long-term assets	9
Interest payable	127
Related party payable	(5)
Accounts payable and accrued expenses	26,102
Net cash provided by operating activities	37,171
Cash flows used in investing activities:	
Capital expenditures	(11,174)
Net cash used in investing activities	(11,174)
Cash flows used in financing activities:	
Repayment of long-term debt	(24,583)
Net cash used in financing activities	(24,583)
Net change in cash and restricted cash	1,414
Cash and restricted cash, beginning of period	45,375
Cash and restricted cash, end of period	$ 46,789
Supplemental cash flow information	
Property, plant and equipment noncash accruals	$ 955
Cash paid for interest and commitment fees	$ 1,391

See accompanying notes to the unaudited interim consolidated financial statements

1. Organization and Business

Sendero Midstream Partners, LP (Sendero or the Company), a Delaware limited partnership, was formed on April 23, 2014. Sendero is owned by entities that are wholly-owned by Energy Capital Partners III, LLC (ECP or the Partners) and, indirectly, by certain members of the management. Sendero was formed to own and operate midstream assets in North America.

Sendero owns and operates a 130,000 cubic feet (Mcf) per day cryogenic processing plant (Plant I), a 220,000 Mcf per day cryogenic plant (Plant II), a natural gas pipeline gathering system, and natural gas compression stations in Eddy County, New Mexico (the Carlsbad System). Plant I began operating in December 2017, and Plant II began operating in May 2020.

Sendero has entered into gas gathering, processing and purchase agreements with several producers in the Eddy County area (the GGPPAs). Sendero has also entered into agreements with downstream marketing and transportation companies for the sale and transportation of natural gas and NGL's from the Carlsbad System (the Sales Agreements).

Under the terms of the GGPPAs, the producers have dedicated certain well pads or acreage to the Carlsbad System for the term of the respective GGPPA. The Company charges producers fixed fees for the gathering, compression and processing of the natural gas it receives from them, and, with certain producers, the Company retains a portion of the natural gas and NGL sales proceeds received under the Sales Agreements as additional fees.

The partners' liability for Sendero's liabilities and losses is limited to the assets of the Company. The partners shall not be required to make additional capital contributions, or have any personal liability, in respect to the liabilities or the obligations of Sendero.

2. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim consolidated financial statements and condensed notes thereto of the Company as of and for the six months ended June 30, 2022 have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. Accordingly, the condensed notes do not include all of the information and footnotes required by GAAP for complete financial statements. However, management believes that the disclosures made are adequate to make the information not misleading. The results of operations for interim periods are not necessarily indicative of the results to be expected for a full year due to the nature of the Company's operations.

All adjustments (all of which are normal and recurring) have been made that are necessary to fairly state the financial position of the Company as of June 30, 2022, and the Company's results of operations and cash flows for the six months then ended. Upon consolidation, all intercompany accounts and transactions among the consolidated entities are eliminated. The unaudited interim consolidated financial statements and condensed notes thereto should be read in conjunction with the financial statements and notes thereto presented in the Company's consolidated financial statements for the year ended December 31, 2021.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the respective reporting periods. Estimates affect, among other items, evaluating impairments of long-lived assets, establishing useful lives for long-lived assets, expense and capital accruals, and determining liabilities, if any, for environmental and legal contingencies. Actual results could differ from those estimates.

Trade Receivables

Trade receivables consist of accounts receivable under the Sales Agreements, which are recorded at the invoiced amount. There are no past-due balances at June 30, 2022 and the Company has not recorded any valuation allowance at June 30, 2022.

In January 2020, FASB Accounting Standards Update (ASU) 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments became effective. These amendments changed the measurement of credit losses for most financial assets and certain other instruments that are not measured at fair value through net income, including trade receivables. The amendments replaced the incurred loss impairment methodology previously in GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The Company evaluated the provisions of the ASU and determined the impact of the adoption to its consolidated financial statement was immaterial.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and trade receivables. The Company places its cash with a high-quality institution; however, the Company’s cash balance exceeds the value covered by federal deposit insurance by $46.7 million as of June 30, 2022. The Sales Agreements are with high-quality companies that provide the Company with a satisfactory risk profile. The Company does not have credit exposure under the GGPPAs since the Company purchases and pays for the natural gas and NGLs it purchases from the producers, net of the fees billed to producers under the GGPPAs.

Environmental Costs

The Company records environmental liabilities at their undiscounted amounts when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liabilities are based on currently available facts, existing technology and presently enacted laws and regulations, and include estimates of associated legal costs. The Company has not recognized any environmental liabilities as of June 30, 2022.

Asset Retirement Obligation

The Company records an asset retirement obligation for the estimated costs of decommissioning compressor stations, valve sites and other above-ground installations and restoring sites when a contractual decommissioning obligation materializes. The Company records accretion expense, which represents the increase in the asset retirement obligation, over the remaining life of the associated site. Accretion expense is recorded in depreciation, amortization and accretion expense in the Consolidated Statement of Operations, using accretion rates based on a credit adjusted risk free interest rate of approximately 6.2% for the six months ended June 30, 2022.

Fair Value of Financial Instruments

The Company believes the carrying amounts of financial instruments, including trade receivables and accounts payable and accrued liabilities, approximate fair value because of the short-term maturity of these instruments. The Company has determined that the carrying amount of the long-term debt, which has a variable interest rate, approximates fair value.

Sales Agreements

Under the terms of one of the Company's 10-year Sales Agreements for the sale of NGLs, the Company has committed to ship a specified number of barrels to the buyer during the first five years of the 10-year Sales Agreement. In an additional 10-year Sales Agreement for the sale of NGLs, the Company has committed to ship a specified number of barrels to the buyer during the first eight years of the Sales Agreement. Both of the NGL Sales Agreements' 10-year terms began in early 2018. The cumulative shipping commitments total approximately $25.0 million at June 30, 2022, and payments under these contracts are passed through to producers under their GGPPAs.

In 2019, Carlsbad Gateway, LLC, entered into an agreement to deliver a specified amount of natural gas to the buyer for a four-year term. The natural gas sales agreement term began in mid-2020. Payments made under this contract were passed through to producers under their GGPPAs. Carlsbad Gateway, LLC was sold in 2021 and a new gas sales agreement contract was entered into with the buyer of the asset. This new gas sales agreement has a term of seven years and the Company has $2.0 million of remaining shipping commitments as of June 30, 2022.

Leases

In February 2016, the Financial Accounting Standards Board (the FASB) issued an accounting standard update requiring lessees to record virtually all leases on their balance sheets. The accounting standard update also requires expanded disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. For lessors, this amended guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. The Company adopted the provisions of the accounting standard update effective January 1, 2022 and the impact to its consolidated financial statement was immaterial.

3. Affiliate Transactions

ECP can charge Sendero for travel and other direct costs incurred by ECP in support of Sendero's business activities. Sendero paid approximately $5,000 to ECP during the six months ended June 30, 2022.

Sendero did not make any payments to affiliates of ECP during the six months ended June 30, 2022.

In December 2020, the Company entered into a $30.0 million subordinated term loan with affiliates of ECP that can be expanded to $55.0 million (the Subordinate Loan). The outstanding balance under the Subordinate Loan at June 30, 2022 is approximately $37.8 million. See Note 9, *Long-term Debt - Affiliate*, for additional information.

4. Significant Customers and Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of trade receivables, which are generally unsecured. At June 30, 2022, two customers represented approximately 42% and 21%, respectively, of the Company's trade receivables.

The Company has four producers that each account for over 10% of the Company's revenue, and collectively these four producers account for approximately 83% of the Company's revenue for the six months ended June 30, 2022.

The Company maintains cash deposits with a major bank, which, from time-to-time, may exceed federally insured limits.

5. Property, Plant and Equipment

Property, plant and equipment with associated accumulated depreciation is shown below (in thousands of dollars):

	June 30, 2022
Gathering and processing	$ 371,839
Vehicles and office equipment	1,366
Construction in progress	7,772
Property, plant and equipment	380,977
Less: accumulated depreciation	(47,749)
Property, plant and equipment, net	$ 333,228

For the six months ended June 30, 2022, the Company recorded approximately $7.7 million of depreciation expense, which is included in Depreciation, amortization and accretion in the Consolidated Statement of Operations.

6. Intangibles

Intangibles with associated accumulated amortization are shown below (in thousands of dollars):

	June 30, 2022
Gas gathering and processing agreement	$ 93,500
Rights-of-way	14,641
Intangibles	108,141
Less: accumulated amortization	(36,535)
Intangibles, net	$ 71,606

For the six months ended June 30, 2022, the Company recorded approximately $4.3 million of amortization expense, which is included in Depreciation, amortization and accretion in the Consolidated Statement of Operations.

7. Asset Retirement Obligation

The Company's asset retirement obligation is the estimated cost of decommissioning the above-ground compressor and valve sites, and restoring the sites at a date that is 25 years from the commencement of commercial operations.

Activity in this liability account for the six months ended June 30, 2022 was as follows (in thousands of dollars):

	June 30, 2022
Beginning asset retirement obligations	$ 3,686
Accretion expense	90
Ending asset retirement obligation	$ 3,776

8. Long-term Debt

In January 2018, the Company entered into a credit agreement with a group of banks with a term of four years (the Credit Agreement). Under the terms of the Credit Agreement, the Carlsbad System as well as the related assets and the interests in Sendero Carlsbad Midstream, LLC have been pledged as collateral.

In December 2020, the Company entered into an amendment to the Credit Agreement (the Fifth Amendment) that restructured many of the terms of the Credit Agreement. Under the terms of the Fifth Amendment, the term of the loan was extended to September 30, 2024, and the loan commitment was reduced to $174.9 million from $225.0 million. Interest rates are based on London Interbank Offer Rate plus a spread of 1.0% until December 31, 2021 and increase quarterly thereafter; in the final quarter in 2024, the spread will be 7.0%. The interest rate in effect at June 30, 2022 was 2.7%.

The Fifth Amendment also amended the loan to be a term facility with mandatory prepayments of excess cash, as defined in the Fifth Amendment, beginning in 2022. The Fifth Amendment allows for a letter of credit facility of up to $10.0 million dollars which can only be utilized to the extent principal repayments have been made. There was $10.0 million available under the letter of credit facility as of June 30, 2022. Beginning March 31, 2022, there are mandatory loan prepayments each quarter that the Company has Excess Cash as defined in the Fifth Amendment, and a $24.6 million prepayment was made on April 1, 2022. In addition, an interest rate coverage ratio was applied beginning in 2022. A commitment fee of 0.5% is incurred on any unused portions of the letter of credit facility. The Company was in compliance with the interest rate coverage ratio and all other required covenants at June 30, 2022.

The Company evaluated the Fifth Amendment and determined that this debt restructuring is a *Troubled Debt Restructuring* under GAAP. Accordingly, the Company has classified approximately $10.7 million of interest and fees accrued at the time the Fifth Amendment was executed as Long-term debt in the Consolidated Balance Sheet, and it is being amortized over the term of the loan as part of the effective interest rate calculation. In addition, the unamortized deferred financing costs of approximately $0.6 million remaining just prior to the execution of the Fifth Amendment were recorded as Long-term debt in the Consolidated Balance Sheet as of June 30, 2022. The Company will record interest expense on the Long- term debt at an effective rate of approximately 1.37% over the remaining life of the loan.

Deferred financing costs are costs incurred to obtain term financing. The deferred financing costs associated with obtaining the Fifth Amendment were approximately $4.9 million and are being amortized on a straight-line basis over the term of the Fifth Amendment. During the six months ended June 30, 2022, the Company recorded approximately $0.6 million of amortization expense related to these deferred financing costs which is recorded in Interest expense in the Consolidated Statement of Operations.

The following table summarizes the long-term debt outstanding as of June 30, 2022 (in thousands of dollars):

	June 30, 2022
Term Loan	$ 150,317
Accrued interest and fees waived and prior deferred financing cost	10,488
Deferred financing costs, net of accumulated amortization	(2,931)
Long-term debt	$ 157,874

The following table presents a reconciliation of interest expense within the Consolidated Statement of Operations for the six months ended June 30, 2022 (in thousands of dollars):

	June 30, 2022
Interest incurred	$ 1,407
Commitment fees	13
Amortization of deferred financing costs	645
Interest expense	$ 2,065

9. Long-term Debt – Affiliate

In December 2020, the Company entered into the $30.0 million Subordinate Loan with affiliates of ECP that can be expanded to $55.0 million. Under the terms of the Subordinate Loan, the loan carries a 15% per annum fixed interest rate that is paid in kind on a quarterly basis and matures in May 2025. The Company recorded approximately $2.7 million of interest on the Subordinate Loan for the six months ended June 30, 2022, which is recorded in Interest expense, affiliate in the Consolidated Statement of Operations. The outstanding balance under the Subordinate Loan at June 30, 2022 is approximately $37.8 million.

Under the terms of the Subordinate Loan, the Carlsbad System as well as the related assets and the interests in Sendero Carlsbad Midstream, LLC have been pledged as collateral which is subordinated to the lenders under the Credit Agreement.

10. Commitments and Contingencies

The Company has operating leases for land leases and an office lease. The future minimum annual payments for all leases at June 30, 2022 are as follows (in thousands of dollars):

2022	$ 32
2023	51
2024	39
2025	15
2026	15
Thereafter	—
Total	$152

For the six months ended June 30, 2022, the Company paid rent of approximately $0.7 million for offices and plant equipment.

11. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through August 10, 2022, the date the consolidated financial statements were issued.

On July 1, 2022, the Company made a mandatory repayment of approximately $20.0 million to the lenders in accordance with the terms of the Credit Agreement, and on July 11, 2022, the Long-term debt and the Long-term debt – affiliate were fully repaid.

On July 11, 2022, the Company was acquired by subsidiaries of Crestwood Equity Partnership, LP.

Exhibit 99.3

CONSOLIDATED FINANCIAL STATEMENTS

Sendero Midstream Partners, LP
As of and for the year ended December 31, 2021
With Report of Independent Certified Public Accountants

Sendero Midstream Partners, LP

Consolidated Financial Statements

As of and for the year ended December 31, 2021

Contents

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Managers
Sendero Midstream Partners, LP

Opinion

We have audited the consolidated financial statements of Sendero Midstream Partners, LP and subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2021, and the related consolidated statements operations, partners’ capital, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Grant Thornton LLP

Tulsa, Oklahoma
April 22, 2022

Sendero Midstream Partners, LP
Consolidated Balance Sheet

(In thousands of dollars)

	December 31, 2021
Assets	
Current assets:	
Cash	$ 45,284
Restricted cash	91
Trade receivables	29,461
Prepaid expenses and other current assets	972
Inventory	636
Total current assets	76,444
Land	2,631
Property, plant and equipment, net of accumulated depreciation of $40,096	331,656
Intangibles, net of accumulated amortization of $32,213	75,737
Other long-term assets	210
Total assets	**$ 486,678**
Liabilities and Partners' Capital	
Current liabilities:	
Accounts payable and accrued expenses	$ 25,270
Accrued construction costs	2,454
Interest payable	134
Related party payable	5
Total current liabilities	27,863
Asset retirement obligation	3,686
Long-term debt, net of financing costs of $3,576	181,912
Long-term debt - affiliate	35,116
Partners' capital	238,101
Total liabilities and partners' capital	**$ 486,678**

See accompanying notes to the consolidated financial statements

Sendero Midstream Partners, LP
Consolidated Statement of Operations

(In thousands of dollars)

	Year Ended December 31, 2021
Revenues:	
Service fees	$ 74,024
Total revenues	74,024
Costs and expenses:	
Operations and maintenance	22,702
General and administrative	8,028
Depreciation, amortization, and accretion	24,318
Loss on sale of long-lived assets, net	4,329
Transaction costs	472
Total costs and expenses	59,849
Operating income	14,175
Other expense:	
Interest expense	4,640
Interest expense, affiliate	4,808
Total other expense, net	9,448
Net income	**$ 4,727**

See accompanying notes to the consolidated financial statements

Sendero Midstream Partners, LP
Consolidated Statement of Partners' Capital

(In thousands of dollars)

	Capital	Accumulated Loss	Total Partners' Capital
Balance at January 1, 2021	$317,217	$ (84,043)	$233,174
Capital contributions	200	—	200
Net income	—	4,727	4,727
Balance at December 31, 2021	**$317,417**	**$ (79,316)**	**$238,101**

See accompanying notes to the consolidated financial statements

Sendero Midstream Partners, LP
Consolidated Statement of Cash Flow

(In thousands of dollars)

	Year Ended December 31, 2021
Cash flows provided by operating activities:	
Net income	$ 4,727
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation, amortization, and accretion	25,620
Loss on sale of long-lived assets, net	4,329
Interest on long-term debt, affiliate paid in kind	4,808
Changes in operating assets and liabilities	
Trade receivable	(16,165)
Prepaid expenses and other current assets	528
Inventory	(375)
Other long-term assets	(60)
Interest payable	(17)
Related party payable	5
Accounts payable and accrued expenses	14,802
Net cash provided by operating activities	38,202
Cash flows used in investing activities:	
Capital expenditures	(14,778)
Costs on the disposal of long-lived assets, net	(619)
Net cash used in investing activities	(15,397)
Cash flows provided by financing activities:	
Contributions from limited partners	200
Deferred financing costs	(101)
Net cash provided by financing activities	99
Net change in cash and restricted cash	22,904
Cash and restricted cash, beginning of period	22,471
Cash and restricted cash, end of period	$ 45,375
Supplemental cash flow information	
Property, plant and equipment noncash accruals	$ 2,454
Cash paid for interest and commitment fees	$ 2,138
Non-cash sale of Carlsbad Gateway, LLC assets and liabilities, net	$ 1,156

See accompanying notes to the consolidated financial statements

1. Organization and Business

Sendero Midstream Partners, LP (Sendero or the Company), a Delaware limited partnership, was formed on April 23, 2014. Sendero is owned by entities that are wholly-owned by Energy Capital Partners III, LLC (ECP or the Partners) and, indirectly, by certain members of the management. Sendero was formed to own and operate midstream assets in North America.

Sendero owns and operates a 130,000 cubic feet (Mcf) per day cryogenic processing plant (Plant I), a 220,000 Mcf per day cryogenic plant (Plant II), a natural gas pipeline gathering system, and natural gas compression stations in Eddy County, New Mexico (the Carlsbad System). Plant I began operating in December 2017, and Plant II began operating in May 2020. Prior to its sale in 2021, Sendero also owned a residue gas pipeline (the Gateway Pipeline). The Gateway Pipeline was owned by Carlsbad Gateway, LLC which was an indirect wholly-owned subsidiary of Sendero. See Note 3, *Divestitures*, for additional information regarding the sale of Carlsbad Gateway, LLC.

Sendero has entered into gas gathering, processing and purchase agreements with several producers in the Eddy County area (the GGPPAs). Sendero has also entered into agreements with downstream marketing and transportation companies for the sale and transportation of natural gas and NGL's from the Carlsbad System (the Sales Agreements).

