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

FORM 10-Q

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

For the quarterly period ended June 30, 2019

OR

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

For the transition period from ______ to ______.

(Exact name of registrant as specified in its charter)	Commission file number	State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
Crestwood Equity Partners LP	001-34664	Delaware	43-1918951
Crestwood Midstream Partners LP	001-35377	Delaware	20-1647837

811 Main Street	Suite 3400	Houston	Texas	77002
(Address of principal executive offices)				(Zip code)

(832) 519-2200
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Units representing limited partnership interests	CEQP	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Crestwood Equity Partners LP	Yes ☒ No ☐
Crestwood Midstream Partners LP	Yes ☒ No ☐

(Explanatory Note: Crestwood Midstream Partners LP is currently a voluntary filer and is not subject to the filing requirements of the Securities Exchange Act of 1934. Although not subject to these filing requirements, Crestwood Midstream Partners LP has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months.)

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Crestwood Equity Partners LP	Yes ☒ No ☐
Crestwood Midstream Partners LP	Yes ☒ No ☐

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

Crestwood Equity Partners LP	Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐
Crestwood Midstream Partners LP	Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒	Smaller reporting company	☐	Emerging growth company	☐

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

Crestwood Equity Partners LP	☐
Crestwood Midstream Partners LP	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Crestwood Equity Partners LP	Yes ☐ No ☒
Crestwood Midstream Partners LP	Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date (July 29, 2019).

Crestwood Equity Partners LP	71,830,986
Crestwood Midstream Partners LP	None

Crestwood Midstream Partners LP, as a wholly-owned subsidiary of a reporting company, meets the conditions set forth in General Instruction H(1) (a) and (b) of Form 10-Q and is therefore filing this report with the reduced disclosure format as permitted by such instruction.

CRESTWOOD EQUITY PARTNERS LP
CRESTWOOD MIDSTREAM PARTNERS LP
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(in millions, except unit information)

	June 30, 2019	December 31, 2018
	(unaudited)	
Assets		
Current assets:		
Cash	$ 2.1	$ 0.9
Restricted cash	—	16.3
Accounts receivable, less allowance for doubtful accounts of $0.3 million at both June 30, 2019 and December 31, 2018	195.7	251.5
Inventory	33.2	64.6
Assets from price risk management activities	25.0	34.7
Prepaid expenses and other current assets	11.2	11.3
Total current assets	267.2	379.3
Property, plant and equipment	3,354.1	2,598.1
Less: accumulated depreciation	630.0	568.4
Property, plant and equipment, net	2,724.1	2,029.7
Intangible assets	1,080.3	770.3
Less: accumulated amortization	241.7	216.5
Intangible assets, net	838.6	553.8
Goodwill	220.4	138.6
Operating lease right-of-use assets, net	59.5	—
Investments in unconsolidated affiliates	971.9	1,188.2
Other non-current assets	5.5	4.9
Total assets	$ 5,087.2	$ 4,294.5
Liabilities and capital		
Current liabilities:		
Accounts payable	$ 161.6	$ 213.0
Accrued expenses and other liabilities	127.9	112.4
Liabilities from price risk management activities	7.4	5.8
Current portion of long-term debt	0.2	0.9
Total current liabilities	297.1	332.1
Long-term debt, less current portion	2,131.2	1,752.4
Long-term operating lease liabilities	47.3	—
Other long-term liabilities	205.9	173.6
Deferred income taxes	2.9	2.6
Total liabilities	2,684.4	2,260.7
Commitments and contingencies (*Note 11*)		
Interest of non-controlling partner in subsidiary *(Note 10)*	424.4	—
Crestwood Equity Partners LP partners’ capital (72,269,325 and 71,659,385 common and subordinated units issued and outstanding at June 30, 2019 and December 31, 2018)	1,366.4	1,240.5
Preferred units (71,257,445 units issued and outstanding at both June 30, 2019 and December 31, 2018)	612.0	612.0
Total Crestwood Equity Partners LP partners’ capital	1,978.4	1,852.5
Interest of non-controlling partner in subsidiary *(Note 10)*	—	181.3
Total partners’ capital	1,978.4	2,033.8
Total liabilities and capital	$ 5,087.2	$ 4,294.5

See accompanying notes.

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per unit data)
(unaudited)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Revenues:				
Product revenues:				
Gathering and processing	$ 106.2	$ 186.9	$ 215.8	$ 459.1
Marketing, supply and logistics	472.1	562.7	1,108.9	1,316.1
Related party (*Note 12*)	1.3	—	2.5	—
	579.6	749.6	1,327.2	1,775.2
Services revenues:				
Gathering and processing	93.5	68.5	166.2	136.6
Storage and transportation	4.9	5.1	12.7	9.3
Marketing, supply and logistics	5.4	17.0	12.5	33.8
Related party (*Note 12*)	—	0.3	—	0.6
	103.8	90.9	191.4	180.3
Total revenues	683.4	840.5	1,518.6	1,955.5
Costs of product/services sold (exclusive of items shown separately below):				
Product costs	529.5	681.8	1,183.0	1,620.7
Product costs - related party *(Note 12)*	0.9	32.2	35.3	45.3
Service costs	6.8	11.4	14.5	25.2
Total costs of products/services sold	537.2	725.4	1,232.8	1,691.2
Operating expenses and other:				
Operations and maintenance	34.7	31.9	63.3	66.4
General and administrative	22.3	23.4	59.5	47.3
Depreciation, amortization and accretion	49.3	44.5	89.1	89.6
Loss on long-lived assets, net	—	24.4	2.0	24.1
Gain on acquisition	(209.4)	—	(209.4)	—
	(103.1)	124.2	4.5	227.4
Operating income (loss)	249.3	(9.1)	281.3	36.9