Under the terms of the GGPPAs, the producers have dedicated certain well pads or acreage to the Carlsbad System for the term of the respective GGPPA. The Company charges producers fixed fees for the gathering, compression and processing of the natural gas it receives from them, and, with certain producers, the Company retains a portion of the natural gas and NGL sales proceeds received under the Sales Agreements as additional fees.

The partners' liability for Sendero's liabilities and losses is limited to the assets of the Company. The partners shall not be required to make additional capital contributions, or have any personal liability, in respect to the liabilities or the obligations of Sendero.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Upon consolidation, all intercompany accounts and transactions among the consolidated entities are eliminated.

Use of Estimates

The preparation of a consolidated financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the respective reporting period. Estimates affect, among other items, evaluating impairments of long-lived assets, establishing useful lives for long-lived assets, expense and capital accruals, and determining liabilities, if any, for environmental and legal contingencies. Actual results could differ from those estimates.

Cash

Cash includes cash on deposit with banks, and the Company maintains no cash investments.

Restricted Cash

Restricted cash consists of cash reserves that are required as collateral for any outstanding purchases on a Company credit card.

Trade Receivables

Trade receivables consist of accounts receivable under the Sales Agreements, which are recorded at the invoiced amount. There are no past-due balances at December 31, 2021, and the Company has not recorded any valuation allowance at December 31, 2021.

Inventory

Inventory consists of natural gas liquids and consumable spare parts and is stated at the lower of cost or net realizable value.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and trade receivables. The Company places its cash with a high-quality institution; however, the Company's cash balance exceeds the value covered by federal deposit insurance by $45.1 million as of December 31, 2021. The Sales Agreements are with high-quality companies that provide the Company with a satisfactory risk profile. The Company does not have credit exposure under the GGPPAs since the Company purchases and pays for the natural gas and NGLs it purchases from the producers, net of the fees billed to producers under the GGPPAs.

Construction in Progress

Construction in progress includes costs associated with constructing the expansion of the Carlsbad System. Costs include engineering, pipeline and other equipment, construction costs and other costs directly related to the construction and completion of these assets until they are put into service and reclassified to property, plant and equipment.

Property, Plant and Equipment

Property, plant and equipment consists primarily of the Gathering System, the Compressor Stations, and the Plants that are recorded at cost. Expenditures that extend the useful lives of assets are capitalized. Repairs, maintenance and renewals that do not extend the useful lives of assets are expensed as incurred. Depreciation is recorded on a straight-line method over a period of 25 years, with the exception of miscellaneous equipment and vehicles, which are depreciated over a period of 3 to 10 years.

When items of property, plant and equipment are sold or otherwise disposed of, any gains or losses are reported in the Consolidated Statement of Operations. Gains on the disposal of property, plant and equipment are recognized when they occur, which is generally at the time of closing. If a loss on disposal is expected, such losses are recognized when the assets are classified as held for sale.

Impairment of Long-Lived Assets

The Company's policy is to evaluate whether there has been an impairment in the value of long-lived assets when certain events indicate that the remaining balance may not be recoverable. Qualitative and quantitative information is reviewed in order to determine if a triggering event has occurred or if an impairment indicator exists. If the Company determines that a triggering event has occurred, a full impairment analysis is prepared. If it is determined that the carrying value is not recoverable, a loss is recorded for the difference between the fair value and the carrying value of the related asset group. The Company considers the volumes expected to be received from the producers and future natural gas and natural gas liquids product prices to estimate cash flows. The level of volumes expected from producers depends, in part, on expected commodity prices. Projections of producer drilling activity and future commodity prices are inherently subjective and contingent upon a number of variable factors, many of which are difficult to forecast. Any significant variance in any of these assumptions or factors could materially affect future cash flows, which could result in the impairment of an asset.

Intangibles

Intangibles reflect the costs of obtaining rights-of-way for the Carlsbad System. The Company amortizes these intangible assets over the shorter of the contractual term of the rights-of-way or the estimated useful life of the Carlsbad System. The contractual terms of the rights-of-way range from five years to permanent, and they are amortized over a period of five to 25 years. The Company begins amortizing the rights-of- way when they are placed in service. The Company recognizes the amortization expense associated with rights-of-way in Depreciation, amortization and accretion expense in the Consolidated Statement of Operations.

In 2018, the Company acquired a GGPPA for $93.5 million. The Company amortizes these costs over the period of economic benefit from providing services under the GGPPA. The term of the gas gathering and processing agreement acquired is twelve years, and is being amortized over the period from which the Company began earning revenue under the contract through its contractual termination. The Company recognizes the associated amortization expense in Depreciation, amortization and accretion in the Consolidated Statement of Operations.

Accrued Expenses

The Company routinely makes accruals based on estimates for expenses due to the timing of receiving certain third-party information and reconciling the Company's records with those of third parties. The delayed information from third parties includes, among other things, volumetric charges and other operating expenses. The Company makes accruals to reflect estimates for these items based on its internal records and information from third parties. Estimated accruals are adjusted when actual information is received from third parties and the Company's internal records have been reconciled. Accounts payable and accrued expenses are net of fees charged to producers where the Company is able to offset these fees against any amounts owed to the producers related to the purchase of natural gas and NGLs.

Income Taxes

The Company is treated as a partnership for tax purposes under the provisions of the Internal Revenue Code. Accordingly, the accompanying consolidated financial statements do not reflect a provision for federal income taxes since the Company's results of operations and related credits and deductions will be passed through and taken into account by its Partners in computing their respective tax liabilities.

Environmental Costs

The Company records environmental liabilities at their undiscounted amounts when environmental assessments indicate that remediation efforts are probable and the costs can be reasonably estimated. Estimates of the liabilities are based on currently available facts, existing technology and presently enacted laws and regulations, and include estimates of associated legal costs. The Company has not recognized any environmental liabilities as of December 31, 2021.

Asset Retirement Obligation

The Company records an asset retirement obligation for the estimated costs of decommissioning compressor stations, valve sites and other above-ground installations and restoring sites when a contractual decommissioning obligation materializes. The Company records accretion expense, which represents the increase in the asset retirement obligation, over the remaining life of the associated site. Accretion expense is recorded in depreciation, amortization and accretion expense in the Consolidated Statement of Operations, using accretion rates based on a credit adjusted risk free interest rate of approximately 6.2% for the year ended December 31, 2021.

The Company identified various assets as having an indeterminate life, for which there is no requirement to establish a fair value for future retirement obligations associated with such assets. These assets include certain pipelines, gathering systems and processing facilities. A liability for these asset retirement obligations will be recorded only if and when a future retirement obligation with a determinable life is identified. These assets have an indeterminate life because they are owned and will operate for an indeterminate future period when properly maintained.

Fair Value of Financial Instruments

The Company believes the carrying amounts of financial instruments, including trade receivables and accounts payable and accrued liabilities, approximate fair value because of the short-term maturity of these instruments. The Company has determined that the carrying amount of the long-term debt, which has a variable interest rate, approximates fair value.

Revenue Recognition

The Company generates its revenue from services provided under the GGPPAs. The Company records fee revenue as services are provided under the GGPPAs. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

GGPPAs with Producers

The Company has entered into GGPPAs with various producers for terms of 7 to 12 years. Under the terms of the GGPPAs, the producers have dedicated certain well pads or acreage to the Carlsbad System for the term of the respective GGPPA. Sendero charges producers fixed fees for the gathering, compression and processing of the natural gas it receives from them, and, with certain producers, the Company retains a portion of the natural gas and NGL sales proceeds received under the Sales Agreements as additional fees. In addition, certain of the GGPPAs require the Company to provide certain levels of NGL recoveries or to absorb the loss of value to producers if the Company does not meet these required levels; conversely, if NGL recoveries exceed the required levels, the Company is entitled to the incremental sales proceeds received as part of the fees it charges under the GGPPAs.

Generally, for the majority of these contracts: (i) the promise is to transfer (or stand ready to transfer) a series of distinct services over a period of time, which is a single performance obligation and (ii) the transaction price includes fixed or variable consideration, or both fixed and variable consideration. The contracts may also include noncash consideration in the form of slop and condensate retained by Sendero.

The transaction price cannot be determined at the inception of the contract, because the volume of natural gas or NGLs for which the service is provided is only specified on a monthly basis. The transaction price is determined at the time the service is provided and the uncertainty is resolved.

The Company acts as an agent on behalf of the producer as it never obtains control of the commodity and all proceeds from the sale of commodities are remitted back to the producer. The Company will record as revenue service fees from the gathering, processing and treating services provided to the customer and its retained portion of the proceeds from the sale of processed product to third parties. Because the customer receives and consumes the benefits of the gathering and processing services simultaneously as it performs, satisfaction of the performance obligation qualifies for revenue recognition over time. Sendero recognizes revenue based on units-delivered (i.e., volumetric) output measure of progress as it most appropriately depicts the transfer of control of the benefit of the gathering and processing services to Sendero over the life of the contract.

Payment for services under these contracts are typically due the month after the services have been performed and the Company does not offer extended payment terms. The Company does not have contracts with financing components.

Sales Agreements

The Company, in order to comply with the contractual requirements of the GGPPAs, has entered into contracts with downstream marketing and transportation companies for the sale of the natural gas and related NGLs purchased from the producers. Under the terms of these agreements, the price paid for natural gas and NGLs is based on published indices, less transportation costs.

Under the terms of one of the Company's 10-year Sales Agreements for the sale of NGLs, the Company has committed to ship a specified number of barrels to the buyer during the first five years of the 10-year Sales Agreement. In an additional 10-year Sales Agreement for the sale of NGLs, the Company has committed to ship a specified number of barrels to the buyer during the first eight years of the Sales Agreement. Both of the NGL Sales Agreements' 10-year terms began in early 2018. The cumulative shipping commitments total approximately $27.6 million at December 31, 2021 and payments under these contracts are passed through to producers under their GGPPAs.

In 2019, Carlsbad Gateway, LLC, entered into an agreement to deliver a specified amount of natural gas to the buyer for a four-year term. The natural gas sales agreement term began in mid-2020. Carlsbad Gateway, LLC was sold in 2021 (see Note 3, *Divestitures*) and a new gas sales agreement contract was entered into with the buyer of the asset. This new gas sales agreement has a term of seven years and the Company has $2.2 million of remaining shipping commitments as of December 31, 2021.

In the majority of Sales Agreements, each individual unit of the commodity transferred is considered distinct, and accordingly the Company has concluded that these contracts contain multiple performance obligations (for each individual unit of the commodity) satisfied at a point in time. As the quantity of units to be sold under the Sales Agreements are generally variable and, since the contract price is typically linked to an index, the transaction price is comprised of variable consideration. Accordingly, the total transaction price for each Sales Agreement does not generally need to be estimated at contract inception because it is known upon the completion of the performance obligations.

The majority of the Sales Agreements will be recognized at a point in time when each unit is delivered as the customer (i.e. at the point in time when control is transferred to the customer) does not simultaneously receive and consume the benefit of the sale.

Accounting Standards Not Yet Adopted

Leases

In February 2016, the Financial Accounting Standards Board (the FASB) issued an accounting standard update requiring lessees to record virtually all leases on their balance sheets. The accounting standard update also requires expanded disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from leases. For lessors, this amended guidance modifies the classification criteria and the accounting for sales-type and direct financing leases. The change will be effective on a modified retrospective basis for fiscal years beginning after December 15, 2021, with early adoption permitted. The Company plans to adopt this accounting standard for the fiscal year ended December 31, 2022, and is currently evaluating the impact of adopting this accounting standard in the consolidated financial statements, disclosures and accounting policies.

Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* These amendments change the measurement of credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The amendments in this update affect investments in loans, investments in debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The amendments replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The change will be effective for fiscal years beginning after December 15, 2022. The Company plans to adopt this accounting standard for the fiscal year ended December 31, 2023, and is currently evaluating the impact of adopting this accounting standard in the consolidated financial statements, disclosures and accounting policies.

3. Divestitures

In August 2021, the Company sold Carlsbad Gateway, LLC in exchange for the buyer assuming $26.3 million of accrued liabilities primarily related to amounts owed under the construction contract (the Pipeline EPC Contract). At time of the sale of Carlsbad Gateway, LLC, the Company paid $3.0 million of the amounts owed under the Pipeline EPC Contract and, in exchange, the Company was released from any claims and liabilities under the Pipeline EPC Contract. The Gateway Pipeline was placed into service May 2020. The Company recorded a loss on the sale of Carlsbad Gateway, LLC of $2.1 million, including approximately $0.7 million of legal and other direct costs incurred related to the sale. The loss on the sale is included in Loss on sale of long-lived assets, net in the Consolidated Statement of Operations.

At the time of the sale of Carlsbad Gateway, LLC, the Company entered into a new gas sales agreement with the buyer. This new gas sales agreement has a term of seven years and the Company has $2.2 million of remaining shipping commitments as of December 31, 2021. In 2019, Carlsbad Gateway, LLC, had entered into an agreement to deliver a specified amount of natural gas for a four-year term. The 2019 natural gas sales agreement term began in mid-2020. In connection with the sale of Carlsbad Gateway, LLC, the 2019 natural gas sales agreement was terminated and there are no further obligations under that agreement.

4. Affiliate Transactions

ECP can charge Sendero for travel and other direct costs incurred by ECP in support of Sendero's business activities. Sendero paid approximately $140,000 to ECP during the year ended December 31, 2021, and has recorded a Related party payable of approximately $5,000 as of December 31, 2021 in the Consolidated Balance Sheet.

Sendero did not make any payments to affiliates of ECP in 2021.

In December 2020, ECP issued a one-year, $3.5 million guaranty to one of the Company's producers which guaranties the Company's payment obligations to the producer. No claims have been made against this guaranty as of December 31, 2021.

In December 2020, the Company entered into a $30.0 million subordinated term loan with affiliates of ECP that can be expanded to $55.0 million (the Subordinate Loan). The outstanding balance under the Subordinate Loan at December 31, 2021 is approximately $35.1 million. See Note 10, *Long-term Debt - Affiliate*, for additional information.

5. Significant Customers and Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of trade receivables, which are generally unsecured. At December 31, 2021, two customers represented approximately 35% and 25%, respectively, of the Company's trade receivables.

The Company has four producers that each account for over 10% of the Company's revenue, and collectively these four producers account for approximately 93% of the Company's revenue in 2021.

The Company maintains cash deposits with a major bank, which, from time-to-time, may exceed federally insured limits.

6. Property, Plant and Equipment

Property, plant and equipment with associated accumulated depreciation is shown below (in thousands of dollars):

	December 31, 2021
Gathering and processing	$ 367,720
Vehicles and office equipment	1,072
Construction in progress	2,960
Property, plant and equipment	371,752
Less: accumulated depreciation	(40,096)
Property, plant and equipment, net	$ 331,656

For the year ended December 31, 2021, the Company recorded approximately $15.5 million of depreciation expense which is included in Depreciation, amortization and accretion in the Consolidated Statement of Operations.

Asset Disposals

During 2021, the Company disposed of certain excess or damaged equipment and recorded a loss of $2.3 million on the disposals, net of proceeds which is included in Loss on sale of long-lived assets, net in the Consolidated Statement of Operations.

7. Intangibles

Intangibles with associated accumulated amortization are shown below (in thousands of dollars):

	December 31, 2021
Gas gathering and processing agreement	$ 93,500
Rights-of-way	14,450
Intangibles	107,950
Less: accumulated amortization	(32,213)
Intangibles, net	$ 75,737

For the year ended December 31, 2021, the Company recorded approximately $8.6 million of amortization expense which is included in Depreciation, amortization and accretion in the Consolidated Statement of Operations.

The Company will record estimated amortization expense of approximately $8.6 million in each of the next five years.

8. Asset Retirement Obligation

The Company's asset retirement obligation is the estimated cost of decommissioning the above-ground compressor and valve sites, and restoring the sites at a date that is 25 years from the commencement of commercial operations.

Activity in this liability account for the year ended December 31, 2021 was as follows (in thousands of dollars):

	December 31, 2021
Beginning asset retirement obligations	$ 3,461
Additions	33
Accretion expense	192
Ending asset retirement obligation	$ 3,686

9. Long-term Debt

In January 2018, the Company entered into a credit agreement with a group of banks with a term of four years (the Credit Agreement). In January 2019, the Company converted the Credit Agreement to a $225.0 million loan facility with borrowings limited to multiples of the Company's earnings before interest, taxes, depreciation and amortization (EBITDA). The EBITDA multiple was set at 5.0 times annualized EBITDA through September 30, 2020, reduced to 4.75 through December 31, 2020 and 4.5 times EBITDA thereafter. The Credit Agreement also required the Company to meet certain financial tests on a quarterly basis. Under the terms of the Credit Agreement, the Carlsbad System as well as the related assets and the interests in Sendero Carlsbad Midstream, LLC and Carlsbad Gateway, LLC prior to its sale, have been pledged as collateral.

In December 2020, the Company entered into an amendment to the Credit Agreement (the Fifth Amendment) that restructured many of the terms of the Credit Agreement. Under the terms of the Fifth Amendment, the term of the loan was extended to September 30, 2024, and the loan commitment was reduced to $174.9 million from $225.0 million. Interest rates are based on London Interbank Offer Rate plus a spread of 1.0% until December 31, 2021 and increase quarterly thereafter; in the final quarter in 2024, the spread will be 7.0%. The interest rate in effect at December 31, 2021 was 1.15%.

The Fifth Amendment also amended the loan to be a term facility with mandatory prepayments of excess cash, as defined in the Fifth Amendment, beginning in 2022. The Fifth Amendment allows for a letter of credit facility of up to $10.0 million dollars which can only be utilized to the extent voluntary principal repayments have been made; there is no availability under the letter of credit facility as of December 31, 2021. Beginning March 31, 2022, there will be mandatory loan prepayments each quarter that the Company has Excess Cash as defined in the Fifth Amendment. In addition, the EBITDA covenants are no longer included and an interest rate coverage ratio will apply beginning in 2022. A commitment fee of 0.5% will be incurred on any unused portions of the letter of credit facility.

The Company evaluated the Fifth Amendment and determined that this debt restructuring is a *Troubled Debt Restructuring* under GAAP. Accordingly, the Company has classified approximately $10.7 million of interest and fees accrued at the time the Fifth Amendment was executed as Long-term debt in the Consolidated Balance Sheet, and it is being amortized over the term of the loan as part of the effective interest rate calculation. In addition, the unamortized deferred financing costs of approximately $0.6 million remaining just prior to the execution of the Fifth Amendment were recorded as Long-term debt in the Consolidated Balance Sheet as of December 31, 2021. The Company will record interest expense on the Long-term debt at an effective rate of approximately 1.37% over the remaining life of the loan.

Deferred financing costs are costs incurred to obtain term financing. The deferred financing costs associated with obtaining the Fifth Amendment were approximately $4.9 million and are being amortized on a straight-line basis over the term of the Fifth Amendment. During 2021, the Company recorded approximately $1.3 million of amortization expense related to these deferred financing costs which is recorded in Interest expense in the Consolidated Statement of Operations.

The following table summarizes the long-term debt outstanding as of December 31, 2021 (in thousands of dollars):

	December 31, 2021
Term Loan	$ 174,900
Accrued interest and fees waived and prior deferred financing cost	10,588
Deferred financing costs, net of accumulated amortization	(3,576)
Long-term debt	$ 181,912

The following table presents a reconciliation of interest expense within the Consolidated Statement of Operations for the year ended December 31, 2021 (in thousands of dollars):

	December 31, 2021
Interest incurred	$ 2,586
Interest on vendor liabilities	752
Amortization of deferred financing costs	1,302
Interest expense	$ 4,640

10. Long-term Debt – Affiliate

In December 2020, the Company entered into the $30.0 million Subordinate Loan with affiliates of ECP that can be expanded to $55.0 million. Under the terms of the Subordinate Loan, the loan carries a 15% per annum fixed interest rate that is paid in kind on a quarterly basis and matures in May 2025. The Company recorded approximately $4.8 million of interest on the Subordinate Loan in 2021 which is recorded in Interest expense, affiliate in the Consolidated Statement of Operations. The outstanding balance under the Subordinate Loan at December 31, 2021 is approximately $35.1 million.

Under the terms of the Subordinate Loan, the Carlsbad System as well as the related assets (excluding the rights-of-way of Carlsbad Gateway, LLC) and the interests in Sendero Carlsbad Midstream, LLC and Carlsbad Gateway, LLC prior to its sale in 2021, have been pledged as collateral which is subordinated to the lenders under the Credit Agreement.

11. Commitments and Contingencies

The Company has operating leases for land leases and an office lease. The future minimum annual payments for all leases at December 31, 2021 are as follows (in thousands of dollars):

2022	$ 51
2023	51
2024	39
2025	15
2026	15
Thereafter	—
Total	$171

For the year ended December 31, 2021, the Company paid rent of approximately $1.8 million for offices and plant equipment.

12. Subsequent Events

The Company has evaluated subsequent events from the balance sheet date through April 22, 2022, the date the consolidated financial statements were issued.

In April 2022, the Company made a mandatory repayment of $24.6 million to the lenders in accordance with the terms of the Credit Agreement.

Exhibit 99.4

Crestwood Permian Basin Holdings LLC

Consolidated Financial Statements

As of and For the Six Months Ended June 30, 2022

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
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CRESTWOOD PERMIAN BASIN HOLDINGS LLC
CONSOLIDATED BALANCE SHEET
June 30, 2022
(in millions)
(unaudited)

Assets	
Current assets:	
Cash	$ —
Accounts receivable	32.1
Accounts receivable - related party	29.9
Prepaid expenses	0.2
Total current assets	62.2
Property, plant and equipment	449.0
Less: accumulated depreciation	76.0
Property, plant and equipment, net	373.0
Investment in unconsolidated affiliate	76.1
Operating lease right-of-use assets, net	8.4
Other assets, net	2.3
Total assets	$522.0
Liabilities and members' equity	
Current liabilities:	
Accounts payable	$ 50.1
Accounts payable - related party	4.1
Accrued expenses and other liabilities	3.9
Accrued expenses and other liabilities - related party	2.5
Total current liabilities	60.6
Long-term debt	139.0
Deferred revenues	7.1
Other long-term liabilities	3.0
Other long-term liabilities - related party	5.4
Commitments and contingencies *(Note 6)*	
Members' equity	306.9
Total liabilities and members' equity	$522.0

See accompanying notes.

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
CONSOLIDATED STATEMENT OF OPERATIONS
Six Months Ended June 30, 2022
(in millions)
(unaudited)

Revenues:	
Product revenues	$132.3
Product revenues - related party	108.3
Service revenues	9.4
Total revenues	250.0
Operating expenses:	
Costs of products sold	202.9
Costs of products sold - related party	4.5
Costs of services sold	2.5
Operations and maintenance	7.4
Operations and maintenance - related party	5.6
General and administrative	0.1
General and administrative - related party	0.5
Depreciation and accretion	10.5
	234.0
Operating income	16.0
Earnings from unconsolidated affiliate	1.2
Interest and debt expense, net	(2.2)
Income before income taxes	15.0
Provision for income taxes	(0.2)
Net income	$ 14.8

See accompanying notes.

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
CONSOLIDATED STATEMENT OF MEMBERS' EQUITY
(in millions)
(unaudited)

	Crestwood Infrastructure Holdings LLC				FR XIII Crestwood Permian Basin Holdings LLC				
	Preferred Units	Preferred Equity	Common Units	Common Equity	Preferred Units	Preferred Equity	Common Units	Common Equity	Total
Balance at December 31, 2021	8.0	$ 81.1	16.9	$ 43.1	15.1	$ 153.0	9.9	$ 25.1	$302.3
Contributions from members	—	—	0.9	8.5	—	—	0.9	8.5	17.0
Distributions to members	—	(4.2)	—	(9.4)	—	(8.0)	—	(5.6)	(27.2)
Non-cash transfers	—	1.9	—	(1.8)	—	3.6	—	(3.7)	—
Net income	—	2.3	—	5.1	—	4.3	—	3.1	14.8
Balance at June 30, 2022	8.0	$ 81.1	17.8	$ 45.5	15.1	$ 152.9	10.8	$ 27.4	$306.9

See accompanying notes.

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
Six Months Ended June 30, 2022
(in millions)
(unaudited)

Operating activities	
Net income	$ 14.8
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and accretion	10.5
Amortization of deferred financing costs	0.2
Deferred income taxes	0.1
Other	0.6
Changes in operating assets and liabilities:	
Accounts receivable	(31.4)
Prepaid expenses	(0.2)
Accounts payable	26.3
Accrued expenses and other liabilities	(1.3)
Deferred revenues	2.7
Net cash provided by operating activities	22.3
Investing activities	
Purchases of property, plant and equipment	(40.3)
Capital distribution from unconsolidated affiliate	1.9
Other	(1.2)
Net cash used in investing activities	(39.6)
Financing activities	
Proceeds from the issuance of long-term debt	163.7
Payments on long-term debt	(135.7)
Payments for deferred financing costs	(0.5)
Contributions from members	17.0
Distributions to members	(27.2)
Net cash provided by financing activities	17.3
Net change in cash	—
Cash at beginning of period	—
Cash at end of period	$ —
Supplemental schedule of noncash investing activities	
Net change to property, plant and equipment through accounts payable and accrued expenses	$ 3.9

See accompanying notes.

Note 1 – Organization and Business Description

Organization

Crestwood Permian Basin Holdings LLC (Crestwood Permian or the Company) is a Delaware limited liability company which is owned equally by Crestwood Infrastructure Holdings LLC (Crestwood Infrastructure) and FR XIII Crestwood Permian Basin Holdings LLC, an affiliate of First Reserve Management, L.P (First Reserve). Crestwood Infrastructure is a wholly-owned subsidiary of Crestwood Midstream Partners LP (CMLP). CMLP is a wholly-owned subsidiary of Crestwood Equity Partners, LP (Crestwood Equity). On July 11, 2022, Crestwood Equity acquired First Reserve's 50% equity interest in us.

Our members and their affiliates are not liable for the obligations of the Company.

Unless otherwise indicated, references in this report to "we," "us," or "our" and similar terms refer to either Crestwood Permian itself or Crestwood Permian and its consolidated subsidiaries, as the context requires.

Business Description

We are a joint venture engaged in the gathering, transportation, compression and processing of natural gas for producers in the Delaware Basin. Below is a description of our assets (including the assets of our equity investment).

Delaware. We own and operate gas gathering and processing systems in the Delaware Basin. Our assets consist of (i) the Willow Lake system, which includes low-pressure dry gas and rich natural gas gathering systems that serves customers in Eddy County, New Mexico; (ii) a natural gas processing facility in Orla, Texas (the Orla plant); (iii) the Orla Express Pipeline that connects the Willow Lake system with the Orla plant; and (iv) a produced water gathering and disposal system in Culberson and Reeves Counties, Texas. In addition, we own an undivided interest in 80,000 barrels per day of capacity in a segment of the Epic Y-Grade Pipeline, LP (EPIC) pipeline from Orla, Texas to Benedum, Texas, which includes an interconnection with Chevron Phillips Chemical Company, LP's (Chevron Phillips) pipeline, and other delivery points near Benedum. This capacity is supported, in part, by a purchase and sale agreement with Chevron Phillips to sell a dedicated volume of barrels to be delivered off the EPIC pipeline to Chevron Phillips's pipeline.

Nautilus Gas Gathering System. Crestwood Permian Basin LLC (Crestwood Permian Basin), our 50% equity investment, owns the Nautilus gathering system and has a long-term fixed fee gathering agreement with Permian Delaware Enterprise Holdings LLC (Permian Delaware Enterprise), a subsidiary of ConocoPhillips Company, under which Permian Delaware Enterprise has dedicated the gathering rights for its gas production across a large acreage position in Loving, Reeves and Ward Counties, Texas to Crestwood Permian Basin, and under which Crestwood Permian Basin provides gathering and dehydration services to them.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles and include the accounts of all consolidated subsidiaries after the elimination of all intercompany accounts and transactions. In management's opinion, all necessary adjustments to fairly present our results of operations, financial position and cash flows for the periods presented have been made and all such adjustments are of a normal and recurring nature. These financial statements do not include all the notes in our annual financial statements and, therefore, should be read in conjunction with our audited financial statements as of and for the year ended December 31, 2021.

Significant Accounting Policies

There were no material changes in our significant accounting policies from those described in our audited financial statements as of and for the year ended December 31, 2021.

Note 3 – Certain Balance Sheet Information

Property, Plant and Equipment

Property, plant and equipment consisted of the following (*in millions*):

	June 30, 2022
Gathering systems and pipelines	$ 179.4
Facilities and equipment	229.3
Buildings, land and rights-of-way	28.1
Construction in process	12.2
	449.0
Less: accumulated depreciation	76.0
Total property, plant and equipment, net	$ 373.0

Depreciation. Depreciation expense totaled $10.5 million for the six months ended June 30, 2022.

Capitalized Interest. During the six months ended June 30, 2022, we capitalized interest of $0.2 million related to certain expansion projects.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following (*in millions*):

	June 30, 2022
Accrued expenses	$ 0.8
Accrued property taxes	1.9
Income tax payable	0.1
Interest payable	0.2
Accrued additions to property, plant and equipment	0.8
Deferred revenues	0.1
Total accrued expenses and other liabilities	$ 3.9

Note 4 - Investment in Unconsolidated Affiliate

We own a 50% equity interest in Crestwood Permian Basin and Shell Midstream Partners L.P., a subsidiary of Shell plc, owns the remaining 50% equity interest. We account for our 50% equity interest in Crestwood Permian Basin under the equity method of accounting. As of June 30, 2022, our equity in the underlying net assets of Crestwood Permian Basin approximates our investment balance.

Distributions. During the six months ended June 30, 2022, we received cash distributions from Crestwood Permian Basin of approximately $3.1 million.

Note 5 - Long-Term Debt

In April 2022, CPB Subsidiary Holdings LLC, our wholly-owned subsidiary, entered into a First Amended and Restated Credit Agreement (Credit Facility) which allows for revolving loans, letters of credit and swing line loans of up to $230 million. The Credit Facility is secured by substantially all of our assets. Prior to amending and restating the Credit Facility, we had a $165 million credit agreement. The Credit Facility matures in October 2025.

Borrowings under the Credit Facility bear interest at either:

- the Alternate Base Rate, which is defined as the highest of (i) the federal funds rate plus 0.50%; (ii) Wells Fargo Bank's prime rate; or (iii) the Adjusted Term SOFR (as defined in the credit agreement) for a one-month tenor plus 1% per annum; plus a margin varying from 1.50% to 2.50% depending on our most recent consolidated total leverage ratio; or
- the Adjusted Term SOFR plus a margin varying from 2.50% to 3.50% depending on our most recent consolidated total leverage ratio.

Swing line loans bear interest at the Alternate Base Rate as described above. The unused portion of the Credit Facility is subject to a commitment fee ranging from 0.375% to 0.50% according to our most recent consolidated total leverage ratio. Interest on the Alternate Base Rate loans is payable quarterly, or if the Adjusted Term SOFR applies, interest is payable at certain intervals selected by us.

At June 30, 2022, we had $139.0 million outstanding under the Credit Facility. At June 30, 2022, we had $91.0 million of available capacity under the Credit Facility considering the most restrictive covenants in the credit agreement. At June 30, 2022, we had no outstanding standby letters of credit. The interest rates on borrowings under the credit facility were between 3.83% and 6.25% at June 30, 2022. The weighted-average interest rate on outstanding borrowings as of June 30, 2022 was 4.13%.

We are required under our credit agreement to maintain a net debt to consolidated EBITDA ratio (as defined in the credit agreement) of not more than 5.00 to 1.0, and a consolidated EBITDA to consolidated interest expense ratio (as defined in the credit agreement) of not less than 2.50 to 1.0. At June 30, 2022, the net debt to consolidated EBITDA ratio was 2.18 to 1.0, and the consolidated EBITDA to consolidated interest expense ratio was 14.93 to 1.0. At June 30, 2022, we were in compliance with the debt covenants and restrictions under our Credit Facility.

Note 6 - Commitments and Contingencies

We are periodically involved in litigation proceedings. If we determine that a negative outcome is probable and the amount of loss is reasonably estimable, then we accrue the estimated amount. The results of litigation proceedings cannot be predicted with certainty. We could incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations or cash flows in the period in which the amounts are paid and/or accrued. Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures for which we can estimate would have a material adverse impact on our consolidated financial statements. As we learn new facts concerning contingencies, we reassess our position both with respect to accrued liabilities and other potential exposures.

Any loss estimates are inherently subjective, based on currently available information, and are subject to management's judgment and various assumptions. Due to the inherently subjective nature of these estimates and the uncertainty and unpredictability surrounding the outcome of legal proceedings, actual results may differ materially from any amounts that have been accrued. At June 30, 2022, we had no amounts accrued for outstanding legal matters.

Note 7 - Related Party Transactions

The affiliates of CMLP and First Reserve are considered our related parties. We enter into transactions with our affiliates within the ordinary course of business, including periodic sales of condensate to Crestwood Crude Services LLC (Crude Services), a subsidiary of CMLP. During the six months ended June 30, 2022, we recognized revenues of approximately $6.5 million related to sales of condensate to Crude Services.

Below is a discussion of our related party services and agreements.

Natural Gas Sales Agreement. We have a natural gas sales agreement with Crestwood Energy Services LLC (Crestwood Energy Services), a subsidiary of CMLP, that expires upon termination by either party to the agreement. Under this agreement, Crestwood Energy Services purchases residue gas processed at our Orla plant. We recognized revenues of approximately $101.8 million under this agreement during the six months ended June 30, 2022.

Natural Gas Liquids Purchase and Sale Agreement. We have a natural gas liquids purchase and sale agreement with Crestwood Services LLC (Crestwood Services), a subsidiary of CMLP. This agreement is automatically renewed annually until terminated as set forth in the agreement. Pursuant to the agreement, we sell and deliver all of our NGLs produced at our Orla plant to Crestwood Services. During the six months ended June 30, 2022, we recognized revenues of less than $0.1 million under the agreement. In addition, we purchase NGLs from Crestwood Services under spot agreements to optimize excess capacity we have on our third party downstream sales contract with Chevron Phillips. During the six months ended June 30, 2022, we incurred cost of products sold of approximately $4.3 million under the agreement.

Gas Gathering Agreement. We have a gas gathering agreement with Crestwood Permian Basin that extends through September 30, 2029. Pursuant to the agreement, we purchase gas from Crestwood Permian Basin on a fixed-fee basis. We incurred cost of products sold of approximately $0.2 million under this agreement during the six months ended June 30, 2022.

Crestwood Permian Basin Operating and Administrative Services Agreement. CPB Operator LLC, our wholly-owned subsidiary, and Crestwood Midstream Operations LLC (Crestwood Operations), a subsidiary of CMLP, entered into an operating and administrative services agreement with Crestwood Permian Basin pursuant to which we provide management, commercial and administrative services to Crestwood Permian Basin related to its Nautilus facilities and other general services identified in the agreement. Under this agreement, Crestwood Permian Basin reimburses us for all costs incurred on its behalf. These reimbursements are reflected as a reduction of our operations and maintenance expense - related party of approximately $1.5 million during the six months ended June 30, 2022, and a reduction of our general and administrative - related party of approximately $0.5 million during the six months ended June 30, 2022.

Construction and Operating Services Agreement. We have an agreement with Crestwood Operations pursuant to which they manage our facilities (including the construction of facilities), manage the day to day operations of our business and provide commercial and administrative services to us. Under the agreement, we reimburse all costs incurred in connection with services provided to us. During the six months ended June 30, 2022, we incurred related party operations and maintenance expenses of $5.4 million and related party general and administrative expenses of $1.0 million, respectively under this agreement.

Lease Agreement. In June 2021, Crestwood New Mexico Pipeline LLC, our wholly-owned subsidiary, entered into an operating lease agreement with Jackalope Gas Gathering Services L.L.C. (Jackalope), a subsidiary of CMLP, pursuant to which we lease natural gas compressors and related equipment from Jackalope with terms ranging from one to five years. In addition, in January 2022, we entered into an operating lease agreement with Crestwood Appalachia Pipeline LLC (Crestwood Appalachia), a subsidiary of CMLP, pursuant to which we lease natural gas compressors and related equipment from Crestwood Appalachia with terms ranging from one to five years. At June 30, 2022, our operating lease right-of-use assets, net was approximately $8.4 million. Our current and non-current operating lease liabilities were approximately $2.2 million and $5.4 million, respectively at June 30, 2022. We include these operating lease obligations in accrued expenses and other liabilities - related party and other long-term liabilities - related party on our consolidated balance sheet. During the six months ended June 30, 2022, we incurred lease expense of approximately $1.7 million, which is included in operations and maintenance expenses - related party on our consolidated statement of operations.

Note 8 - Members' Equity

Contributions. As further described below, we issue common or preferred units to our members in exchange for contributions to us. During the six months ended June 30, 2022, our members made cash contributions to us of approximately $17.0 million primarily to fund the expansion of our Delaware Basin assets and for general corporate purposes. In July 2022, our members made cash contributions of approximately $150 million to us prior to Crestwood Equity's acquisition of First Reserve's 50% equity interest in us as discussed in Note 1.

Common Units. Pursuant to our limited liability company agreement, in exchange of contributions from our members to fund the expansion of our Delaware Basin assets, we issue common units to our members at a fixed rate of $10.00 per unit in accordance with their respective contributions. During the six months ended June 30, 2022, we issued 1.8 million common units to our members.

Distributions. During the six months ended June 30, 2022, we made cash distributions of approximately $27.2 million to our members in accordance with our limited liability company agreement. In July 2022, we made a cash distribution of approximately $11.8 million to our members.