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS (continued)
(in millions, except per unit data)
(unaudited)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Earnings from unconsolidated affiliates, net	3.7	12.0	10.6	24.4
Interest and debt expense, net	(27.8)	(24.3)	(52.7)	(48.7)
Other income, net	0.1	0.1	0.2	0.2
Income (loss) before income taxes	225.3	(21.3)	239.4	12.8
Provision for income taxes	(0.3)	(0.2)	(0.3)	(0.2)
Net income (loss)	225.0	(21.5)	239.1	12.6
Net income attributable to non-controlling partner	10.6	4.0	14.6	8.0
Net income (loss) attributable to Crestwood Equity Partners LP	214.4	(25.5)	224.5	4.6
Net income attributable to preferred units	15.0	15.1	30.0	30.1
Net income (loss) attributable to partners	$ 199.4	$ (40.6)	$ 194.5	$ (25.5)
Subordinated unitholders’ interest in net income	$ 1.2	$ —	$ 1.2	$ —
Common unitholders’ interest in net income (loss)	$ 198.2	$ (40.6)	$ 193.3	$ (25.5)
Net income (loss) per limited partner unit:				
Basic	$ 2.76	$ (0.57)	$ 2.69	$ (0.36)
Diluted	$ 2.58	$ (0.57)	$ 2.53	$ (0.36)
Weighted-average limited partners’ units outstanding:				
Basic	71.8	71.2	71.8	71.2
Dilutive	11.2	—	5.2	—
Diluted	83.0	71.2	77.0	71.2

See accompanying notes.

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	$ 225.0	$ (21.5)	$ 239.1	$ 12.6
Change in fair value of Suburban Propane Partners, L.P. units	0.3	0.2	0.7	(0.1)
Comprehensive income (loss)	225.3	(21.3)	239.8	12.5
Comprehensive income attributable to non-controlling partner	10.6	4.0	14.6	8.0
Comprehensive income (loss) attributable to Crestwood Equity Partners LP	$ 214.7	$ (25.3)	$ 225.2	$ 4.5

See accompanying notes.

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in millions)
(unaudited)

	Preferred		Partners				
	Units	Capital	Common Units	Subordinated Units	Capital	Non-Controlling Partner	Total Partners' Capital
Balance at December 31, 2018	71.3	$ 612.0	71.2	0.4	$ 1,240.5	$ 181.3	$ 2,033.8
Distributions to partners	—	(15.0)	—	—	(43.1)	(3.3)	(61.4)
Unit-based compensation charges	—	—	0.9	—	17.3	—	17.3
Taxes paid for unit-based compensation vesting	—	—	(0.2)	—	(7.0)	—	(7.0)
Change in fair value of Suburban Propane Partners, L.P. units	—	—	—	—	0.4	—	0.4
Other	—	—	—	—	(0.7)	—	(0.7)
Net income (loss)	—	15.0	—	—	(4.9)	4.0	14.1
Balance at March 31, 2019	71.3	$ 612.0	71.9	0.4	$ 1,202.5	$ 182.0	$ 1,996.5
Distributions to partners	—	(15.0)	—	—	(43.1)	(3.3)	(61.4)
Unit-based compensation charges	—	—	—	—	11.3	—	11.3
Taxes paid for unit-based compensation vesting	—	—	(0.1)	—	(3.6)	—	(3.6)
Change in fair value of Suburban Propane Partners, L.P. units	—	—	—	—	0.3	—	0.3
Non-controlling interest reclassification *(Note 10)*	—	—	—	—	—	(178.8)	(178.8)
Other	—	—	—	—	(0.4)	0.1	(0.3)
Net income	—	15.0	—	—	199.4	—	214.4
Balance at June 30, 2019	71.3	$ 612.0	71.8	0.4	$ 1,366.4	$ —	$ 1,978.4

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL (continued)
(in millions)
(unaudited)

	Preferred		Partners				
	Units	Capital	Common Units	Subordinated Units	Capital	Non-Controlling Partner	Total Partners' Capital
Balance at December 31, 2017	71.3	$ 612.0	70.3	0.4	$ 1,393.5	$ 175.0	$ 2,180.5
Cumulative effect of accounting change	—	—	—	—	7.5	—	7.5
Distributions to partners	—	(15.0)	—	—	(42.7)	—	(57.7)
Unit-based compensation charges	—	—	1.2	—	7.2	—	7.2
Taxes paid for unit-based compensation vesting	—	—	(0.2)	—	(6.3)	—	(6.3)
Change in fair value of Suburban Propane Partners, L.P. units	—	—	—	—	(0.3)	—	(0.3)
Other	—	(0.1)	—	—	(0.1)	—	(0.2)
Net income	—	15.0	—	—	15.1	4.0	34.1
Balance at March 31, 2018	71.3	$ 611.9	71.3	0.4	$ 1,373.9	$ 179.0	$ 2,164.8
Distributions to partners	—	(15.0)	—	—	(42.7)	(3.3)	(61.0)
Unit-based compensation charges	—	—	—	—	10.3	—	10.3
Taxes paid for unit-based compensation vesting	—	—	—	—	(0.6)	—	(0.6)
Change in fair value of Suburban Propane Partners, L.P. units	—	—	—	—	0.2	—	0.2
Other	—	—	—	—	(0.2)	—	(0.2)
Net income (loss)	—	15.1	—	—	(40.6)	4.0	(21.5)
Balance at June 30, 2018	71.3	$ 612.0	71.3	0.4	$ 1,300.3	$ 179.7	$ 2,092.0

See accompanying notes.

CRESTWOOD EQUITY PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended June 30,	
	2019	**2018**
Operating activities		
Net income	$ 239.1	$ 12.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	89.1	89.6
Amortization of debt-related deferred costs	2.9	3.6
Unit-based compensation charges	28.6	17.5
Loss on long-lived assets, net	2.0	24.1
Gain on acquisition	(209.4)	—
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	6.3	(0.2)
Deferred income taxes	0.3	(0.2)
Other	—	0.2
Changes in operating assets and liabilities	35.0	12.8
Net cash provided by operating activities	193.9	160.0
Investing activities		
Acquisition, net of cash acquired (*Note 3*)	(462.1)	—
Purchases of property, plant and equipment	(204.7)	(118.7)
Investment in unconsolidated affiliates	(40.9)	(6.9)
Capital distributions from unconsolidated affiliates	24.2	23.9
Other	(0.5)	6.8
Net cash used in investing activities	(684.0)	(94.9)
Financing activities		
Proceeds from the issuance of long-term debt	1,544.0	847.1
Payments on long-term debt	(1,159.5)	(781.0)
Payments on finance/capital leases	(1.9)	(0.7)
Payments for deferred financing costs	(9.0)	—
Net proceeds from issuance of non-controlling interest	235.0	—
Distributions to partners	(86.2)	(85.4)
Distributions to non-controlling partner	(6.6)	(3.3)
Distributions to preferred unit holders	(30.0)	(30.0)
Taxes paid for unit-based compensation vesting	(10.6)	(6.9)
Other	(0.2)	(0.1)
Net cash provided by (used in) financing activities	475.0	(60.3)
Net change in cash and restricted cash	(15.1)	4.8
Cash and restricted cash at beginning of period	17.2	1.3
Cash and restricted cash at end of period	$ 2.1	$ 6.1
Supplemental schedule of noncash investing and financing activities		
Net change to property, plant and equipment through accounts payable and accrued expenses	$ (22.2)	$ 6.0

See accompanying notes.

CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(in millions)

	June 30, 2019	December 31, 2018
	(unaudited)	
Assets		
Current assets:		
Cash	$ 1.5	$ 0.2
Restricted cash	—	16.3
Accounts receivable, less allowance for doubtful accounts of $0.3 million at both June 30, 2019 and December 31, 2018	195.0	249.9
Inventory	33.2	64.6
Assets from price risk management activities	25.0	34.7
Prepaid expenses and other current assets	11.2	11.3
Total current assets	265.9	377.0
Property, plant and equipment	3,684.2	2,928.2
Less: accumulated depreciation	794.6	725.9
Property, plant and equipment, net	2,889.6	2,202.3
Intangible assets	1,080.3	770.3
Less: accumulated amortization	241.7	216.5
Intangible assets, net	838.6	553.8
Goodwill	220.4	138.6
Operating lease right-of-use assets, net	59.5	—
Investments in unconsolidated affiliates	971.9	1,188.2
Other non-current assets	2.1	2.1
Total assets	$ 5,248.0	$ 4,462.0
Liabilities and capital		
Current liabilities:		
Accounts payable	$ 159.0	$ 210.5
Accrued expenses and other liabilities	126.7	111.3
Liabilities from price risk management activities	7.4	5.8
Current portion of long-term debt	0.2	0.9
Total current liabilities	293.3	328.5
Long-term debt, less current portion	2,131.2	1,752.4
Long-term operating lease liabilities	47.3	—
Other long-term liabilities	202.8	171.0
Deferred income taxes	0.8	0.6
Total liabilities	2,675.4	2,252.5
Commitments and contingencies (*Note 11*)		
Interest of non-controlling partner in subsidiary *(Note 10)*	424.4	—
Partners' capital	2,148.2	2,028.2
Interest of non-controlling partner in subsidiary (*Note 10)*	—	181.3
Total partners' capital	2,148.2	2,209.5
Total liabilities and capital	$ 5,248.0	$ 4,462.0

See accompanying notes.

CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Product revenues:				
Gathering and processing	$ 106.2	$ 186.9	$ 215.8	$ 459.1
Marketing, supply and logistics	472.1	562.7	1,108.9	1,316.1
Related party (*Note 12*)	1.3	—	2.5	—
	579.6	749.6	1,327.2	1,775.2
Service revenues:				
Gathering and processing	93.5	68.5	166.2	136.6
Storage and transportation	4.9	5.1	12.7	9.3
Marketing, supply and logistics	5.4	17.0	12.5	33.8
Related party (*Note 12*)	—	0.3	—	0.6
	103.8	90.9	191.4	180.3
Total revenues	683.4	840.5	1,518.6	1,955.5
Costs of product/services sold (exclusive of items shown separately below):				
Product costs	529.5	681.8	1,183.0	1,620.7
Product costs - related party *(Note 12)*	0.9	32.2	35.3	45.3
Service costs	6.8	11.4	14.5	25.2
Total costs of product/services sold	537.2	725.4	1,232.8	1,691.2
Operating expenses and other:				
Operations and maintenance	34.7	31.9	63.3	66.4
General and administrative	20.9	22.5	56.9	45.3
Depreciation, amortization and accretion	52.7	47.4	96.1	95.2
Loss on long-lived assets, net	—	24.4	2.0	24.1
Gain on acquisition	(209.4)	—	(209.4)	—
	(101.1)	126.2	8.9	231.0
Operating income (loss)	247.3	(11.1)	276.9	33.3
Earnings from unconsolidated affiliates, net	3.7	12.0	10.6	24.4
Interest and debt expense, net	(27.8)	(24.3)	(52.7)	(48.7)
Income (loss) before income taxes	223.2	(23.4)	234.8	9.0
Provision for income taxes	(0.3)	(0.1)	(0.3)	(0.1)
Net income (loss)	222.9	(23.5)	234.5	8.9
Net income attributable to non-controlling partner	10.6	4.0	14.6	8.0
Net income (loss) attributable to Crestwood Midstream Partners LP	$ 212.3	$ (27.5)	$ 219.9	$ 0.9

See accompanying notes.

CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in millions)
(unaudited)

	Partners	Non-Controlling Partner	Total Partners' Capital
Balance at December 31, 2018	$ 2,028.2	$ 181.3	$ 2,209.5
Distributions to partners	(57.8)	(3.3)	(61.1)
Unit-based compensation charges	17.3	—	17.3
Taxes paid for unit-based compensation vesting	(7.0)	—	(7.0)
Other	(0.3)	—	(0.3)
Net income	7.6	4.0	11.6
Balance at March 31, 2019	$ 1,988.0	$ 182.0	$ 2,170.0
Distributions to partners	(59.7)	(3.3)	(63.0)
Unit-based compensation charges	11.3	—	11.3
Taxes paid for unit-based compensation vesting	(3.6)	—	(3.6)
Non-controlling interest reclassification *(Note 10)*	—	(178.8)	(178.8)
Other	(0.1)	0.1	—
Net income	212.3	—	212.3
Balance at June 30, 2019	$ 2,148.2	$ —	$ 2,148.2

	Partners	Non-Controlling Partner	Total Partners' Capital
Balance at December 31, 2017	$ 2,195.4	$ 175.0	$ 2,370.4
Cumulative effect of accounting change	7.5	—	7.5
Distributions to partners	(60.5)	—	(60.5)
Unit-based compensation charges	7.2	—	7.2
Taxes paid for unit-based compensation vesting	(6.3)	—	(6.3)
Other	0.2	—	0.2
Net income	28.4	4.0	32.4
Balance at March 31, 2018	$ 2,171.9	$ 179.0	$ 2,350.9
Distributions to partners	(59.5)	(3.3)	(62.8)
Unit-based compensation charges	10.3	—	10.3
Taxes paid for unit-based compensation vesting	(0.6)	—	(0.6)
Net income (loss)	(27.5)	4.0	(23.5)
Balance at June 30, 2018	$ 2,094.6	$ 179.7	$ 2,274.3

See accompanying notes.