Note 9 - Revenues

Our receivables related to our revenue contracts accounted for under Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606),* totaled $61.7 million at June 30, 2022, and are included in accounts receivable and accounts receivable - related party on our consolidated balance sheet.

The following table summarizes our deferred revenues (*in millions*):

	June 30, 2022
Deferred revenues (current)(1)(2)	$ 0.1
Deferred revenues (non-current)(2)	$ 7.1

(1) Our current deferred revenues are included in accrued expenses and other liabilities on our consolidated balance sheet.
(2) During the six months ended June 30, 2022, we recognized revenues of approximately $0.4 million that were previously included in deferred revenues at December 31, 2021. The remaining change in our deferred revenues during the six months ended June 30, 2022 related to capital reimbursements associated with our revenue contracts and revenue deferrals associated with our contracts with increasing (decreasing) rates.

The majority of our deferred revenues are classified as non-current on our consolidated balance sheet and are expected to be recognized as the performance obligations under the related revenue contracts are satisfied over the next eight years.

Disaggregation of Revenues. The following tables summarize our revenues from contracts with customers disaggregated by type of product/service sold and by commodity type for the six months ended June 30, 2022 (*in millions*). We believe this summary best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by economic factors.

	Six Months Ended June 30, 2022
Gathering	
Natural gas	$ 0.6
Water	8.2
Processing	
Natural gas	0.6
Product Sales	
Natural gas	102.1
Crude oil	0.3
NGLs	138.2
Total revenues	$ 250.0

Exhibit 99.5

Crestwood Permian Basin Holdings LLC

Consolidated Financial Statements

As of and For the Year Ended December 31, 2021

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
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Report of Independent Auditors

The Management Committee
Crestwood Permian Basin Holdings LLC

Opinion

We have audited the consolidated financial statements of Crestwood Permian Basin Holdings LLC (the Company), which comprise the consolidated balance sheet as of December 31, 2021, and the related consolidated statements of operations, members' equity and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Ernst & Young LLP

Houston, Texas
August 29, 2022

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
CONSOLIDATED BALANCE SHEET
December 31, 2021
(in millions)

Assets	
Current assets:	
Cash	$ —
Accounts receivable	18.5
Accounts receivable - related party	12.1
Total current assets	30.6
Property, plant and equipment	412.6
Less: accumulated depreciation	65.5
Property, plant and equipment, net	347.1
Investment in unconsolidated affiliate	78.0
Operating lease right-of-use assets, net	3.0
Other assets	2.0
Total assets	$460.7
Liabilities and members' equity	
Current liabilities:	
Accounts payable	$ 26.3
Accounts payable - related party	4.9
Accrued expenses and other liabilities	5.5
Accrued expenses and other liabilities - related party	1.6
Total current liabilities	38.3
Long-term debt	111.0
Deferred revenues	4.4
Other long-term liabilities	2.9
Other long-term liabilities - related party	1.8
Commitments and contingencies *(Note 7)*	
Members' equity	302.3
Total liabilities and members' equity	$460.7

See accompanying notes.

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
CONSOLIDATED STATEMENT OF OPERATIONS
Year Ended December 31, 2021
(in millions)

Revenues:	
Product revenues	$159.2
Product revenues - related party	111.3
Service revenues	15.6
Total revenues	286.1
Operating expenses:	
Costs of products sold	196.2
Costs of products sold - related party	27.1
Costs of services sold	5.4
Operations and maintenance	11.5
Operations and maintenance - related party	7.0
General and administrative	0.2
General and administrative - related party	1.0
Depreciation and accretion	19.1
	267.5
Operating income	18.6
Earnings from unconsolidated affiliate	4.9
Interest and debt expense, net	(4.1)
Income before income taxes	19.4
Provision for income taxes	(0.3)
Net income	$ 19.1

See accompanying notes.

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
CONSOLIDATED STATEMENT OF MEMBERS' EQUITY
(in millions)

	Crestwood Infrastructure Holdings LLC				FR XIII Crestwood Permian Basin Holdings LLC				
	Preferred Units	Preferred Equity	Common Units	Common Equity	Preferred Units	Preferred Equity	Common Units	Common Equity	Total
Balance at December 31, 2020	8.0	$ 80.0	15.9	$ 40.8	15.1	$ 151.0	8.8	$ 22.5	$294.3
Contributions from members	—	—	1.0	10.7	—	—	1.1	10.8	21.5
Distributions to members	—	(5.4)	—	(10.9)	—	(10.2)	—	(6.1)	(32.6)
Non-cash transfers	—	3.3	—	(3.9)	—	6.3	—	(5.7)	—
Net income	—	3.2	—	6.4	—	5.9	—	3.6	19.1
Balance at December 31, 2021	8.0	$ 81.1	16.9	$ 43.1	15.1	$ 153.0	9.9	$ 25.1	$302.3

See accompanying notes.

CRESTWOOD PERMIAN BASIN HOLDINGS LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2021
(in millions)

Operating activities	
Net income	$ 19.1
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and accretion	19.1
Amortization of deferred financing costs	0.5
Deferred income taxes	0.3
Changes in operating assets and liabilities:	
Accounts receivable	(16.3)
Prepaid expenses	0.4
Accounts payable	17.8
Accrued expenses and other liabilities	0.4
Deferred revenues	3.2
Net cash provided by operating activities	44.5
Investing activities	
Purchases of property, plant and equipment	(35.4)
Investment in unconsolidated affiliate	(4.3)
Capital distribution from unconsolidated affiliate	6.6
Other	(0.1)
Net cash used in investing activities	(33.2)
Financing activities	
Proceeds from the issuance of long-term debt	213.6
Payments on long-term debt	(211.9)
Payments for deferred financing costs	(1.9)
Contributions from members	21.5
Distributions to members	(32.6)
Net cash used in financing activities	(11.3)
Net change in cash	—
Cash at beginning of period	—
Cash at end of period	$ —
Supplemental disclosure of cash flow information	
Cash paid for interest	$ 3.8
Supplemental schedule of noncash investing activities	
Net change to property, plant and equipment through accounts payable and accrued expenses	$ 5.4

See accompanying notes.

Note 1 – Organization and Description of Business

Organization

Crestwood Permian Basin Holdings LLC (Crestwood Permian or the Company) is a Delaware limited liability company which is owned equally by Crestwood Infrastructure Holdings LLC (Crestwood Infrastructure) and FR XIII Crestwood Permian Basin Holdings LLC, an affiliate of First Reserve Management, L.P (First Reserve). Crestwood Infrastructure is a wholly-owned subsidiary of Crestwood Midstream Partners LP (CMLP). CMLP is a wholly-owned subsidiary of Crestwood Equity Partners, LP (Crestwood Equity).

Our members and their affiliates are not liable for the obligations of the Company.

Unless otherwise indicated, references in this report to “we,” “us,” or “our” and similar terms refer to either Crestwood Permian itself or Crestwood Permian and its consolidated subsidiaries, as the context requires.

Description of Business

We are a joint venture engaged in the gathering, transportation, compression and processing of natural gas for producers in the Delaware Basin. Below is a description of our assets (including the assets of our equity investment).

Delaware. We own and operate gas gathering and processing systems in the Delaware Basin. Our assets consist of (i) the Willow Lake system, which includes low-pressure dry gas and rich natural gas gathering systems that serves customers in Eddy County, New Mexico; (ii) a natural gas processing facility in Orla, Texas (the Orla plant); (iii) the Orla Express Pipeline that connects the Willow Lake system with the Orla plant; and (iv) a produced water gathering and disposal system in Culberson and Reeves Counties, Texas. In addition, we own an undivided interest in 80,000 barrels per day of capacity in a segment of the Epic Y-Grade Pipeline, LP (EPIC) pipeline from Orla, Texas to Benedum, Texas, which includes an interconnection with Chevron Phillips Chemical Company, LP’s (Chevron Phillips) pipeline, and other delivery points near Benedum. This capacity is supported, in part, by a purchase and sale agreement with Chevron Phillips to sell a dedicated volume of barrels to be delivered off the EPIC pipeline to Chevron Phillips’s pipeline.

Nautilus Gas Gathering System. Crestwood Permian Basin LLC (Crestwood Permian Basin), our 50% equity investment, owns the Nautilus gathering system and has a long-term fixed fee gathering agreement with Permian Delaware Enterprise Holdings LLC (Permian Delaware Enterprise), a subsidiary of ConocoPhillips Company, under which Permian Delaware Enterprise has dedicated the gathering rights for its gas production across a large acreage position in Loving, Reeves and Ward Counties, Texas to Crestwood Permian Basin, and under which Crestwood Permian Basin provides gathering and dehydration services to them.

Note 2 – Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

Our consolidated financial statements are prepared in accordance with United States generally accepted accounting principles (GAAP) and include the accounts of all consolidated subsidiaries after the elimination of all intercompany accounts and transactions. In management’s opinion, all necessary adjustments to fairly present our results of operations, financial position and cash flows for the period presented have been made and all such adjustments are of a normal and recurring nature. We have evaluated subsequent events through the date our financial statements were available to be issued on August 29, 2022.

Significant Accounting Policies

Principles of Consolidation

We consolidate entities when we have the ability to control or direct the operating and financial decisions of the entity or when we have a significant interest in the entity that gives us the ability to direct the activities that are significant to that entity. The determination to consolidate or apply the equity method of accounting to an entity can also require us to evaluate whether that entity is considered a variable interest entity. This evaluation, along with the determination of our ability to control, direct or exert significant influence over an entity involves the use of judgment. We apply the equity method of accounting where we can exert significant influence over, but do not control or direct the policies, decisions or activities of an entity.

Use of Estimates

The preparation of our consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the amounts we report as assets, liabilities, revenues and expenses and our disclosures in these consolidated financial statements. Actual results can differ from those estimates.

Cash

We consider all highly liquid investments with an original maturity of less than three months to be cash.

Property, Plant and Equipment

Property, plant and equipment is recorded at its original cost of construction or, upon acquisition, at fair value, or at the historical book value of the assets contributed from related parties. For assets we construct, we capitalize direct costs, such as labor and materials, and indirect costs, such as overhead and interest. We capitalize major units of property replacements or improvements and expense minor items. Depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	Years
Gathering systems and pipelines	20
Facilities and equipment	3 – 20
Buildings and rights-of-way	10 – 40

Included in our property, plant and equipment is land, which is not subject to depreciation.

We evaluate our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such events or changes in circumstances are present, a loss is recognized if the carrying value of the asset is in excess of the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset, which is typically based on discounted cash flow projections using assumptions as to revenues, costs and discount rates typical of third party market participants.

Deferred Financing Costs

Deferred financing costs represent costs associated with obtaining long-term financing and are amortized over the term of the related debt using a method which approximates the effective interest method and has a weighted average remaining life of approximately four years. Our deferred financing costs, net of accumulated amortization were approximately $2.0 million at December 31, 2021, and are reflected as other assets on our consolidated balance sheet. Amortization expense related to our deferred financing costs for the year ended December 31, 2021 was approximately $0.5 million, and is included in interest and debt expense, net on our consolidated statement of operations. Estimated amortization of our deferred financing costs for each of the next four years is approximately $0.5 million.

Investment in Unconsolidated Affiliate

We account for our investment in Crestwood Permian Basin using the equity method of accounting because we exercise significant influence, but do not control and are not the primary beneficiary of Crestwood Permian Basin. We evaluate our equity method investment for impairment when events or circumstances indicate that the carrying value of the equity method investment may be impaired and that impairment is other than temporary. If an event occurs, we evaluate the recoverability of our carrying value based on the fair value of the investment. If an impairment is indicated, or if we decide to sell an investment in unconsolidated affiliate, we adjust the carrying value of the asset downward, if necessary, to its estimated fair value.

Asset Retirement Obligations

An asset retirement obligation (ARO) is an estimated liability for the cost to retire a tangible asset. We record a liability for legal or contractual obligations to retire our long-lived assets associated with right-of-way contracts we hold. We record a liability in the period the obligation is incurred and estimable. An ARO is initially recorded at its estimated fair value with a corresponding increase to property, plant and equipment. This increase in property, plant and equipment is then depreciated over the useful life of the asset to which that liability relates. An ongoing expense is recognized for changes in the fair value of the liability as a result of the passage of time, which we record as depreciation and accretion expense on our consolidated statement of operations. Our AROs are reflected in other long-term liabilities on our consolidated balance sheet.

Environmental Costs and Other Contingencies

We recognize liabilities for environmental and other contingencies when there is an exposure that indicates it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Where the most likely outcome of a contingency can be reasonably estimated, we accrue a liability for that amount. Where the most likely outcome cannot be estimated, a range of potential losses is established and if no one amount in that range is more likely than any other, the low end of the range is accrued.

We record liabilities for environmental contingencies at their undiscounted amounts on our consolidated balance sheet as accrued expenses and other liabilities when environmental assessments indicate that remediation efforts are probable and costs can be reasonably estimated. Estimates of our liabilities are based on currently available facts and presently enacted laws and regulations, taking into consideration the likely effects of other societal and economic factors. These estimates are subject to revision in future periods based on actual costs or new circumstances. We capitalize costs that benefit future periods and recognize a current period charge in operations and maintenance expenses when clean-up efforts do not benefit future periods. At December 31, 2021, we had no amounts accrued for environmental or other contingencies.

We evaluate potential recoveries of amounts from third parties, including insurance coverage, separately from our liability. Recovery is evaluated based on the solvency of the third party, among other factors. When recovery is assured, we record and report an asset separately from the associated liability on our consolidated balance sheet.

Fair Value Measurements

The accounting standard for fair value measurement establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

- Level 1—Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2—Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.
- Level 3—Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

As of December 31, 2021, the carrying amounts of cash, accounts receivable and accounts payable approximate fair value based on the short-term nature of these instruments. The fair value of the amount outstanding under our credit facility approximates the carrying value amount as of December 31, 2021, due primarily to the variable nature of the interest rate of the instrument, which is considered a Level 2 fair value measurement.

Revenue Recognition

We provide gathering, processing, disposal and transportation services and we sell commodities, including natural gas and natural gas liquids (NGLs), under various contracts which are described below.

- *Fixed-fee contracts*. Under these contracts, we do not take title to the underlying natural gas, disposed water or NGLs but charge our customers a fixed-fee for the services we provide based on the volumes gathered, processed, disposed and/or transported.
- *Percentage-of-proceeds service contracts*. Under these contracts, we take title to natural gas or NGLs after the commodity leaves our gathering and processing facilities. We often market and sell those commodities to third parties after they leave our facilities and we will remit a portion of the sales proceeds to our producers.
- *Percentage-of-proceeds product contracts*. Under these contracts, we take title to natural gas or NGLs before the commodity enters our facilities. We market and sell those commodities to third parties and we will remit a portion of the sales proceeds to our producers.
- *Purchase and sale contracts*. Under these contracts, we purchase natural gas or NGLs before the commodity enters our facilities, and we market and sell those commodities to third parties.

We recognize revenues for services and products under revenue contracts as our obligations to perform services or deliver/sell products under the contracts are satisfied. A contract's transaction price is allocated to each performance obligation in the contract and recognized as revenue when, or as, the performance obligation is satisfied. Our fixed-fee contracts and our percentage-of-proceeds service contracts primarily have a single performance obligation to deliver a series of distinct goods or services that are substantially the same and have the same pattern of transfer to our customers. For performance obligations associated with these contracts, we recognize revenues over time utilizing the output method based on the actual volumes of products delivered/sold or services performed, because the single performance obligation is satisfied over time using the same performance measure of progress toward satisfaction of the performance obligations. The transaction price under certain of our fixed-fee contracts and percentage-of-proceeds service contracts include variable consideration that varies primarily based on actual volumes that are delivered under the contract. Because the variable consideration specifically relates to our efforts to transfer the services and/or products under the contracts, we allocate the variable consideration entirely to the distinct service, and accordingly recognize the variable consideration as revenues at the time the good or service is transferred to the customer.

We recognize revenues at a point in time for performance obligations associated with our percentage-of-proceeds product contracts and purchase and sale contracts, and these revenues are recognized because control of the underlying product is transferred to the customer when the distinct good is provided to the customer.

The evaluation of when performance obligations have been satisfied and the transaction price that is allocated to our performance obligations requires significant judgment and assumptions, including our evaluation of the timing of when control of the underlying good or service has transferred to our customers and the relative standalone selling price of goods and services provided to customers under contracts with multiple performance obligations. Actual results can significantly vary from those judgments and assumptions. We did not have any material contracts with multiple performance obligations or under which we received material amounts of non-cash consideration during the year ended December 31, 2021.

Under certain contracts, we are entitled to receive payments in advance of satisfying our performance obligations under the contracts. We recognize a liability for these payments in excess of revenue recognized and present it as deferred revenues on our consolidated balance sheet. Our deferred revenues primarily relates to:

- *Capital Reimbursements.* Certain of our contracts require that our customers reimburse us for capital expenditures related to the construction of long-lived assets utilized to provide services to them under the respective revenue contracts. Because we consider these amounts as consideration from customers associated with ongoing services to be provided to customers, we defer these upfront payments in deferred revenues and recognize the amounts in revenue over the life of the associated revenue contract as the performance obligations are satisfied under the contract.
- *Contracts with Increasing (Decreasing) Rates per Unit.* Certain of our contracts have fixed rates per volume that increase and/or decrease over the life of the contract once certain time periods or thresholds are met. We record revenues on these contracts ratably per unit over the life of the contract based on the remaining performance obligations to be performed, which can result in the deferral of revenue for the difference between the consideration received and the ratable revenue recognized.

Credit Risk and Concentrations

Inherent in our contractual portfolio are certain credit risks. Credit risk is the risk of loss from nonperformance by suppliers, customers or financial counterparties to a contract. We take an active role in managing credit risk and have established control procedures, which are reviewed on an ongoing basis. We attempt to minimize credit risk exposure through credit policies and periodic monitoring procedures. The following table represents customers which accounted for more than 10% of our revenues:

	Year Ended December 31, 2021
Chevron Phillips	54%
Crestwood Energy Services LLC	37%

Income Taxes

No provision for federal or state income tax is included in our results of operations as such income is taxable directly to the members. Accordingly, each member is responsible for its share of federal and state income tax. Net income for financial statement purposes may differ significantly from taxable income reportable to members as a result of differences between the tax basis and the financial reporting basis of assets and liabilities and the taxable income allocation requirements under the limited liability corporation agreement. We are responsible, however, for the Texas Margin tax, which qualifies as an income tax under GAAP, and accordingly we are required to recognize the impact of this tax on the temporary differences between the financial statement assets and liabilities and their tax basis attributable to such tax. Our deferred income taxes are included in other long-term liabilities on our consolidated balance sheet. Our income tax provision related to the Texas Margin tax for the year ended December 31, 2021 was approximately $0.3 million.

Uncertain Tax Positions. We evaluate the uncertainty in tax positions taken or expected to be taken in the course of preparing our consolidated financial statements to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Such tax positions, if any, would be recorded as a tax benefit or expense in the current year. We believe that there were no uncertain tax positions that would impact our results of operations for the year ended December 31, 2021. However, our conclusions regarding the evaluation of uncertain tax positions are subject to review and may change based on factors including, but not limited to, ongoing analysis of tax laws, regulations and interpretations thereof.

Note 3 – Certain Balance Sheet Information

Property, Plant and Equipment

Property, plant and equipment consisted of the following (*in millions*):

	December 31, 2021
Gathering systems and pipelines	$ 155.6
Facilities and equipment	211.0
Buildings, land and rights-of-way	23.2
Construction in process	22.8
	412.6
Less: accumulated depreciation	65.5
Total property, plant and equipment, net	$ 347.1

Depreciation. Depreciation expense totaled $19.0 million for the year ended December 31, 2021.

Capitalized Interest. During the year ended December 31, 2021, we capitalized interest of $0.1 million related to certain expansion projects.

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following (*in millions*):

	December 31, 2021
Accrued expenses	$ 0.9
Accrued property taxes	3.0
Interest payable	0.1
Accrued additions to property, plant and equipment	1.4
Deferred revenues	0.1
Total accrued expenses and other liabilities	$ 5.5

Note 4 - Asset Retirement Obligations

We have legal obligations primarily associated with certain facilities and equipment. Where we can reasonably estimate the ARO, we accrue a liability based on an estimate of the timing and amount of settlement. We record changes in these estimates based on changes in the expected amount and timing of payments to settle our obligations. We did not have any material assets that were legally restricted for use in settling asset retirement obligations as of December 31, 2021.

The following table presents the changes in the net asset retirement obligations (*in millions*):

	December 31, 2021
Net asset retirement obligations at January 1, 2021	$ 1.6
Accretion expense	0.1
Net asset retirement obligations at December 31, 2021	$ 1.7

Note 5 - Investment in Unconsolidated Affiliate

We own a 50% equity interest in Crestwood Permian Basin and Shell Midstream Partners L.P., a subsidiary of Shell plc, owns the remaining 50% equity interest. We account for our 50% equity interest in Crestwood Permian Basin under the equity method of accounting. As of December 31, 2021, our equity in the underlying net assets of Crestwood Permian Basin approximates our investment balance.

Summarized Financial Information. Below is summarized financial information for Crestwood Permian Basin *(in millions; amounts represent 100% of unconsolidated affiliate information)*:

Financial Position Data:

	December 31, 2021
Current assets	$ 9.4
Non-current assets	$ 175.8
Current liabilities	$ 4.8
Non-current liabilities	$ 24.4
Members' equity	$ 156.0

Operating Results Data:

	Year Ended December 31, 2021
Operating revenues	$ 38.4
Operating expenses	$ 28.5
Net income	$ 9.8

Contributions. During the year ended December 31, 2021, we made cash contributions to Crestwood Permian Basin of approximately $4.3 million.

Distributions. Crestwood Permian Basin is required, on a quarterly basis, to distribute to its members an estimate of distributable cash (as defined in its limited liability company agreement) on or prior to the last day of each fiscal quarter based on their respective ownership percentages at the time of such distributions. During the year ended December 31, 2021, we received cash distributions from Crestwood Permian Basin of approximately $11.5 million.

Note 6 - Long-Term Debt

In June 2021, CPB Subsidiary Holdings LLC, our wholly-owned subsidiary, entered in to an Amended and Restated Credit Agreement (Credit Facility). The Credit Facility, which matures in October 2025, allows for revolving loans, letters of credit and swing line loans in an aggregate principal amount of up to $165 million. The Credit Facility is secured by substantially all of our assets. Prior to amending and restating the Credit Facility, we had a five-year $150 million credit agreement, which would have expired in October 2022.

In April 2022, CPB Subsidiary Holdings LLC, our wholly-owned subsidiary, entered into a First Amended and Restated Credit Agreement, which matures in October 2025 and allows for revolving loans, letters of credit and swing line loans of up to $230 million.

Borrowings under the Credit Facility bear interest at either:

- the Alternate Base Rate, which is defined as the highest of (i) the federal funds rate plus 0.50%; (ii) Wells Fargo Bank's prime rate; or (iii) the Eurodollar Rate adjusted for certain reserve requirements plus 1%; plus a margin varying from 1.50% to 2.50% depending on our most recent consolidated total leverage ratio; or
- the Eurodollar Rate, adjusted for certain reserve requirements plus a margin varying from 2.50% to 3.50% depending on our most recent consolidated total leverage ratio.

Swing line loans bear interest at the Alternate Base Rate as described above. The unused portion of our Credit Facility is subject to a commitment fee ranging from 0.375% to 0.50% according to our most recent consolidated total leverage ratio. Interest on the Alternate Base Rate loans is payable quarterly, or if the adjusted Eurodollar Rate applies, interest is payable at certain intervals selected by us.

At December 31, 2021, we had $111.0 million outstanding under the credit facility. At December 31, 2021, we had $39.0 million of available capacity under the Credit Facility considering the most restrictive covenants in the credit agreement. At December 31, 2021, we had no outstanding standby letters of credit. The interest rates on borrowings under the credit facility were between 3.36% and 5.50% at December 31, 2021. The weighted-average interest rates on outstanding borrowings as of December 31, 2021 was 3.36%.

The Credit Facility contains various covenants and restrictive provisions that limit our ability to, among other things, (i) incur additional debt; (ii) make distributions on or redeem or repurchase units; (iii) make certain investments and acquisitions; (iv) incur or permit certain liens to exist; (v) merge, consolidate or amalgamate with another company; and (vi) transfer or dispose of assets.

We are required under our credit agreement to maintain a net debt to consolidated EBITDA ratio (as defined in the credit agreement) of not more than 5.00 to 1.0, and a consolidated EBITDA to consolidated interest expense ratio (as defined in the credit agreement) of not less than 2.50 to 1.0. At December 31, 2021, the net debt to consolidated EBITDA ratio was 2.31 to 1.0, and the consolidated EBITDA to consolidated interest expense ratio was 12.57 to 1.0. At December 31, 2021, we were in compliance with the debt covenants and restrictions under our Credit Facility.

If we fail to perform our obligations under these and other covenants, the lenders' credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the Credit Facility could be declared immediately due and payable.

Note 7 - Commitments and Contingencies

General. We are periodically involved in litigation proceedings. If we determine that a negative outcome is probable and the amount of loss is reasonably estimable, then we accrue the estimated amount. The results of litigation proceedings cannot be predicted with certainty. We could incur judgments, enter into settlements or revise our expectations regarding the outcome of certain matters, and such developments could have a material adverse effect on our results of operations or cash flows in the period in which the amounts are paid and/or accrued. Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures for which we can estimate would have a material adverse impact on our consolidated financial statements. As we learn new facts concerning contingencies, we reassess our position both with respect to accrued liabilities and other potential exposures.

Any loss estimates are inherently subjective, based on currently available information, and are subject to management's judgment and various assumptions. Due to the inherently subjective nature of these estimates and the uncertainty and unpredictability surrounding the outcome of legal proceedings, actual results may differ materially from any amounts that have been accrued. At December 31, 2021, we had no amounts accrued for outstanding legal matters.

Purchase Commitments. We have entered into certain purchase commitments primarily related to our growth capital projects. At December 31, 2021, our purchase commitments totaled approximately $18.7 million, and are expected to occur over the next twelve months.

Note 8 - Related Party Transactions

The affiliates of CMLP and First Reserve are considered our related parties. We enter into transactions with our affiliates within the ordinary course of business, including periodic sales of condensate to Crestwood Crude Services LLC (Crude Services), a subsidiary of CMLP. During the year ended December 31, 2021, we recognized revenues of approximately $5.1 million related to sales of condensate to Crude Services.

Below is a discussion of our related party services and agreements.

Natural Gas Sales Agreement. We have a natural gas sales agreement with Crestwood Energy Services LLC (Crestwood Energy Services), a subsidiary of CMLP, that expires upon termination by either party to the agreement. Under this agreement, Crestwood Energy Services purchases residue gas processed at our Orla plant. We recognized revenues of approximately $105.8 million under this agreement during the year ended December 31, 2021.

Natural Gas Liquids Purchase and Sale Agreement. We have a natural gas liquids purchase and sale agreement with Crestwood Services LLC (Crestwood Services), a subsidiary of CMLP. This agreement is automatically renewed annually until terminated as set forth in the agreement. Pursuant to the agreement, we sell and deliver all of our NGLs produced at our Orla plant to Crestwood Services. During the year ended December 31, 2021, we recognized revenues of approximately $0.4 million under the agreement. In addition, we purchase NGLs from Crestwood Services under spot agreements to optimize excess capacity we have on our third party downstream sales contract with Chevron Phillips. During the year ended December 31, 2021, we recognized cost of products sold of approximately $26.8 million under the agreement.

Gas Gathering Agreement. We have a gas gathering agreement with Crestwood Permian Basin that extends through September 30, 2029. Pursuant to the agreement, we purchase gas from Crestwood Permian Basin on a fixed-fee basis. We recognized cost of products sold of approximately $0.3 million under this agreement during the year ended December 31, 2021.

Crestwood Permian Basin Operating and Administrative Services Agreement. CPB Operator LLC, our wholly-owned subsidiary, and Crestwood Midstream Operations LLC (Crestwood Operations), a subsidiary of CMLP, entered into an operating and administrative services agreement with Crestwood Permian Basin pursuant to which we provide management, commercial and administrative services to Crestwood Permian Basin related to its Nautilus facilities and other general services identified in the agreement. Under this agreement, Crestwood Permian Basin reimburses us for all costs incurred on its behalf. These reimbursements are reflected as a reduction of our operations and maintenance expense - related party of approximately $2.7 million during the year ended December 31, 2021, and a reduction of our general and administrative - related party of approximately $0.9 million during the year ended December 31, 2021.

Construction and Operating Services Agreement. We have an agreement with Crestwood Operations pursuant to which they manage our facilities (including the construction of facilities), manage the day to day operations of our business and provide commercial and administrative services to us. The agreement is for an initial term through December 31, 2026 and is automatically extended for successive three year periods unless Crestwood Operations is removed or the agreement is otherwise terminated by either party. Under the agreement, we reimburse all costs incurred in connection with services provided to us. During the year ended December 31, 2021, we recognized related party operations and maintenance expenses of $8.8 million and related party general and administrative expenses of $1.9 million, respectively under this agreement.

Lease Agreement. In June 2021, Crestwood New Mexico Pipeline LLC, our wholly-owned subsidiary, entered into an operating lease agreement with Jackalope Gas Gathering Services L.L.C. (Jackalope), a subsidiary of CMLP, pursuant to which we lease natural gas compressors and related equipment from Jackalope with terms ranging from one to five years. At December 31, 2021, our operating lease right-of-use assets, net was approximately $3.0 million. Our current operating lease liabilities and non-current operating lease liabilities were approximately $1.0 million and $1.8 million, respectively, and are included in accrued expenses and other liabilities - related party and other long-term liabilities - related party, respectively, on our consolidated balance sheet at December 31, 2021. During the year ended December 31, 2021, we recognized lease expense of approximately $0.9 million, which is included in operations and maintenance expenses - related party on our consolidated statement of operations.

Note 9 - Members' Equity

Contributions. As further described below, we issue common or preferred units to our members in exchange for contributions to us. During the year ended December 31, 2021, our members made cash contributions to us of approximately $21.5 million primarily to fund the expansion of our Delaware Basin assets and for general corporate purposes. In January 2022, we received a cash contribution of approximately $17.0 million from our members.

Common Units. Pursuant to our limited liability company agreement, in exchange for contributions from our members to fund the expansion of our Delaware Basin assets, we issued common units to our members at a fixed rate of $10.00 per unit in accordance with their respective contributions. During the year ended December 31, 2021, we issued 2.1 million common units to our members.

Class A Preferred Units. Pursuant to a contribution agreement, we are required to issue Class A preferred units at a fixed rate of $10.00 per unit to our members in exchange for contributions to fund the expansion of our Delaware Basin assets. Subject to certain conditions, our members have the right to convert the Class A Preferred Units into common units on a 1-for-1 basis at any time or a number of common units determined pursuant to a conversion ratio set forth in the Contribution Agreement upon the occurrence of certain events.

The Class A preferred units have voting rights that are identical to the voting rights of the common units and will vote with the common units as a single class, with each Class A preferred units entitled to one vote for each common units into which such Class A preferred units are convertible.

Net Income or Loss Allocation. Pursuant to our limited liability company agreement, we allocate net income or loss to our members using the Hypothetical Liquidation at Book Value (HLBV) method since our members' ownership and distribution percentages differ. Under the HLBV method, a calculation is prepared at each balance sheet date to determine the amount that our members would receive if we were to liquidate all of our assets, as valued in accordance with GAAP, and distribute that cash to our members. The difference between the calculated liquidation distribution amounts at the beginning and end of the reporting period, after adjusting for capital contributions (including any members' equity balancing adjustments as a result thereof, which are reflected as non-cash transfers in (out) on our consolidated statement of members' equity) and distributions, is our members' respective share of our earnings or losses for the period, which approximates how we allocate earnings under the terms of our limited liability company agreement.

Distributions. We are required, within 30 days following the end of each quarter to distribute 100% of our available cash (as defined in our limited liability company agreement) to our members based on their respective ownership percentages. During the year ended December 31, 2021, we made cash distributions of approximately $32.6 million to our members in accordance with our limited liability company agreement. In January 2022 and in April 2022, we made a cash distribution of approximately $17.0 million and $10.2 million, respectively, to our members.

Note 10 - Revenues

Our receivables related to our revenue contracts accounted for under *Topic 606* totaled $30.3 million at December 31, 2021, and are included in accounts receivable and accounts receivable - related party on our consolidated balance sheet.

The following table summarizes our deferred revenues (*in millions*):

	December 31, 2021
Deferred revenues (current)(1)(2)	$ 0.1
Deferred revenues (non-current)(2)	$ 4.4

(1) Our current deferred revenues are included in accrued expenses and other liabilities on our consolidated balance sheet.
(2) During the year ended December 31, 2021, we recognized revenues of approximately $0.8 million that were previously included in deferred revenues at December 31, 2020. The remaining change in our deferred revenues during the year ended December 31, 2021 related to capital reimbursements associated with our revenue contracts and revenue deferrals associated with our contracts with increasing (decreasing) rates.

The majority of our deferred revenues are classified as non-current on our consolidated balance sheet and are expected to be recognized as the performance obligations under the related revenue contracts are satisfied over the next eight years.

Disaggregation of Revenues. The following tables summarize our revenues from contracts with customers disaggregated by type of product/service sold and by commodity type for the year ended December 31, 2021 (*in millions*). We believe this summary best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by economic factors.

	Year Ended December 31, 2021
Topic 606 revenues	
Gathering	
Natural gas	$ 1.7
Water	11.1
Processing	
Natural gas	2.7
Product Sales	
Natural gas	106.4
NGLs	164.1
Total Topic 606 revenues	286.0
Non-Topic 606 revenues	0.1
Total revenues	$ 286.1

Note 11 - Subsequent Event

On July 11, 2022, Crestwood Equity acquired First Reserve's 50% equity interest in us. Prior to Crestwood Equity's acquisition of First Reserve's 50% equity interest in us, in July 2022, our members made cash contributions of approximately $150 million to us.

Exhibit 99.6

Oasis Midstream Partners LP

Consolidated Financial Statements

As of and For the Years Ended December 31, 2021 and 2020

Oasis Midstream Partners LP

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Report of Independent Auditors

To the Management of Oasis Midstream Partners LP

Opinion

We have audited the accompanying consolidated financial statements of Oasis Midstream Partners LP and its subsidiaries (the "Partnership"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, of changes in equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Partnership and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Partnership's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
August 25, 2022

OASIS MIDSTREAM PARTNERS LP
CONSOLIDATED BALANCE SHEETS

	December 31, 2021	December 31, 2020
	(In thousands, except unit data)	
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,669	$ 5,147
Accounts receivable	6,498	4,295
Accounts receivable – Oasis Petroleum	65,134	66,283
Inventory	5,756	6,986
Prepaid expenses	456	3,695
Other current assets	—	649
Total current assets	80,513	87,055
Property, plant and equipment	1,229,191	1,180,819
Less: accumulated depreciation, amortization and impairment	(277,999)	(240,877)
Total property, plant and equipment, net	951,192	939,942
Operating lease right-of-use assets	671	1,643
Other assets	2,211	2,053
Total assets	$ 1,034,587	$ 1,030,693
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	$ 1,596	$ 2,226
Accounts payable – Oasis Petroleum	9,014	28,074
Accrued liabilities	35,965	17,931
Accrued interest payable	9,296	360
Current operating lease liabilities	733	945
Other current liabilities	685	471
Total current liabilities	57,289	50,007
Long-term debt	644,077	450,000
Asset retirement obligations	843	774
Operating lease liabilities	—	733
Other liabilities	7,429	5,521
Total liabilities	709,638	507,035
Commitments and contingencies (Note 10)		
Equity		
Limited partners		
Common units (48,627,680 and 20,061,366 issued and outstanding at December 31, 2021 and December 31, 2020, respectively)	324,949	193,536
Subordinated units (No units issued and outstanding at December 31, 2021 and 13,750,000 units issued and outstanding at December 31, 2020)	—	44,030
General Partner	—	1,027
Total partners' equity	324,949	238,593
Non-controlling interests	—	285,065
Total equity	324,949	523,658
Total liabilities and equity	$ 1,034,587	$ 1,030,693

The accompanying notes are an integral part of these consolidated financial statements.

OASIS MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2021	Year Ended December 31, 2020
	(In thousands, except per unit data)	
Revenues		
Midstream services – Oasis Petroleum	$ 259,503	$ 268,337
Midstream services – third parties	13,579	11,367
Product sales – Oasis Petroleum	133,975	68,115
Product sales – third parties	862	40
Total revenues	407,919	347,859
Operating expenses		
Costs of product sales	100,455	32,385
Operating and maintenance	53,632	57,917
Depreciation and amortization	37,227	40,237
Impairment	2	103,441
General and administrative	36,851	35,329
Total operating expenses	228,167	269,309
Operating income	179,752	78,550
Other income (expense)		
Interest expense, net of capitalized interest	(37,425)	(12,783)
Other income (expense)	(80)	546
Total other expenses	(37,505)	(12,237)
Income before income taxes	142,247	66,313
Income tax expense	(17)	—
Net income	142,230	66,313
Less: Net income attributable to non-controlling interests	17,025	43,238
Net income attributable to Oasis Midstream Partners LP	125,205	23,075
Less: Net income attributable to General Partner	—	4,088
Net income attributable to limited partners	$ 125,205	$ 18,987

The accompanying notes are an integral part of these consolidated financial statements.