CRESTWOOD MIDSTREAM PARTNERS LP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended June 30,	
	2019	**2018**
Operating activities		
Net income	$ 234.5	$ 8.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	96.1	95.2
Amortization of debt-related deferred costs	2.9	3.6
Unit-based compensation charges	28.6	17.5
Loss on long-lived assets	2.0	24.1
Gain on acquisition	(209.4)	—
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	6.3	(0.2)
Deferred income taxes	0.2	(0.1)
Other	—	0.2
Changes in operating assets and liabilities	33.9	15.2
Net cash provided by operating activities	195.1	164.4
Investing activities		
Acquisition, net of cash acquired (*Note 3*)	(462.1)	—
Purchases of property, plant and equipment	(204.7)	(118.7)
Investment in unconsolidated affiliates	(40.9)	(6.9)
Capital distributions from unconsolidated affiliates	24.2	23.9
Other	(0.5)	6.8
Net cash used in investing activities	(684.0)	(94.9)
Financing activities		
Proceeds from the issuance of long-term debt	1,544.0	847.1
Payments on long-term debt	(1,159.5)	(781.0)
Payments on finance/capital leases	(1.9)	(0.7)
Payments for deferred financing costs	(9.0)	—
Net proceeds from issuance of non-controlling interest	235.0	—
Distributions to partners	(117.5)	(120.0)
Distributions paid to non-controlling partners	(6.6)	(3.3)
Taxes paid for unit-based compensation vesting	(10.6)	(6.9)
Net cash provided by (used in) financing activities	473.9	(64.8)
Net change in cash and restricted cash	(15.0)	4.7
Cash and restricted cash at beginning of period	16.5	1.0
Cash and restricted cash at end of period	$ 1.5	$ 5.7
Supplemental schedule of non-cash investing and financing activities		
Net change to property, plant and equipment through accounts payable and accrued expenses	$ (22.2)	$ 6.0

See accompanying notes.

CRESTWOOD EQUITY PARTNERS LP
CRESTWOOD MIDSTREAM PARTNERS LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1 – Organization and Business Description

Organization

The accompanying notes to the consolidated financial statements apply to Crestwood Equity Partners LP and Crestwood Midstream Partners LP, unless otherwise indicated. References in this report to “we,” “us,” “our,” “ours,” “our company,” the “partnership,” the “Company,” “Crestwood Equity,” “CEQP,” and similar terms refer to either Crestwood Equity Partners LP itself or Crestwood Equity Partners LP and its consolidated subsidiaries, as the context requires. Unless otherwise indicated, references to “Crestwood Midstream” and “CMLP” refer to Crestwood Midstream Partners LP and its consolidated subsidiaries.

The accompanying consolidated financial statements and related notes should be read in conjunction with our 2018 Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 22, 2019. The financial information as of June 30, 2019, and for the three and six months ended June 30, 2019 and 2018, is unaudited. The consolidated balance sheets as of December 31, 2018, were derived from the audited balance sheets filed in our 2018 Annual Report on Form 10-K.

Business Description

Crestwood Equity is a publicly-traded (NYSE: CEQP) Delaware limited partnership that develops, acquires, owns or controls, and operates primarily fee-based assets and operations within the energy midstream sector. We provide broad-ranging infrastructure solutions across the value chain to service premier liquids-rich natural gas and crude oil shale plays across the United States. We own and operate a diversified portfolio of crude oil and natural gas gathering, processing, storage and transportation assets that connect fundamental energy supply with energy demand across North America. Crestwood Equity is a holding company and all of its consolidated operating assets are owned by or through its wholly-owned subsidiary, Crestwood Midstream, a Delaware limited partnership.

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

Basis of Presentation

Our consolidated financial statements are prepared in accordance with 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 periods presented have been made and all such adjustments are of a normal and recurring nature. Certain information and footnote disclosures normally included in annual consolidated financial statements prepared in accordance with GAAP have been omitted pursuant to the rules and regulations of the SEC.

Significant Accounting Policies

Effective January 1, 2019, we adopted the following accounting standard. There were no other material changes in our significant accounting policies from those described in our 2018 Annual Report on Form10-K.

Leases

We maintain leases in the ordinary course of our business activities. Our leases include those for the office buildings, crude oil railroad cars, certain vehicles and other operating facilities and equipment leases. We also sublease certain of our crude oil railroad cars and trucks to a third party. We do not have any material leases where we are considered to be the lessor. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Prior to January 1, 2019, we classified our leases as either capital or operating leases under Accounting Standards Codification (ASC) Topic 840, *Leases (Topic 840)*. We recognized assets (included in property, plant and equipment) and liabilities (included in accrued expenses and other liabilities and other long-term liabilities) related to our capital leases on our consolidated balance sheets. We also recognized depreciation expense and interest expense related to our capital leases on our consolidated statements of operations. The majority of our lease arrangements were classified as operating leases, under which we did not recognize assets or liabilities on our consolidated balance sheets, but rather recognized lease payments on our consolidated statements of operations as either costs of product/services sold or operations and maintenance expense on a straight-line basis over the lease term.

On January 1, 2019, we adopted the provisions of ASC Topic 842, *Leases (Topic 842),* which revises the accounting for leases by requiring certain leases to be recognized as assets and liabilities on the balance sheet, and requiring companies to disclose additional information about their leasing arrangements. We adopted the standard using the modified retrospective method. Based on the practical expedients allowed for in the standard, we did not reassess the current GAAP classification of leases, easements and rights of way that existed as of January 1, 2019, and we did not utilize the hindsight method in determining the assets and liabilities to be recorded for our existing leases on January 1, 2019. The adoption of this standard required us to make significant judgments on whether our revenue and expenditure-related contracts were considered to be leases (or contain leases) under *Topic 842*, and if contracts were considered to be leases whether they should be considered operating leases or finance leases under the new standard. We do not have any material revenue contracts that are considered leases under *Topic 842*.