OASIS MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Partnership				
	Common units	Subordinated units	General Partner	Non-controlling interests	Total equity
Balance as of December 31, 2019	$ 225,339	$ 66,005	$ 1,026	$ 312,258	$ 604,628
Contributions from non-controlling interests	—	—	—	5,167	5,167
Distributions to non-controlling interests	—	—	—	(75,598)	(75,598)
Distributions to unitholders	(43,333)	(29,700)	(4,087)	—	(77,120)
Equity-based compensation	268	—	—	—	268
Net income	11,262	7,725	4,088	43,238	66,313
Balance as of December 31, 2020	193,536	44,030	1,027	285,065	523,658
Contributions from non-controlling interests	—	—	—	6	6
Distributions to non-controlling interests	—	—	—	(7,615)	(7,615)
Distributions to unitholders	(92,050)	(7,425)	(1,027)	—	(100,502)
Conversion of Subordinated Units to Common Units	45,808	(45,808)	—	—	—
Distribution to Oasis Petroleum for Simplification Transaction	(231,509)	—	—	—	(231,509)
Elimination of non-controlling interests for Simplification Transaction	294,481	—	—	(294,481)	—
Common control transaction costs	(1,994)	—	—	—	(1,994)
Issuance of common units, net of offering costs	86,843	—	—	—	86,843
Redemption of common units	(86,957)	—	—	—	(86,957)
Equity-based compensation	789	—	—	—	789
Net income	116,002	9,203	—	17,025	142,230
Balance as of December 31, 2021	$ 324,949	$ —	$ —	$ —	$ 324,949

The accompanying notes are an integral part of these consolidated financial statements.

OASIS MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2021	2020
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 142,230	$ 66,313
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,227	40,237
Impairment	2	103,441
Equity-based compensation expenses	789	268
Deferred financing costs amortization and other	2,800	1,089
Working capital and other changes:		
Change in accounts receivable	(1,054)	12,963
Change in inventory	1,228	(7,331)
Change in prepaid expenses	3,239	(1,772)
Change in other current assets	649	—
Change in accounts payable and accrued liabilities	(3,415)	(1,839)
Change in other assets and liabilities, net	2,706	200
Net cash provided by operating activities	186,401	213,569
Cash flows from investing activities:		
Capital expenditures	(37,678)	(56,532)
Net cash used in investing activities	(37,678)	(56,532)
Cash flows from financing activities:		
Capital contributions from non-controlling interests	6	5,167
Distributions to Oasis Petroleum for Simplification Transaction	(231,509)	—
Distributions to non-controlling interests	(7,615)	(75,598)
Distributions to unitholders	(100,502)	(77,120)
Common control transaction costs	(1,994)	—
Proceeds from issuance of common units, net of offering costs	86,843	—
Redemption of common units	(86,957)	—
Proceeds for issuance of senior notes	450,000	—
Deferred financing costs	(12,473)	—
Proceeds from revolving credit facility	54,500	40,000
Principal payments on revolving credit facility	(301,500)	(48,500)
Other	—	(7)
Net cash used in financing activities	(151,201)	(156,058)
Increase (decrease) in cash and cash equivalents	(2,478)	979
Cash:		
Beginning of period	5,147	4,168
End of period	$ 2,669	$ 5,147
Supplemental cash flow information:		
Cash paid for interest, net of capitalized interest	$ 25,649	$ 11,694
Supplemental non-cash transactions:		
Change in accrued capital expenditures	$ 10,695	$ (29,904)
Change in asset retirement obligations	69	(973)

The accompanying notes are an integral part of these consolidated financial statements.

1. Organization and Nature of Operations

Organization. Oasis Midstream Partners LP (the "Partnership") is a premier gathering and processing master limited partnership formed by its sponsor, Oasis Petroleum Inc. (together with its subsidiaries, "Oasis Petroleum") to own, develop, operate and acquire a diversified portfolio of midstream assets in North America. The Partnership's current assets are located in the Williston and Permian Basins.

The Partnership conducts its business through its wholly-owned subsidiaries: Bighorn DevCo LLC ("Bighorn DevCo"), Bobcat DevCo LLC ("Bobcat DevCo"), Beartooth DevCo LLC ("Beartooth DevCo") and Panther DevCo LLC ("Panther DevCo" and collectively with Bighorn DevCo, Bobcat DevCo and Beartooth DevCo, the "DevCos").

As of December 31, 2021, the Partnership's assets in the DevCos were as follows:

DevCos	Areas Served	Service Lines
Bighorn DevCo	Wild Basin South Nesson	– Natural gas processing – Crude oil terminalling – Crude oil transportation – Crude oil gathering
Bobcat DevCo	Wild Basin South Nesson	– Natural gas gathering – Natural gas compression – Gas lift supply – Crude oil gathering – Produced and flowback water gathering – Produced and flowback water disposal
Beartooth DevCo	Alger Cottonwood Hebron Indian Hills Red Bank Wild Basin	– Produced and flowback water gathering – Produced and flowback water disposal – Freshwater supply and distribution
Panther DevCo	Permian Basin	– Crude oil gathering – Produced and flowback water gathering – Produced and flowback water disposal

Nature of business. The Partnership generates a substantial majority of its revenues through fee-based contractual arrangements with Oasis Petroleum for midstream services. These services include (i) gas gathering, compression, processing, gas lift supply and natural gas liquids ("NGLs") storage services; (ii) crude oil gathering, terminalling and transportation services; (iii) produced and flowback water gathering and disposal services; and (iv) freshwater supply and distribution services. The revenue earned from these services is generally directly related to the volume of natural gas, crude oil, produced and flowback water and freshwater that flows through the Partnership's systems.

The Partnership's operations are supported by significant acreage dedications from Oasis Petroleum and commitments from third party producers in the Williston Basin and Permian Basin. On June 29, 2021, Oasis Petroleum sold its remaining upstream assets in the Permian Basin to a third party buyer. The Partnership retained its midstream assets in the Permian Basin through its ownership of Panther DevCo, and all of its midstream services in the Permian Basin are now provided to third party producers. Upon closing, the commercial agreements between Panther DevCo and Oasis Petroleum were assigned to the buyer, and there were no material changes to the terms of such agreements.

2. Summary of Significant Accounting Policies and Basis of Presentation

Basis of Presentation

The accompanying consolidated financial statements of the Partnership include the accounts of Oasis Midstream Partners LP and its subsidiaries. All intercompany transactions have been eliminated in consolidation. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). We have evaluated subsequent events through the date our financial statements were available to be issued on August 25, 2022.

Simplification Transaction

On March 30, 2021, the Partnership closed the Simplification Transaction (defined below) with Oasis Petroleum to acquire Oasis Petroleum's remaining ownership interests in Bobcat DevCo and Beartooth DevCo. Prior to the Simplification Transaction, the Partnership owned a 35.5% and 70% interest in Bobcat DevCo and Beartooth DevCo, respectively. In addition, the Simplification Transaction eliminated the incentive distribution rights (the "IDRs") held by the General Partner (see Note 4 —Transactions with Affiliates).

Prior to the Simplification Transaction, the Contributed Assets (defined below) were reflected as non-controlling interests in the Partnership's consolidated financial statements. In accordance with the Financial Accounting Standard Board's ("FASB") authoritative guidance under Accounting Standards Codification ("ASC") Topic 810-10 for non-controlling interests in a common control transaction, the Partnership accounted for the Simplification Transaction as an equity transaction and adjusted the carrying amount of non-controlling interests in the consolidated financial statements to reflect the change in ownership interests. Furthermore, as the Partnership acquired additional interests in previously consolidated subsidiaries, the Simplification Transaction did not result in a change in reporting entity, as defined under the FASB authoritative guidance under ASC Topic 805, *Business Combinations*, and was accounted for on a prospective basis.

Use of Estimates

Preparation of the Partnership's consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Management evaluates estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic and commodity price environment.

Consolidation

The Partnership's consolidated financial statements include its accounts and the accounts of the DevCos, each of which is a wholly-owned subsidiary and controlled by OMP GP LLC (the "General Partner"). All intercompany balances and transactions have been eliminated upon consolidation.

Non-controlling interests. Non-controlling interests represent Oasis Petroleum's retained ownership interests in Bobcat DevCo and Beartooth DevCo of 64.7% and 30%, respectively, prior to the Simplification Transaction (defined below) in March 2021.

Variable interest entity. Prior to the Simplification Transaction (defined below), the Partnership determined that Bobcat DevCo was a variable interest entity ("VIE"), since Oasis Midstream Services LLC's ("OMS"), a wholly-owned subsidiary of Oasis Petroleum, equity at risk was established with non-substantive voting rights. As the Partnership had the authority to direct the activities that most significantly affected the economic performance of Bobcat DevCo, the Partnership was considered the primary beneficiary and consolidated Bobcat DevCo in its financial statements under the VIE consolidation model. Subsequent to the Simplification Transaction, the Partnership determined that Bobcat DevCo was not a VIE and consolidates this entity in its financial statements under the voting interest consolidation model.

As of December 31, 2021 and 2020, the Partnership determined that Bighorn DevCo, Beartooth DevCo and Panther DevCo are not VIEs and consolidates these entities in its financial statements under the voting interest consolidation model.

Significant Accounting Policies

Cash and cash equivalents. The Partnership classifies all unrestricted cash on hand and investments with original maturity dates less than 90 days as cash equivalents.

Accounts receivable. Accounts receivable are carried at cost on a gross basis, with no discounting, which approximates fair value due to their short-term maturities. The Partnership's accounts receivable consist mainly of receivables from affiliated and non-affiliated customers for performance of midstream services. Payments are generally received 30 days after receipt of invoice. On January 1, 2020, the Partnership adopted Accounting Standards Update No. 2016-13, *Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which replaces the incurred loss impairment methodology with a methodology that reflects estimated credit losses expected over the life of an exposure and requires consideration of historical data, current market conditions and reasonable and supportable forecasts to develop credit loss estimates. In accordance with ASU 2016-13, the Partnership uses the expected credit loss methodology to measure impairment of financial instruments, including accounts receivable, which may result in earlier recognition of credit losses than under previous GAAP. ASU 2016-13 does not apply to receivables between entities under common control. The adoption of ASU 2016-13 did not have a material impact on the Partnership's financial position, cash flows or results of operations.

Transactions with affiliates. Transactions between Oasis Petroleum, its affiliates and the Partnership have been identified in the consolidated financial statements as transactions with affiliates. See Note 4 — Transactions with Affiliates.

Property, plant and equipment. Property, plant and equipment consists primarily of pipelines, natural gas processing plants, produced and flowback water facilities and compressor stations. Property, plant and equipment is stated at the lower of historical cost less accumulated depreciation, or fair value, if impaired.

The Partnership capitalizes a portion of its interest expense incurred on its outstanding debt. The amount capitalized is determined by multiplying the capitalization rate by the average amount of eligible accumulated capital expenditures and is limited to actual interest costs incurred during the period. The accumulated capital expenditures included in the capitalized interest calculation begin when the first costs are incurred and end when the asset is either placed into service or written off. The Partnership capitalized $0.3 million of interest costs for the year ended December 31, 2020. These amounts are amortized over the useful life of the related assets once the assets are placed in-service. Interest costs capitalized by the Partnership for the year ended December 31, 2021 were not material.

When assets are placed into service, management makes estimates with respect to useful lives and salvage values that management believes are reasonable. However, subsequent events could cause a change in estimates, thereby impacting future depreciation amounts. Uncertainties that may impact these estimates include, among others, changes in laws and regulations relating to environmental matters, including air and water quality, restoration and abandonment requirements, economic conditions and supply and demand in the area.

Depreciation is computed over the asset's estimated useful life using the straight line method based on estimated useful lives and asset salvage values. The weighted average life of the Partnership's long-lived assets is generally 30 years. When long-lived assets are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized as gain or loss.

Impairment of long-lived assets. The Partnership routinely evaluates the ability to recover the carrying amount of long-lived assets and determines whether such long-lived assets have been impaired. Impairment exists when the carrying amount of an asset exceeds estimates of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. An impairment analysis requires management to apply judgment in identifying impairment indicators and estimating future cash flows. Impairment indicators include, but are not limited to, sustained decreases in commodity prices, a decline in customer well results and lower throughput forecasts, changes in customer development plans and/or increases in construction or operating costs. When alternative courses of action to recover the carrying amount of a long-lived asset are under consideration, estimates of future undiscounted cash flows consider possible outcomes and probabilities of their occurrence. If the carrying amount of the long-lived asset is not recoverable based on the estimated future undiscounted cash flows, the impairment loss is measured as the excess of the asset's carrying amount over its estimated fair value, such that the asset's carrying amount is adjusted to its estimated fair value with an offsetting charge to impairment expense.

Fair value represents the estimated price between market participants to sell an asset in the principal or most advantageous market for the asset, based on assumptions a market participant would make. When warranted, management assesses the fair value of long-lived assets using commonly accepted techniques and may use more than one source in making such assessments. The factors used to determine fair value are subject to management's judgment and expertise and include, but are not limited to, internally developed discounted cash flow analysis. Significant changes, such as changes in contract rates or terms, the condition of an asset or management's intent to utilize the asset, generally require management to reassess the cash flows related to long-lived assets. A reduction of the carrying value of fixed assets would represent a Level 3 fair value measurement.

If actual results are not consistent with assumptions and estimates, or assumptions and estimates change due to new information, the Partnership may be exposed to additional impairment charges. Ultimately, a prolonged period of lower commodity prices may adversely affect the estimate of future operating results through lower throughput volumes on the Partnership's assets, which could result in future impairment charges due to the potential impact on operations and cash flows.

Asset retirement obligations ("ARO"). The Partnership records the fair value of a liability for a legal obligation to retire an asset in the period in which the liability is incurred, with the corresponding cost capitalized by increasing the carrying amount of the related long-lived asset. For produced and flowback water disposal wells, this is the period in which the well is drilled or acquired. The ARO represents the estimated amount the Partnership will incur to plug, abandon and remediate the produced and flowback water properties at the end of their useful lives, in accordance with applicable state laws. The liability is accreted to its present value each period and the capitalized costs are depreciated using the straight-line method. The accretion expense is recorded as a component of depreciation and amortization in the Consolidated Statements of Operations.

Some assets, including certain pipelines and the Partnership's natural gas processing plants, have contractual or regulatory obligations to perform remediation and, in some instances, dismantlement and removal activities when the assets are abandoned. The Partnership is not able to reasonably estimate the fair value of the ARO for these assets because the settlement dates are indeterminable given the expected continued use of the assets with proper maintenance. The Partnership will record an ARO for these assets in the periods in which the settlement dates become reasonably determinable.

The Partnership determines the ARO, which represents a non-financial liability which is measured at fair value on a non-recurring basis, by calculating the present value of estimated cash flows related to the liability. Estimating the future ARO requires management to make estimates and judgments regarding timing and existence of a liability, as well as what constitutes adequate restoration. Inherent in the fair value calculation are numerous assumptions and judgments including the ultimate costs, inflation factors, credit adjusted discount rates, timing of settlement and changes in the legal, regulatory, environmental and political environments. These assumptions represent Level 3 inputs. To the extent future revisions to these assumptions impact the fair value of the existing ARO liability, a corresponding adjustment is made to the related asset.

Deferred financing costs. The Partnership capitalizes directly attributable costs incurred in connection with obtaining debt financing. These costs are amortized over the term of the related financing using the straight-line method, which approximates the effective interest method. The amortization expense is recorded as a component of interest expense in the Consolidated Statements of Operations. The deferred financing costs related to the Partnership's revolving credit facility are included in other assets on the Consolidated Balance Sheets.

Equity-based compensation. The Partnership has granted restricted unit awards under the Oasis Midstream Partners LP 2017 Long Term Incentive Plan ("LTIP"). The Partnership accounts for restricted units granted to certain independent directors of the General Partner as equity-classified awards in accordance with GAAP, as the Partnership intends to settle these awards in common units. Forfeitures associated with awards granted under the LTIP are accounted for when they occur.

Income taxes. The Partnership is not a taxable entity for United States federal income tax purposes or for the majority of states that impose an income tax. Generally, each partner is separately taxed on its share of taxable income. Due to its operations in the Permian Basin, the Partnership is subject to the Texas margin tax, which is considered an income tax under GAAP. During both the years ended December 31, 2021 and 2020, the Partnership recorded state income tax provisions of less than $0.1 million.

Revenue recognition. The Partnership generates revenues primarily by charging fees for (i) crude oil gathering, terminalling and transportation, (ii) natural gas gathering, gas lift supply, compression and processing, (iii) produced and flowback water gathering and disposal and (iv) freshwater distribution.

The Partnership categorizes revenues as service revenues or product sales in its Consolidated Statements of Operations. For revenues generated under fee-based arrangements, the Partnership records the fees attributable to such arrangements as service revenues in its Consolidated Statements of Operations. Under fee-based arrangements, the Partnership does not take ownership of the volumes it handles for its customers and receives fees for midstream services it provides. Revenues are recognized based upon the transaction price at month-end under the right to invoice practical expedient. For revenues generated under purchase arrangements, the Partnership takes ownership of the product prior to sale and is the principal in the transaction. Revenues and expenses are generally recognized on a gross basis.

Under the provisions of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* and a series of related accounting standards updates incorporated into GAAP as Accounting Standards Codification Topic 606 ("ASC 606"), the unit of account 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. Disclosures in accordance with the requirements of ASC 606 have been provided in Note 3 - Revenue Recognition.

Common control transactions. The Partnership accounts for assets acquired from Oasis Petroleum and its wholly-owned subsidiaries as common control transactions whereby the net assets acquired are recorded at historical carrying value at the date of transfer. Consideration transferred in excess of the carrying value of the net assets acquired is recorded to equity as a deemed distribution. Common control transactions involving the transfer of a business or the transfer of net assets result in a change in reporting entity and require prior periods to be retrospectively adjusted.

Leases. The Partnership's operating and finance leases consist primarily of equipment and land easements. The operating lease right-of-use ("ROU") asset also includes any lease incentives in the recognition of the present value of future lease payments. The Partnership considers renewal and termination options in determining the lease term used to establish its ROU assets and lease liabilities to the extent the Partnership is reasonably certain to exercise the renewal or termination. The Partnership's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As most of the Partnership's leases do not provide an implicit rate, the Partnership uses its incremental borrowing rate based on the information available at commencement date in determining the present value of future lease payments. The Partnership has determined the respective incremental borrowing rates based upon the rate of interest that would have been paid on a collateralized basis over similar tenors to that of the leases.

Concentrations of Market and Credit Risk

The Partnership has limited direct exposure to risks associated with fluctuating commodity prices due to the nature of its business and its long-term, fixed-fee contractual arrangements with its customers. However, to the extent that the future contractual arrangements with customers, including Oasis Petroleum or third parties, do not provide for fixed-fee structures, the Partnership may become subject to commodity price risk. In addition, in response to a prolonged low commodity price environment, the Partnership's customers could seek to amend existing contractual arrangements to reduce the volumetric fees the Partnership charges.

As a substantial majority of the Partnership's revenues are derived from Oasis Petroleum, the Partnership is indirectly subject to risks associated with fluctuating commodity prices to the extent that lower commodity prices adversely affect Oasis Petroleum's production, drilling schedule, financial condition, leverage, market reputation, liquidity, results of operations or cash flows. See Note 4 — Transactions with Affiliates.