Upon the adoption of this standard, on January 1, 2019, we recorded a $67.5 million increase to our operating lease right-of-use assets, a $18.6 million increase to our accrued expenses and other liabilities and a $48.9 million increase to our long-term operating lease liabilities, related to reflecting our operating leases on our consolidated balance sheet as a result of adopting the new standard. We also recorded a $1.6 million increase to our property, plant and equipment, $0.3 million increase to our accrued expenses and other liabilities and a $1.3 million increase to our other long-term liabilities, related to our finance leases (which were all formerly capital leases under *Topic 840*) as a result of applying the provisions of the new standard to the leases. The adoption of the standard did not result in a material cumulative effect of accounting change to our consolidated financial statements. The following table summarizes the balance sheet information related to our operating and finance leases at June 30, 2019 (*in millions*):

Operating Leases		
Operating lease right-of-use assets, net	$	59.5
Accrued expenses and other liabilities	$	17.2
Long-term operating lease liabilities		47.3
Total operating lease liabilities	$	64.5
Finance Leases		
Property, plant and equipment	$	14.6
Less: accumulated depreciation		3.6
Property, plant and equipment, net	$	11.0
Accrued expenses and other liabilities	$	3.0
Other long-term liabilities		6.7
Total finance lease liabilities	$	9.7

The estimation of our right-of-use assets and lease liabilities requires us to make significant assumptions and judgments about the term of the lease, variable payments, and discount rates. Our operating leases have remaining terms that vary from one year to 21 years and certain of those leases have renewal options to extend the leases from one year to ten years at the end of each lease term, or terminate the leases at our sole discretion. In addition, our finance leases have remaining terms that vary from two years to four years and certain of those leases have options to purchase the lease property by the end of the lease term. We made significant assumptions on the likelihood on whether we would renew our leases or purchase the property at the end of the lease terms in determining the discounted cash flows to measure our right-of-use assets and lease liabilities. The estimation of variable lease payments in determining discounted cash flows, including those with usage-based costs, also required us to make significant assumptions on the timing and nature of the variability of those payments based on the lease terms. We utilized discount rates ranging from 4.9% to 8.3% to estimate the discounted cash flows used in estimating our right-of-use assets and lease liabilities as of June 30, 2019, which were primarily based on our credit-adjusted collateralized incremental borrowing rate.

We recognize operating lease expense and amortize our right-of-use assets for our finance leases on a straight-line basis over the term of the respective leases. We have applied the practical expedient of not separating the lease and non-lease components for our leases where the predominant consideration paid related to the underlying operating and finance lease contracts relate to the lease component. The following table presents the costs and sublease income associated with our operating and finance leases for the three and six months ended June 30, 2019 (*in millions*):

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating leases:		
Operating lease expense [(1)(2)]	$ 7.5	$ 15.0
Sublease income[(3)]	0.2	0.4
Total operating lease expense, net	$ 7.3	$ 14.6
Finance leases:		
Amortization of right-of-use assets[(4)]	$ 0.9	$ 1.8
Interest on lease liabilities[(5)]	0.2	0.4
Total finance lease expense	$ 1.1	$ 2.2

(1) Approximately $4.7 million and $9.5 million is included in costs of product/services sold on our consolidated statements of operations for the three and six months ended June 30, 2019, and $2.8 million and $5.5 million is included in operations and maintenance expense on our consolidated statements of operations for the three and six months ended June 30, 2019.
(2) Includes short-term and variable lease costs of approximately $1.3 million and $2.0 million for the three and six months ended June 30, 2019.
(3) Included in Marketing, Supply and Logistics service revenues on our consolidated statements of operations.
(4) Included in depreciation, amortization and accretion on our consolidated statements of operations.
(5) Included in interest and debt expense, net on our consolidated statements of operations.

The following table presents supplemental cash flow information for our operating and finance leases for the six months ended June 30, 2019 (*in millions*):

Cash paid for lease liabilities:	
Operating cash flows from operating leases	$ 12.1
Operating cash flows from finance leases	$ 0.4
Financing cash flows from finance leases	$ 1.9
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases[(1)]	$ 3.6
Finance leases	$ 1.6

(1) Includes approximately $2.9 million of operating leases obtained from the Jackalope Acquisition, which is further discussed in Note 3.

The following table presents the weighted-average remaining lease term and the weighted-average discount rate associated with our operating and finance leases for the six months ended June 30, 2019:

Weighted-average remaining lease term *(in years)*:	
Operating leases	4.7
Finance leases	3.0
Weighted-average discount rate:	
Operating leases	6.0%
Finance leases	7.3%

The following table presents the future minimum lease liabilities under *Topic 842* and *Topic 840* for our leases for the next five years and in total thereafter (*in millions*):

	Topic 842			Topic 840		
	June 30, 2019			December 31, 2018		
Year Ending December 31,	Operating Leases	Finance Leases	Total	Operating Leases	Capital Leases	Total
2019(1)	$ 10.2	$ 1.8	$ 12.0	$ 22.3	$ 3.0	$ 25.3
2020	18.8	3.6	22.4	18.1	3.3	21.4
2021	15.3	3.5	18.8	14.4	3.2	17.6
2022	10.5	1.9	12.4	9.7	1.9	11.6
2023	6.7	—	6.7	6.0	—	6.0
Thereafter	13.6	—	13.6	10.7	—	10.7
Total lease payments	75.1	10.8	85.9	81.2	11.4	92.6
Less: Interest	10.6	1.1	11.7	—	1.3	1.3
Present value of lease liabilities	$ 64.5	$ 9.7	$ 74.2	$ 81.2	$ 10.1	$ 91.3

(1) Represents the remainder of 2019 at June 30, 2019.

New Accounting Pronouncement Issued But Not Yet Adopted

As of June 30, 2019, the following accounting standard had not yet been adopted by us:

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses (Topic 326)*, which provides guidance on how companies should evaluate their accounts and notes receivable and other financial instruments for impairment. The standard requires companies to evaluate their financial instruments for impairment by recording an allowance for doubtful accounts and/or bad debt expense based on certain categories of instruments rather than a specific identification approach. We expect to adopt the provisions of this standard effective January 1, 2020 and are currently evaluating the impact that this standard may have on our consolidated financial statements.

Note 3 – Acquisition

On April 9, 2019, Crestwood Niobrara LLC (Crestwood Niobrara), our consolidated subsidiary, acquired Williams Partners LP's (Williams) 50%equity interest in Jackalope Gas Gathering Services, L.L.C. (Jackalope) for approximately $484.6 million (Jackalope Acquisition). The acquisition was funded through a combination of borrowings under the CMLP credit facility and the issuance of $235 million of new preferred units to CN Jackalope Holdings LLC (Jackalope Holdings) (see Note 10 for a further discussion of the issuance of the new preferred units). Prior to the Jackalope Acquisition, Crestwood Niobrara owned a 50% equity interest in Jackalope, which we accounted for under the equity method of accounting. As a result of this transaction, Crestwood Niobrara controls and owns 100% of the equity interests in Jackalope. The financial results of Jackalope are included in our gathering and processing segment from the date of the acquisition. Transaction costs related to the Jackalope Acquisition were approximately $2.6 million during both the three and six months ended June 30, 2019. These costs are included in operations and maintenance expenses in our consolidated statements of operations.

The purchase price has been allocated to the assets acquired and liabilities assumed based on preliminary fair values. Those preliminary fair values are Level 3 fair value measurements and were developed by management with the assistance of a third-party valuation firm. The preliminary fair values were estimated primarily utilizing market related information and other projections on the performance of the assets acquired, including an analysis of discounted cash flows at a discount rate of approximately 12%. The preliminary fair values are subject to change pending a final determination of the fair value of the assets and liabilities acquired as more information is received about their respective values. We expect to finalize the purchase price allocation for this transaction in 2019.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the acquisition date (in *millions*):

Cash	$	22.5
Other current assets		30.9
Property, plant and equipment		525.4
Intangible assets		310.0
Goodwill		81.8
Current liabilities		(30.1)
Other long-term liabilities		(19.8)
Estimated fair value of 100% interest in Jackalope		920.7
Less:		
Elimination of equity investment in Jackalope		226.7
Gain on acquisition of Jackalope		209.4
Total purchase price	$	484.6

The identifiable intangible assets primarily consists of a customer contract that has a weighted-average remaining life of 18 years. The goodwill recognized relates primarily to anticipated operating synergies between the assets acquired and our existing operations. The fair value of the assets acquired and liabilities assumed in the Jackalope Acquisition exceeded the sum of the cash consideration paid and the historical book value of our 50% equity interest in Jackalope (which was remeasured at fair value and derecognized) and, as a result, we recognized a gain of approximately $209.4 million. This gain is included in gain on acquisition in our consolidated statements of operations.

Our consolidated statements of operations include the results of Jackalope since April 9, 2019, the closing date of the acquisition. During both the three and six months ended June 30, 2019, we recognized approximately $20.2 million of revenues and $3.4 million of net income related to Jackalope's operations.

The tables below presents selected unaudited pro forma information as if the Jackalope Acquisition had occurred on January 1, 2018. The pro forma information is not necessarily indicative of the financial results that would have occurred if the transaction had been completed as of the dates indicated. The amounts have been calculated after applying our accounting policies and adjusting the results to reflect the depreciation, amortization and accretion expense that would have been charged assuming the preliminary fair value adjustments to property, plant and equipment and intangible assets had been made at the beginning of the respective reporting period. The pro forma net income also includes the effects of interest expense on incremental borrowings and recognition of deferred revenue.

Crestwood Equity

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues	$ 685.3	$ 857.3	$ 1,539.3	$ 1,987.3
Net income (loss)	$ 225.1	$ (28.1)	$ 232.3	$ (1.1)

Crestwood Midstream

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues	$ 685.3	$ 857.3	$ 1,539.3	$ 1,987.3
Net income (loss)	$ 223.0	$ (30.1)	$ 227.7	$ (4.8)

Note 4 – Certain Balance Sheet Information

Accrued Expenses and Other Liabilities

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

	CEQP		CMLP	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Accrued expenses[(1)]	$ 43.3	$ 64.8	$ 42.1	$ 63.7
Accrued property taxes	6.7	2.6	6.7	2.6
Income tax payable	0.2	0.3	0.2	0.3
Interest payable	27.2	19.8	27.2	19.8
Accrued additions to property, plant and equipment	17.7	10.5	17.7	10.5
Operating leases	17.2	—	17.2	—
Finance leases	3.0	2.4	3.0	2.4
Deferred revenue	12.6	12.0	12.6	12.0
Total accrued expenses and other liabilities	$ 127.9	$ 112.4	$ 126.7	$ 111.3

(1) Includes $16.2 million of related party accrued expenses at December 31, 2018 related to deposits received from Jackalope prior to the acquisition of the remaining 50% equity interest in Jackalope from Williams in April 2019.

Note 5 - Investments in Unconsolidated Affiliates

Variable Interest Entity

Crestwood Permian Basin Holdings LLC (Crestwood Permian) is a joint venture owned by Crestwood Infrastructure Holdings LLC (Crestwood Infrastructure), our wholly-owned subsidiary, and an affiliate of First Reserve Management, L.P. (First Reserve). We manage and account for our 50% ownership interest in Crestwood Permian, which is a variable interest entity, under the equity method of accounting as we exercise significant influence, but do not control Crestwood Permian and we are not its primary beneficiary due to First Reserve's rights to exercise control over the entity.

Net Investments and Earnings

Our net investments in and earnings from our unconsolidated affiliates are as follows (*in millions*):

	Investment		Earnings (Loss) from Unconsolidated Affiliates			
	June 30,	December 31,	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018	2019	2018
Stagecoach Gas Services LLC(1)	$ 818.4	$ 830.4	$ 6.4	$ 7.0	$ 13.4	$ 12.7
Jackalope Gas Gathering Services, L.L.C.(2)	—	210.2	0.5	3.8	3.7	6.8
Crestwood Permian Basin Holdings LLC(3)	104.7	104.3	(3.3)	0.7	(6.7)	3.4
Tres Palacios Holdings LLC(4)	40.4	35.0	0.1	—	0.3	0.4
Powder River Basin Industrial Complex, LLC(5)	8.4	8.3	—	0.5	(0.1)	1.1
Total	$ 971.9	$ 1,188.2	$ 3.7	$ 12.0	$ 10.6	$ 24.4

(1) As of June 30, 2019, our equity in the underlying net assets of Stagecoach Gas Services LLC (Stagecoach Gas) exceeded our investment balance by approximately $51.3 million. This excess amount is entirely attributable to goodwill and, as such, is not subject to amortization. Pursuant to the Stagecoach limited liability company agreement, our share of Stagecoach's equity earnings increased from 35% to 40% effective July 1, 2018. Our Stagecoach Gas investment is included in our storage and transportation segment.