COVID-19

The Partnership considers the impact of the ongoing COVID-19 pandemic on the assumptions and estimates used by management in the consolidated financial statements. During the year ended December 31, 2020, the Partnership recognized material asset impairment charges following the identification of impairment indicators at March 31, 2020. Management's estimates and assumptions were based on historical data and consideration of future market conditions. Given the uncertainty inherent in any projection, heightened by the possibility of unforeseen additional impacts from COVID-19, actual results may differ from the estimates and assumptions used, or conditions may change, which could materially affect amounts reported in the consolidated financial statements in the near term. See Note 6 — Property, Plant and Equipment.

3. Revenue Recognition

The Partnership categorizes revenues as service revenues or product sales under the following types of arrangements:

Fee-based arrangements. Revenues generated under fee-based arrangements are reported as service revenues on the Consolidated Statements of Operations. Under fee-based arrangements, the Partnership receives a fee for midstream services provided to its customers, and revenues are recognized using the output method for measuring the satisfaction of performance obligations. Revenues earned under fee-based arrangements are generally directly related to the volume of crude oil, natural gas and produced and flowback water that flows through the Partnership's systems, and the Partnership generally does not take ownership of the volumes it handles for its customers. Payments under fee-based arrangements are generally due 30 days after receipt of invoice. The Partnership generates revenues under fee-based arrangements as follows:

- *Crude oil and natural gas.* The Partnership is party to certain contracts with customers for crude oil gathering, terminalling and transportation, as well as natural gas gathering, compression, processing and gas lift supply services. Under these contracts, the Partnership provides daily integrated midstream services on a stand ready basis over a period of time, which represents a single performance obligation since the customer simultaneously receives and consumes the benefits of these services on a daily basis. Satisfaction of the performance obligation is measured as each day of service is completed, which directly corresponds with its right to consideration from the customer. Revenues associated with these contracts are recognized based upon the transaction price at month-end under the right to invoice practical expedient.
- *Produced and flowback water.* The Partnership is party to certain contracts with customers for produced and flowback water gathering and disposal services. Under these contracts, the Partnership provides daily integrated midstream services on a stand ready basis over a period of time, which represents a single performance obligation since the customer simultaneously receives and consumes the benefits of these services on a daily basis. Satisfaction of the performance obligation is measured as each day of service is completed, which directly corresponds with its right to consideration from the customer. Revenues associated with these contracts are recognized based upon the transaction price at month-end under the right to invoice practical expedient.

Purchase arrangements. Revenues generated under purchase arrangements are reported as product sales on the Consolidated Statements of Operations. The Partnership recognizes revenues using the output method for measuring the satisfaction of performance obligations based upon the volume of crude oil, natural gas, NGLs or freshwater delivered to its customers. Revenues associated with purchase arrangements are recognized at a point in time based upon the transaction price when title, control and risk of loss transfers to the customer, which occurs at the delivery point. Payments under purchase arrangements are generally due 30 days after receipt of invoice. The Partnership generates revenues under purchase arrangements as follows:

- *Crude oil.* The Partnership is party to certain purchase arrangements for the transportation of crude oil pursuant to which the Partnership purchases crude oil from a counterparty at a receipt point and sells crude oil to the same counterparty at a delivery point. These transactions are generally in contemplation of one another, and the purchase and sale is settled on a net basis at the contractual price. The Partnership accounts for these transactions on a net basis in accordance with ASC 845, *Nonmonetary Transactions*.
- *Natural gas and NGL.* The Partnership is party to certain purchase arrangements pursuant to which the Partnership purchases natural gas from a third party at a connection point and obtains control prior to performing services. The Partnership gathers, compresses and/or processes the natural gas and then redelivers the residue gas and NGLs to a different counterparty at market-based prices. These transactions are recorded on a gross basis, since the Partnership takes control of the product prior to sale and is the principal in the transaction.
- *Freshwater.* The Partnership is party to certain contracts with customers for freshwater distribution. Under these contracts, the Partnership distributes freshwater to its customers for hydraulic fracturing and production optimization. These contracts contain multiple distinct performance obligations since each freshwater barrel can be sold separately and is not dependent or highly interrelated with other barrels. These transactions are recorded on a gross basis, since the Partnership takes control of the product prior to sale and is the principal in the transaction.

Disaggregation of revenues

The following table summarizes revenues associated with contracts with customers for crude oil, natural gas and water services for the periods presented:

	Year Ended December 31, 2021	2020
	(In thousands)	
Service revenues		
Crude oil, natural gas and NGL revenues	$179,619	$175,738
Produced and flowback water revenues	93,463	103,966
Total service revenues	273,082	279,704
Product revenues		
Crude oil, natural gas and NGL revenues	126,616	56,885
Freshwater revenues	8,221	11,270
Total product revenues	134,837	68,155
Total revenues	$407,919	$347,859

Prior period performance obligations

The Partnership records revenue when the performance obligations under the terms of its contracts with customers are satisfied. The Partnership measures the satisfaction of its performance obligations using the output method based upon the volume of crude oil, natural gas or water that flows through its systems. In certain cases, the Partnership is required to estimate these volumes during a reporting period and record any differences between the estimated volumes and actual volumes in the following reporting period. Such differences have historically not been significant. For the years ended December 31, 2021 and 2020, revenue recognized related to performance obligations satisfied in prior reporting periods was not material.

Contract balances

Contract balances are the result of timing differences between revenue recognition, billings and cash collections. Contract assets relate to revenue recognized for accrued deficiency fees associated with minimum volume commitments, where the Partnership believes it is probable there will be a shortfall payment and that a significant reversal of revenue recognized will not occur once the related performance period is completed and the customer is billed. Contract liabilities relate to aid in construction payments received from customers, which are recognized as revenue over the expected period of future benefit. The Partnership does not recognize contract assets or contract liabilities under its customer contracts for which invoicing occurs once the Partnership's performance obligations have been satisfied and payment is unconditional. Contract balances are classified as current or long-term based on the timing of when the Partnership expects to receive cash for contract assets or recognize revenue for contract liabilities. Contract assets are recorded under other current assets on the Consolidated Balance Sheets. Contract liabilities are recorded under other current liabilities and other liabilities on the Consolidated Balance Sheets. The Partnership's contract asset balances were not material as of December 31, 2021 or 2020.

The following table summarizes the changes in contract liabilities for the periods presented:

	December 31, 2021	2020
	(In thousands)	
Beginning of period	$5,421	$3,681
Cash received	3,231	2,293
Revenue recognized	(538)	(553)
End of period	$8,114	$5,421

Remaining performance obligations

ASC 606 requires presentation of information about partially and wholly unsatisfied performance obligations under contracts that exist as of the end of the period. The following table presents estimated revenue allocated to remaining performance obligations for contracted revenues that are unsatisfied (or partially satisfied) as of December 31, 2021:

	(In thousands)
2022	$ 16,394
2023	10,896
2024	11,089
2025	2,768
2026	—
Total	$ 41,147

The partially and wholly unsatisfied performance obligations presented in the table above are generally limited to customer contracts which have fixed pricing and fixed volume terms and conditions, which generally include customer contracts with minimum volume commitment payment obligations.

The Partnership has elected practical expedients, pursuant to ASC 606, to exclude from the presentation of remaining performance obligations: (i) contracts with index-based pricing or variable volume attributes in which such variable consideration is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer a distinct service that forms part of a series of distinct services and (ii) contracts with an original expected duration of one year or less.

4. Transactions with Affiliates

Revenues. The Partnership generates the substantial majority of its revenues through fee-based contractual arrangements with wholly-owned subsidiaries of Oasis Petroleum for midstream services. These services include (i) gas gathering, compression, processing and gas lift supply services; (ii) crude gathering, terminalling and transportation services; (iii) produced and flowback water gathering and disposal services; and (iv) freshwater distribution services. The revenue earned from these services is generally directly related to the volume of crude oil, natural gas, and produced and flowback water and freshwater that flows through the Partnership's systems, and the Partnership generally does not take ownership of the crude oil or natural gas that it handles for Oasis Petroleum.

Expenses. Oasis Petroleum provides substantial labor and overhead support for the Partnership pursuant to a services and secondment agreement (the "Services and Secondment Agreement"). Oasis Petroleum performs centralized corporate, general and administrative services for the Partnership, such as legal, corporate recordkeeping, planning, budgeting, regulatory, accounting, billing, business development, treasury, insurance administration and claims processing, risk management, health, safety and environmental, information technology, human resources, investor relations, cash management and banking, payroll, internal audit, tax and engineering. Oasis Petroleum has also seconded to the Partnership certain of its employees to operate, construct, manage and maintain its assets. The Partnership reimburses Oasis Petroleum for direct and allocated general and administrative expenses incurred by Oasis Petroleum for the provision of these services. The expenses of executive officers and non-executive employees of Oasis Petroleum are allocated to the Partnership based on the amount of time spent managing its business and operations.

The Partnership's general and administrative expenses include $26.4 million and $31.8 million from affiliate transactions with Oasis Petroleum for the years ended December 31, 2021 and 2020, respectively.

Simplification Transaction. On March 30, 2021, the Partnership consummated the transactions contemplated by the Contribution and Simplification Agreement (the "Contribution and Simplification Agreement"), dated as of March 22, 2021, by and among the Partnership, OMS Holdings LLC ("OMS Holdings"), Oasis Midstream Services LLC ("OMS"), the General Partner, OMP Operating LLC ("OMP Operating"), OMP DevCo Holdings Corp, Beartooth DevCo LLC ("Beartooth DevCo"), Bobcat DevCo LLC ("Bobcat DevCo"), OMS Holdings Merger Sub, LLC, a wholly-owned subsidiary of OMS Holdings, and for limited purposes set forth therein, Oasis Petroleum.

Pursuant to the Contribution and Simplification Agreement, among other things, (a) Oasis Petroleum contributed to the Partnership its remaining limited liability company interests in Bobcat DevCo and Beartooth DevCo of 64.7% and 30.0% (the “Contributed Assets”), respectively, in exchange for total consideration of $512.5 million composed of (x) a cash distribution of $231.5 million, sourced from the net proceeds of the offering of the Senior Notes (defined below) and (y) 12,949,644 common units representing limited partner interests in the Partnership, (b) the Partnership’s IDRs were cancelled and converted into 1,850,356 common units representing limited partner interests in the Partnership (the “IDR Elimination” and such common units, the “IDR Conversion Common Units”), and (c) the IDR Conversion Common Units were distributed on a pro-rata basis by the General Partner to the holders of its Class A Units and Class B Units, such that following such distribution, Oasis Petroleum, through its wholly-owned subsidiary OMS Holdings, is the sole member of the General Partner (the foregoing clauses (a), (b) and (c), the “Simplification Transaction”). The Contribution and Simplification Agreement also implemented among other things, a right of first refusal in favor of the Partnership with respect to the midstream opportunities in the Painted Woods and City of Williston operating areas of Oasis Petroleum and the amendment and restatement of the (x) agreement of limited partnership of the Partnership and (y) limited liability company agreement of the General Partner to reflect the Simplification Transaction.

The effective date of the Simplification Transaction was January 1, 2021 and was accounted for on the closing date of March 30, 2021. As a result, net income was allocated to Oasis Petroleum’s non-controlling interests in Bobcat DevCo and Beartooth DevCo until the closing date. The cash distribution to Oasis Petroleum of $231.5 million includes: (i) $229.0 million cash component of the purchase price, (ii) $10.1 million upward adjustment to the purchase price related to the expanded project dedication to the Partnership in South Nesson and (iii) $7.6 million downward adjustment to the purchase price related to activity between the effective date and the close date. At March 30, 2021, Oasis Petroleum’s non-controlling interests in Bobcat DevCo and Beartooth DevCo were eliminated, and Oasis Petroleum no longer owns any of the limited liability company interests of Bobcat DevCo or Beartooth DevCo.

Redemption of Common Units from Oasis Petroleum. On June 29, 2021, the Partnership redeemed 3,623,188 common units from Oasis Petroleum for $87.0 million. The proceeds to redeem such common units from Oasis Petroleum were derived from the Equity Offering (defined in Note 12 – Partnership Equity and Distributions). As of December 31, 2021, Oasis Petroleum owns approximately 70% of the Partnership’s outstanding common units.

5. Accrued Liabilities

Accrued liabilities consist of the following:

	December 31,	
	2021	2020
	(In thousands)	
Accrued capital costs	$13,895	$ 3,200
Accrued operating expenses	10,864	8,204
Other accrued liabilities	11,206	6,527
Total accrued liabilities	$35,965	$17,931

6. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	December 31, 2021	December 31, 2020
	(In thousands)	
Pipelines	$ 547,238	$ 532,546
Natural gas processing plants	305,828	301,820
Produced and flowback water facilities	125,033	123,047
Compressor stations	192,216	185,474
Other property and equipment	34,301	34,548
Construction in progress	24,575	3,384
Total property, plant and equipment	1,229,191	1,180,819
Less: accumulated depreciation, amortization and impairment	(277,999)	(240,877)
Total property, plant and equipment, net	$ 951,192	$ 939,942

Long-lived asset impairment. Property, plant and equipment is stated at the lower of historical cost less accumulated depreciation or fair value if impaired. The Partnership routinely evaluates the existence of triggering events which could indicate the carrying amount of its property, plant and equipment may not be recoverable. Impairment indicators include, but are not limited to, sustained decreases in commodity prices, a decline in customer well results and lower throughput forecasts, changes in customer development plans and/or increases in construction or operating costs.

Due to a reduction in demand for midstream services as a result of lower commodity prices and the unprecedented impact of the COVID-19 pandemic, the Partnership concluded impairment indicators existed at March 31, 2020. The Partnership completed a Step 1 impairment analysis by comparing the undiscounted future cash flows to the carrying amounts for each of its crude oil, natural gas, freshwater and produced and flowback water asset groups in the Williston and Permian Basins. The Partnership concluded the carrying amounts for certain of its asset groups were not recoverable and recorded an impairment charge of $101.8 million to reduce the carrying value of its property, plant and equipment to the estimated fair value.

In the Williston Basin, the Partnership recorded impairment charges of $35.8 million related to its crude oil asset group and $33.1 million related to its freshwater asset group. In the Permian Basin, the Partnership recorded impairment charges of $17.9 million related to its crude oil asset group and $15.0 million related to its produced and flowback water asset group. The Partnership determined no impairment indicators existed as of December 31, 2020, and as a result, the Partnership did not record any additional impairments during 2021 or 2020.

Fair value measurements. Impairment expense was measured as the excess of the asset group's carrying amount over its estimated fair value. Fair value was measured using a discounted cash flow model using Level 3 inputs. The inputs used are subject to management's judgment and expertise and include, but are not limited to, estimated throughput volumes, estimated fixed and variable operating costs, estimated capital costs, estimated useful life of the asset group and discount rate. The estimated future cash flows were discounted at a market-based weighted average cost of capital of 10.4%. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the impairment analysis will prove to be an accurate prediction of the future.

Potential future long-lived asset impairment. If commodity prices decline or remain at depressed levels for a prolonged period of time, if there are shut-ins of production from customers' existing producing wells or if there are significant changes in customers' future development plans, including Oasis Petroleum, to the extent they affect the Partnership's operations, such circumstances may necessitate assessment of the carrying amount of the Partnership's affected assets for recoverability and may result in additional impairment charges in the future. In addition, if the United States oil and gas industry continues to experience an imbalance of supply and demand, the Partnership's operations could be adversely affected and future impairment charges could be incurred.

7. Long-Term Debt

Long-term debt consists of the following:

	December 31,	
	2021	2020
	(In thousands)	
Revolving Credit Facility	$203,000	$450,000
8.00% senior unsecured notes due April 1, 2029	450,000	—
Less: unamortized deferred financing costs on senior unsecured notes	(8,923)	—
Total long-term debt	$644,077	$450,000

Revolving Credit Facility

The Partnership has a revolving credit facility among OMP Operating, as borrower, Wells Fargo Bank, N.A., as administrative agent and the lenders party thereto (as amended, the "Revolving Credit Facility"). On March 22, 2021, the Partnership entered into the Fourth Amendment to the Revolving Credit Facility (the "Fourth Amendment") to, among other things, (i) provide for the occurrence of the transactions pursuant to the Simplification Transaction, (ii) amend the consolidated total leverage ratio financial covenant to no greater than 5.00 to 1.00, (iii) amend the consolidated senior secured leverage ratio to no greater than 3.00 to 1.00, (iv) amend the consolidated interest coverage ratio to no less than 2.50 to 1.00, (v) provide for the issuance of the Senior Notes (defined below), (vi) decrease the aggregate lender commitments to $450.0 million from $575.0 million, (vii) increase pricing for credit and (viii) extend the maturity date from September 25, 2022 until at least September 30, 2024. In connection with the Fourth Amendment to the Revolving Credit Facility, the Partnership recorded deferred financing costs of $2.6 million. In addition, the Partnership accelerated $1.1 million of unamortized deferred financing costs in the first quarter of 2021.

Following the Fourth Amendment, the applicable margin for borrowings under the Revolving Credit Facility varies from (a) in the case of LIBOR loans (defined in the Revolving Credit Facility as Eurodollar Loans), 2.25% to 3.25%, and (b) in the case of domestic bank prime rate loans (defined in the Revolving Credit Facility as ABR Loans) or swingline loans, 1.25% to 2.25%. The unused portion of the Revolving Credit Facility is subject to a commitment fee ranging from 0.375% to 0.500%.

At December 31, 2021, the aggregate amount of elected commitments under the Revolving Credit Facility was $450.0 million, As of December 31, 2021, the Partnership had $203.0 million of borrowings outstanding under the Revolving Credit Facility and a de minimis outstanding letter of credit, resulting in an unused borrowing capacity of $242.0 million. As of December 31, 2020, the Partnership had $450.0 million of borrowings outstanding under the Revolving Credit Facility and a de minimis outstanding letter of credit. For the years ended December 31, 2021 and 2020, the weighted average interest rate incurred on borrowings under the Revolving Credit Facility was 2.3% and 2.4%, respectively. The fair value of the Revolving Credit Facility approximates its carrying value since borrowings under the Revolving Credit Facility bear interest at variable rates, which are tied to current market rates.

The Revolving Credit Facility contains customary events of default, as well as cross-default provisions with other indebtedness of the Partnership and its restricted subsidiaries. If an event of default occurs and is continuing, the lenders may declare all amounts outstanding under the Revolving Credit Facility to be immediately due and payable. There are no cross-default provisions between the Revolving Credit Facility and the indebtedness of Oasis Petroleum and its restricted subsidiaries.

Concurrent with the closing of the Mergers, as defined in Note 13 - Subsequent Events, the Revolving Credit Facility was repaid in full.