(2) On April 9, 2019, Crestwood Niobrara acquired Williams' 50% equity interest in Jackalope, and as a result, Crestwood Niobrara controls and owns 100% of the equity interests in Jackalope. As a result of this transaction, we eliminated our historical equity investment in Jackalope of approximately $226.7 million as of April 9, 2019 and began consolidating Jackalope's operations. Our Jackalope investment was included in our gathering and processing segment. For a further discussion of Crestwood Niobrara's acquisition of the remaining 50% equity interest in Jackalope, see Note 3.

(3) As of June 30, 2019, the difference of $8.1 million between our equity in Crestwood Permian's net assets and our investment balance is not subject to amortization. Pursuant to the Crestwood Permian limited liability company agreement, we were allocated 100% of Crestwood New Mexico Pipeline LLC's (Crestwood New Mexico) earnings through June 30, 2018. Effective July 1, 2018, our equity earnings from Crestwood New Mexico is based on our ownership percentage of Crestwood Permian, which is currently 50%. Our Crestwood Permian investment is included in our gathering and processing segment.

(4) As of June 30, 2019, our equity in the underlying net assets of Tres Palacios Holdings LLC (Tres Holdings) exceeded our investment balance by approximately $24.7 million. Our Tres Holdings investment is included in our storage and transportation segment.

(5) As of June 30, 2019, our equity in the underlying net assets of Powder River Basin Industrial Complex, LLC (PRBIC) exceeded our investment balance by approximately $5.7 million. Our PRBIC investment is included in our storage and transportation segment.

Summarized Financial Information of Unconsolidated Affiliates

Below is the summarized operating results for our significant unconsolidated affiliates (*in millions; amounts represent 100% of unconsolidated affiliate information*):

	Six Months Ended June 30,					
	2019			2018		
	Operating Revenues	Operating Expenses	Net Income (Loss)	Operating Revenues	Operating Expenses	Net Income
Stagecoach Gas	$ 79.1	$ 40.4	$ 38.9	$ 85.5	$ 39.9	$ 45.6
Crestwood Permian	17.3	29.6	(13.4)	40.0	38.4	4.4
Other(1)	38.1	32.6	5.5	52.9	38.4	14.5
Total	$ 134.5	$ 102.6	$ 31.0	$ 178.4	$ 116.7	$ 64.5

(1) Includes our Jackalope (prior to the acquisition of the remaining 50% equity interest from Williams), Tres Holdings and PRBIC equity investments during the six months ended June 30, 2019 and 2018. We amortize the excess basis in these equity investments as an increase in our earnings from unconsolidated affiliates. We recorded amortization of the excess basis in our Tres Holdings equity investment of $0.6 million during both the six months ended June 30, 2019 and 2018. We recorded amortization of the excess basis in our PRBIC equity investment of $0.2 million and $0.3 million during the six months ended June 30, 2019 and 2018. We recorded amortization of the excess basis in the Jackalope equity investment of less than $0.1 million during both the six months ended June 30, 2019 and 2018.

Distributions and Contributions

The following table summarizes our distributions from and contributions to our unconsolidated affiliates *(in millions)*:

	Distributions(1)		Contributions	
	Six Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Stagecoach Gas	$ 25.4	$ 22.5	$ —	$ —
Jackalope	11.6	15.0	24.4	6.8
Crestwood Permian	2.9	8.3	10.0	0.1
Tres Holdings	1.2	1.4	6.3	—
PRBIC	—	0.9	0.2	—
Total	$ 41.1	$ 48.1	$ 40.9	$ 6.9

(1) In July 2019, we received cash distributions from Stagecoach Gas and Tres Holdings of approximately $11.8 million and $2.3 million, respectively.

Other

Contingent Consideration. Pursuant to the Stagecoach Gas limited liability company agreement, we may be required to make payments of up to $57 million to Con Edison Gas Pipeline and Storage Northeast, LLC after December 31, 2020 if certain criteria are not met by Stagecoach Gas by December 31, 2020, including achieving certain performance targets on growth capital projects. These growth capital projects depend on the construction of other third-party expansion projects, and during 2017, those third-party projects experienced regulatory and other delays that caused Stagecoach Gas to delay its growth capital projects. As a result, our consolidated balance sheets reflect an other long-term liability of $57 million at June 30, 2019 and December 31, 2018.

Guarantee. CEQP issued a guarantee under which CEQP has agreed to fund 100% of the costs to build the Nautilus gathering system (which is currently estimated to cost $180 million, of which approximately $169.0 million has been spent through June 30, 2019) if Crestwood Permian fails to do so. The Nautilus gathering system is owned by Crestwood Permian Basin LLC, a 50% equity investment of Crestwood Permian. We do not believe this guarantee is probable of resulting in future losses based on our assessment of the nature of the guarantee, the financial condition of the guaranteed party and the period of time that the guarantee has been outstanding, and as a result, we have not recorded a liability on our consolidated balance sheets at June 30, 2019 and December 31, 2018.

Note 6 – Risk Management

We are exposed to certain market risks related to our ongoing business operations. These risks include exposure to changing commodity prices. We utilize derivative instruments to manage our exposure to fluctuations in commodity prices, which is discussed below. Additional information related to our derivatives is discussed in Note 7.