Senior Unsecured Notes

On March 30, 2021, the Partnership and OMP Finance Corp. ("OMP Finance" and together with the Partnership, the "Issuers") issued in a private placement $450.0 million of 8.00% senior unsecured notes due April 1, 2029 (the "Senior Notes"). The Senior Notes were issued at par and resulted in net proceeds, after deducting the underwriters' gross spread, of $442.1 million. The Partnership used the net proceeds from the Senior Notes to: (i) make a distribution to OMS of $231.5 million in connection with the Simplification Transaction, (ii) repay $204.0 million of outstanding principal borrowings and $0.5 million of accrued interest under the Revolving Credit Facility and (iii) pay approximately $6.1 million in fees and other expenses. In connection with the issuance of the Senior Notes, the Partnership recorded deferred financing costs of $9.9 million which are being amortized over the term of the Senior Notes. The fair value of the Senior Notes, which are publicly traded among qualified institutional investors and represent a Level 1 measurement, was $497.0 million at December 31, 2021.

Interest on the Senior Notes is payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2021. The Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by the Issuers, along with the Partnership's wholly-owned subsidiaries (the "Guarantors"). The Senior Notes guarantees are joint and several obligations of the Guarantors. The Issuers and Guarantors do not have any significant restrictions on the ability to obtain funds from its subsidiaries by dividend or loan. In addition, there are no restrictions on the subsidiaries to transfer funds, and as such, there are no restricted net assets to disclose.

The indenture governing the Senior Notes contains certain covenants that, subject to certain exceptions and qualifications, among other things, limit the Partnership's ability and the ability of its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness or issue certain redeemable or preferred equity, (ii) make certain investments, (iii) declare or pay dividends or make distributions on equity interests or redeem, repurchase or retire equity interests or subordinated indebtedness, (iv) transfer or sell assets including equity of restricted subsidiaries, (v) agree to payment restrictions affecting the Partnership's restricted subsidiaries, (vi) consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, (vii) enter into transactions with affiliates, (viii) incur liens and (ix) designate certain of the Partnership's subsidiaries as unrestricted subsidiaries. In addition, the indenture governing the Senior Notes contains cross-default provisions with other indebtedness of the Partnership and its restricted subsidiaries; however, there are no cross-default provisions with the indebtedness of Oasis Petroleum and its restricted subsidiaries.

8. Inventory

Inventory consists primarily of spare parts and equipment related to the Partnership's midstream infrastructure. Inventory is stated at the lower of cost and net realizable value with cost determined on an average cost method. The Partnership assesses the carrying value of inventory and uses estimates and judgments when making any adjustments necessary to reduce the carrying value to net realizable value. Due to lower market prices, the Partnership recorded an inventory write-down of less than $0.1 million and $0.6 million for the years ended December 31, 2021 and 2020, respectively.

The carrying value of the Partnership's inventory was $5.8 million and $7.0 million at December 31, 2021 and 2020, respectively.

9. Leases

The following table sets forth information about the Partnership's lease costs for the periods presented:

	December 31,	
	2021	2020
	(In thousands)	
Operating lease costs	$1,028	$2,637
Variable lease costs	275	258
Finance lease costs:		
Amortization of ROU assets	1	28
Interest on lease liabilities	—	24
Total lease costs	$1,304	$2,947

The operating lease costs disclosed above are included in operating and maintenance expenses on the Partnership's Consolidated Statements of Operations. The variable lease costs are included in general and administrative expenses on the Consolidated Statements of Operations. The finance lease costs for the amortization of ROU assets and the interest on lease liabilities disclosed above are included in depreciation and amortization and interest expense, net of capitalized interest, respectively, on the Consolidated Statements of Operations.

The following table sets forth supplemental balance sheet information related to the Partnership's leases for the periods presented:

	Balance Sheet Location	December 31, 2021	December 31, 2020
		(In thousands)	
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 671	$ 1,643
Finance lease assets	Other assets	—	570
Total lease assets		$ 671	$ 2,213
Liabilities			
Current			
Operating lease liabilities	Current operating lease liabilities	$ 733	$ 945
Finance lease liabilities	Other current liabilities	—	21
Long-term			
Operating lease liabilities	Operating lease liabilities	—	733
Finance lease liabilities	Other liabilities	—	549
Total lease liabilities		$ 733	$ 2,248

The following table sets forth supplemental cash flow information related to the Partnership's leases for the periods presented:

	December 31, 2021	December 31, 2020
	(In thousands)	
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$2,071	$3,155

The following table sets forth the weighted-average remaining lease terms and discount rates for the Partnership's leases for the periods presented:

	December 31, 2021	December 31, 2020
Operating Leases		
Weighted average remaining lease term	1.7 years	1.7 years
Weighted average discount rate	3.7%	3.9%
Finance Leases		
Weighted average remaining lease term	1.1 years	18.2 years
Weighted average discount rate	3.5%	4.3%

10. Commitments and Contingencies

Included below is a description of the Partnership's various future commitments as of December 31, 2021. The commitments under these arrangements are not recorded in the accompanying Consolidated Balance Sheets in accordance with GAAP. The amounts disclosed represent undiscounted cash flows on a gross basis and no inflation elements have been applied.

Volume commitment agreements. As of December 31, 2021, the Partnership had certain agreements with an aggregate requirement to either deliver or purchase a minimum quantity of approximately 7.6 million barrels of water and approximately 18.9 million barrels of crude oil, prior to any applicable volume credits, within specified timeframes, all of which are ten years or less.

The estimable future commitments under these volume commitment agreements as of December 31, 2021 were as follows:

	(In thousands)
2022	$ 1,176
2023	1,585
2024	1,542
2025	999
2026	690
Thereafter	2,612
Total	$ 8,604

Litigation. The Partnership is party to various legal and/or regulatory proceedings from time to time arising in the ordinary course of business. When the Partnership determines that a loss is probable of occurring and is reasonably estimable, the Partnership accrues an undiscounted liability for such contingencies based on its best estimate using information available at the time. The Partnership discloses contingencies where an adverse outcome may be material, or where in the judgment of management, the matter should otherwise be disclosed.

Mirada litigation. On March 23, 2017, Mirada Energy, LLC, Mirada Wild Basin Holding Company, LLC and Mirada Energy Fund I, LLC (collectively, "Mirada") filed a lawsuit against Oasis Petroleum, Oasis Petroleum North America LLC ("OPNA"), and OMS, seeking monetary damages in excess of $100 million, declaratory relief, attorneys' fees and costs (Mirada Energy, LLC, et al. v. Oasis Petroleum North America LLC, et al.; in the 334th Judicial District Court of Harris County, Texas; Case Number 2017-19911). Mirada asserts that it is a working interest owner in certain acreage owned and operated by Oasis Petroleum in Wild Basin. Specifically, Mirada asserts that Oasis Petroleum has breached certain agreements by: (1) failing to allow Mirada to participate in Oasis Petroleum's midstream operations in Wild Basin; (2) refusing to provide Mirada with information that Mirada contends is required under certain agreements and failing to provide information in a timely fashion; (3) failing to consult with Mirada and failing to obtain Mirada's consent prior to drilling more than one well at a time in Wild Basin; and (4) overstating the estimated costs of proposed well operations in Wild Basin. Mirada seeks a declaratory judgment that Oasis Petroleum be removed as operator in Wild Basin at Mirada's election and that Mirada be allowed to elect a new operator; certain agreements apply to Oasis Petroleum and Mirada and Wild Basin with respect to this dispute; Oasis Petroleum be required to provide all information within its possession regarding proposed or ongoing operations in Wild Basin; and Oasis Petroleum not be permitted to drill, or propose to drill, more than one well at a time in Wild Basin without obtaining Mirada's consent. Mirada also seeks a declaratory judgment with respect to Oasis Petroleum's current midstream operations in Wild Basin. Specifically, Mirada seeks a declaratory judgment that Mirada has a right to participate in Oasis Petroleum's Wild Basin midstream operations, consisting of produced and flowback water disposal, crude oil gathering and natural gas gathering and processing; that, upon Mirada's election to participate, Mirada is obligated to pay its proportionate costs of Oasis Petroleum's midstream operations in Wild Basin; and that Mirada would then be entitled to receive a share of revenues from the midstream operations and would not be charged any amount for its use of these facilities for production from the "Contract Area."

On June 30, 2017, Mirada amended its original petition to add a claim that Oasis Petroleum has breached certain agreements by charging Mirada for midstream services provided by its affiliates and to seek a declaratory judgment that Mirada is entitled to be paid its share of total proceeds from the sale of hydrocarbons received by OPNA or any affiliate of OPNA without deductions for midstream services provided by OPNA or its affiliates.

On February 2, 2018 and February 16, 2018, Mirada filed a second and third amended petition, respectively. In these filings, Mirada alleged new legal theories for being entitled to enforce the underlying contracts, and added Bighorn DevCo, Bobcat DevCo and Beartooth DevCo as defendants, asserting that these entities were created in bad faith in an effort to avoid contractual obligations owed to Mirada.

On March 2, 2018, Mirada filed a fourth amended petition that described Mirada's alleged ownership and assignment of interests in assets purportedly governed by agreements at issue in the lawsuit. On August 31, 2018, Mirada filed a fifth amended petition that added the Partnership as a defendant, asserting that it was created in bad faith in an effort to avoid contractual obligations owed to Mirada.

On July 2, 2019, Oasis Petroleum, OPNA, OMS, the Partnership, Bighorn DevCo, Bobcat DevCo and Beartooth DevCo (collectively "Oasis Entities") counterclaimed against Mirada for a judgment declaring that Oasis Entities are not obligated to purchase, manage, gather, transport, compress, process, market, sell or otherwise handle Mirada's proportionate share of crude oil and natural gas produced from OPNA-operated wells. The counterclaim also seeks attorney's fees, costs and expenses.

On November 1, 2019, Mirada filed a sixth amended petition that stated that Mirada seeks in excess of $200 million in damages and asserted that OMS is an agent of OPNA and OPNA, OMS, the Partnership, Bighorn DevCo, Bobcat DevCo and Beartooth DevCo are agents of Oasis Petroleum. Mirada also changed its allegation that it may elect a new operator for the subject wells to instead allege that Mirada may remove Oasis Petroleum as operator.

On November 1, 2019, the Oasis Entities amended their counterclaim against Mirada for a judgment declaring that a provision in one of the agreements does not incorporate by reference any provisions in a certain participation agreement and joint operating agreement. The additional counterclaim also seeks attorney's fees, costs and expenses. On the same day, the Oasis Entities filed an amended answer asserting additional defenses against Mirada's claims.

On March 13, 2020, Mirada filed a seventh amended petition that did not assert any new causes of action and did not add any new parties. Mirada did add an allegation that Oasis Petroleum breached its implied duty of good faith and fair dealing with respect to certain contracts.

On April 30, 2020, Mirada abandoned its prior claims related to overstating the estimated costs of proposed well operations in Wild Basin.

On September 28, 2020, the Oasis Entities entered into a Settlement and Mutual Release Agreement (the "Mirada Settlement Agreement") with Mirada. The Mirada Settlement Agreement provides for, among other things, payment by OPNA to certain Mirada related parties of $42.8 million ($20 million of which was paid on the effective date of the Oasis Petroleum Restructuring Plan, and the remaining balance of $22.8 million was paid by Oasis Petroleum in May 2021). None of the Partnership, Bighorn DevCo, Bobcat DevCo, or Beartooth DevCo contributed to the settlement payment.

11. Equity-Based Compensation

The LTIP provides for the grant, at the discretion of the board of directors of the General Partner, of options, unit appreciation rights, restricted units, phantom units, and other unit or cash-based awards. The purpose of awards under the LTIP is to provide additional incentive compensation to individuals providing services to the Partnership and to align the economic interests of such individuals with the interests of the Partnership's unitholders.

As of December 31, 2021, the aggregate number of common units that may be issued pursuant to any and all awards under the LTIP is equal to 3,131,474 common units, subject to adjustment due to recapitalization or reorganization, or related to forfeitures or expiration of awards, as provided under the LTIP. On January 1 of each calendar year following the adoption and prior to the expiration of the LTIP, the total number of common units that may be issued pursuant to the LTIP automatically increases by a number of common units equal to one percent of the number of common units outstanding on a fully diluted basis as of the close of business on the immediately preceding December 31 (calculated by adding to the number of common units outstanding, all outstanding securities convertible into common units on such date on an as converted basis). As a result of this adjustment, an additional 486,277 common units were reserved for issuance pursuant to awards under the LTIP on January 1, 2022. On February 1, 2022, all of the common units outstanding under the LTIP became fully vested in conjunction with the Partnership's merger with Crestwood Equity Partners LP. See Note 13 - Subsequent Events for a further discussion of the merger.

Restricted unit awards. The Partnership has granted to independent directors of the General Partner restricted unit awards under the LTIP, which vest over a one year period. These awards are accounted for as equity-classified awards since the awards will settle in common units upon vesting. Under the fair value method for equity-classified awards, equity-based compensation expense is measured at the grant date based on the fair value of the award and is recognized over the service period.

The following table summarizes information related to restricted units issued under the LTIP and held by certain directors of the General Partner for the periods presented:

	Restricted Units	Weighted Average Grant Date Fair Value per Unit
Non-vested units outstanding at December 31, 2020	16,170	$ 16.69
Granted	16,314	16.55
Vested	(16,170)	16.69
Forfeited	—	—
Non-vested units outstanding at December 31, 2021	16,314	$ 16.55

Equity-based compensation expense recorded for restricted unit awards was $0.8 million and $0.3 million for the years ended December 31, 2021 and 2020, respectively, and is included in general and administrative expenses on the Consolidated Statements of Operations. The fair value of awards vested was $0.3 million for each of the years ended December 31, 2021 and 2020.

The weighted average grant date fair value of restricted unit awards granted was $16.55 per unit and $16.69 per unit for the years ended December 31, 2021 and 2020, respectively. Unrecognized equity-based compensation as of December 31, 2021 for all outstanding restricted unit awards was $0.4 million and will be recognized over a weighted average period of less than one year.

12. Partnership Equity and Distributions

Equity offering. On June 29, 2021, the Partnership completed an underwritten public offering of 3,623,188 common units representing limited partnership interests at a price to the public of $24.00 per common unit (the "Equity Offering") and received net proceeds of $87.0 million, after deducting underwriting discounts and commissions. The Partnership used the proceeds from the Equity Offering to fund the redemption of 3,623,188 common units held by Oasis Petroleum (see Note 4 – Transactions with Affiliates).

The following table details the distributions paid in respect of each period in which the distributions were earned:

				Distributions		
				Limited Partners		General Partner
Period	Record Date	Distribution Date	Distribution per limited partner unit	Common units	Subordinated units	IDRs
				(In thousands)		
Q4 2019	February 13, 2020	February 27, 2020	$ 0.5400	$ 10,833	$ 7,425	$1,027
Q1 2020	May 28, 2020	June 8, 2020	0.5400	10,833	7,425	1,027
Q2 2020	August 14, 2020	August 27, 2020	0.5400	10,833	7,425	1,027
Q3 2020	November 13, 2020	November 27, 2020	0.5400	10,833	7,425	1,027
Q4 2020	March 8, 2021	March 18, 2021	0.5400	10,842	7,425	1,027
Q1 2021	May 17, 2021	May 27, 2021	0.5500	26,745	—	—
Q2 2021	August 16, 2021	August 27, 2021	0.5600	27,232	—	—
Q3 2021	November 15, 2021	November 29, 2021	0.5600	27,231	—	—

Minimum quarterly distribution. Historically, the Partnership has distributed to the holders of its common units and subordinated units on a quarterly basis at least the minimum quarterly distribution of $0.3750 per unit, or $1.50 per unit on an annualized basis. However, there is no guarantee that the Partnership will pay the minimum quarterly distribution on its units in any quarter. The amount of distributions paid under the Partnership's cash distribution policy and the decision to make any distribution will be determined by the General Partner, taking into consideration the terms of the partnership agreement.

Subordinated unit conversion. On March 19, 2021, the first business day following the payment of the Partnership's distribution for the fourth quarter of 2020, the subordination period under the partnership agreement terminated in accordance with the terms thereof, and the Partnership's 13,750,000 subordinated units representing limited partner interests, all of which were held by OMS Holdings, automatically converted into common units on a one-to-one basis.

Incentive distribution rights. The General Partner owned all of the Partnership's IDRs, which entitled it to receive increasing percentages, up to a maximum of 50.0% of the cash the Partnership distributed in excess of $0.4313 per unit per quarter. The maximum distribution of 50.0% did not include any distributions that Oasis Petroleum may have received on common units or subordinated units that it owned. All of the Partnership's IDRs, all of which were held by the General Partner, were eliminated in connection with the Simplification Transaction. See Note 4 - Transactions with Affiliates.

13. Subsequent Events

On October 25, 2021, the Partnership and the General Partner entered into an Agreement and Plan of Merger (the "Merger Agreement"), with Crestwood Equity Partners LP, a Delaware limited partnership ("Crestwood"), Project Falcon Merger Sub LLC, a Delaware limited liability company and direct wholly-owned subsidiary of Crestwood ("Merger Sub"), Project Phantom Merger Sub LLC, a Delaware limited liability company and direct wholly-owned subsidiary of Crestwood ("GP Merger Sub"), and, solely for the purposes of Section 2.1(a)(i) of the Merger Agreement, Crestwood Equity GP LLC, a Delaware limited liability company and the general partner of Crestwood ("Crestwood GP"). Upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into the Partnership (the "LP Merger"), with the Partnership surviving the LP Merger as a subsidiary of Crestwood, and GP Merger Sub will merge with and into the General Partner (the "GP Merger" and, together with the LP Merger, the "Mergers"), with the General Partner surviving the GP Merger as a wholly-owned subsidiary of Crestwood. On October 25, 2021, the board of directors of Crestwood GP, and the board of directors of the General Partner ("GP Board"), unanimously approved the Merger Agreement. The Conflicts Committee of the GP Board provided Special Approval (as defined in the Second Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of March 30, 2021), and in connection with such Special Approval received a fairness opinion from Jefferies LLC.

The Mergers closed on February 1, 2022. At the effective time of the Mergers (the "Effective Time"): (i) 6,520,944 common units representing limited partner interests in the Partnership ("Partnership Common Units") issued and outstanding immediately prior to the Effective Time and owned by OMS Holdings (such Partnership Common Units, the "Sponsor Cash Units"), were converted into and thereafter represented the right to receive $150.0 million in cash in the aggregate and each other Partnership Common Unit issued and outstanding immediately prior to the Effective Time owned by Oasis Petroleum or its subsidiaries (other than the Partnership) (together with the Sponsor Cash Units, the "Sponsor Units") were converted into and thereafter represented the right to receive 0.7680 common units representing limited partner interests in Crestwood ("Crestwood Common Units"); (ii) each Partnership Common Unit issued and outstanding immediately prior to the Effective Time (other than the Sponsor Units) were converted into and thereafter represented the right to receive 0.8700 (the "Public Holder Exchange Ratio") Crestwood Common Units and (iii) all of the limited liability company interests of the General Partner issued and outstanding as of immediately prior to the Effective Time were converted into and thereafter represented the right to receive $10.0 million in cash. Upon completion of the Mergers, Oasis Petroleum owned approximately 22% of the Crestwood Common Units.