Commodity Derivative Instruments and Price Risk Management

Risk Management Activities

We sell NGLs and crude oil to energy related businesses and may use a variety of financial and other instruments including forward contracts involving physical delivery of NGLs, heating oil and crude oil. We periodically enter into offsetting positions to economically hedge against the exposure our customer contracts create. Certain of these contracts and positions are derivative instruments. We do not designate any of our commodity-based derivatives as hedging instruments for accounting purposes. Our commodity-based derivatives are reflected at fair value in the consolidated balance sheets, and changes in the fair value of these derivatives that impact the consolidated statements of operations are reflected in costs of product/services sold. Our commodity-based derivatives that are settled with physical commodities are reflected as an increase to product revenues, and the commodity inventory that is utilized to satisfy those physical obligations is reflected as an increase to costs of product sold in our consolidated statements of operations. The following table summarizes the impact to our consolidated statements of operations related to our commodity-based derivatives reflected in operating revenues and costs of product/services sold during the three and six months ended June 30, 2019 and 2018 (*in millions*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Product revenues	$ 40.2	$ 33.0	$ 144.3	$ 130.8
Gain (loss) reflected in costs of product/services sold	$ 9.9	$ (6.4)	$ 7.0	$ 1.4

We attempt to balance our contractual portfolio in terms of notional amounts and timing of performance and delivery obligations. This balance in the contractual portfolio significantly reduces the volatility in costs of product/services sold related to these instruments.

Commodity Price and Credit Risk

Notional Amounts and Terms

The notional amounts and terms of our derivative financial instruments include the following:

	June 30, 2019		December 31, 2018	
	Fixed Price Payor	Fixed Price Receiver	Fixed Price Payor	Fixed Price Receiver
Propane, crude and heating oil (MMBbls)	36.8	38.3	27.8	30.1
Natural gas (Bcf)	1.2	1.3	1.8	1.8

Notional amounts reflect the volume of transactions, but do not represent the amounts exchanged by the parties to the financial instruments. Accordingly, notional amounts do not reflect our monetary exposure to market or credit risks. All contracts subject to price risk had a maturity of 36 months or less; however, 83% of the contracted volumes will be delivered or settled within 12 months.

Credit Risk

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 as well as through customer deposits, letters of credit and entering into netting agreements that allow for offsetting counterparty receivable and payable balances for certain financial transactions, as deemed appropriate. The counterparties associated with our price risk management activities are energy marketers and propane retailers, resellers and dealers.

Certain of our derivative instruments have credit limits that require us to post collateral. The amount of collateral required to be posted is a function of the net liability position of the derivative as well as our established credit limit with the respective counterparty. If our credit rating were to change, the counterparties could require us to post additional collateral. The amount of additional collateral that would be required to be posted would vary depending on the extent of change in our credit rating as well as the requirements of the individual counterparty. In addition, we have margin requirements with a New York Mercantile Exchange (NYMEX) broker related to our net asset or liability position with such broker. All collateral amounts have been netted against the asset or liability with the respective counterparty and are reflected in our consolidated balance sheets as assets and liabilities from price risk management activities.

The following table presents the fair value of our commodity derivative instruments with credit-risk related contingent features and their associated collateral (*in millions*):

	June 30, 2019	December 31, 2018
Aggregate fair value of derivative instruments with credit-risk-related contingent features[(1)]	$ 3.8	$ 2.2
NYMEX-related net derivative liability position	$ 10.3	$ 9.4
NYMEX-related cash collateral posted	$ 21.6	$ 21.7
Cash collateral received	$ 15.5	$ 14.2

(1) At June 30, 2019 and December 31, 2018, we posted less than $0.1 million of collateral associated with these derivatives.

Note 7 – 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 1 primarily consists of financial instruments such as exchange-traded derivatives, listed equities and US government treasury securities.

- 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. Instruments in this category include non-exchange-traded derivatives such as over the counter (OTC) forwards, options and physical exchanges.

- 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.

Cash, Accounts Receivable and Accounts Payable

As of June 30, 2019 and December 31, 2018, the carrying amounts of cash, accounts receivable and accounts payable approximate fair value based on the short-term nature of these instruments.

Credit Facility

The fair value of the amounts outstanding under our CMLP credit facility approximates the carrying amounts as of June 30, 2019 and December 31, 2018, due primarily to the variable nature of the interest rate of the instrument, which is considered a Level 2 fair value measurement.

Senior Notes

We estimate the fair value of our senior notes primarily based on quoted market prices for the same or similar issuances (representing a Level 2 fair value measurement). The following table details the carrying amount (reduced for deferred financing costs associated with the respective notes) and fair value of our senior notes (*in millions*):

	June 30, 2019		December 31, 2018	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
2023 Senior Notes	$ 694.4	$ 716.1	$ 693.6	$ 668.1
2025 Senior Notes	$ 493.9	$ 509.5	$ 493.4	$ 466.2
2027 Senior Notes	$ 591.6	$ 598.4	$ —	$ —

Financial Assets and Liabilities

As of June 30, 2019 and December 31, 2018, we held certain assets and liabilities that are required to be measured at fair value on a recurring basis, which include our derivative instruments related to heating oil, crude oil, and NGLs. Our derivative instruments consist of forwards, swaps, futures, physical exchanges and options.

Our derivative instruments that are traded on the NYMEX have been categorized as Level 1.

Our derivative instruments also include OTC contracts, which are not traded on a public exchange. The fair values of these derivative instruments are determined based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. These instruments have been categorized as Level 2.

Our OTC options are valued based on the Black Scholes option pricing model that considers time value and volatility of the underlying commodity. The inputs utilized in the model are based on publicly available information as well as broker quotes. These options have been categorized as Level 2.

Our financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following tables set forth by level within the fair value hierarchy, our financial instruments that were accounted for at fair value on a recurring basis at June 30, 2019 and December 31, 2018 (*in millions*):

	June 30, 2019						
	Level 1	Level 2	Level 3	Gross Fair Value	Contract Netting[1]	Collateral/Margin Received or Paid	Fair Value
Assets							
Assets from price risk management	$ 6.2	$ 151.8	$ —	$ 158.0	$ (132.8)	$ (0.2)	$ 25.0
Suburban Propane Partners, L.P. units[2]	3.5	—	—	3.5	—	—	3.5
Total assets at fair value	$ 9.7	$ 151.8	$ —	$ 161.5	$ (132.8)	$ (0.2)	$ 28.5
Liabilities							
Liabilities from price risk management	$ 5.9	$ 140.6	$ —	$ 146.5	$ (132.8)	$ (6.3)	$ 7.4
Total liabilities at fair value	$ 5.9	$ 140.6	$ —	$ 146.5	$ (132.8)	$ (6.3)	$ 7.4

	December 31, 2018						
	Level 1	Level 2	Level 3	Gross Fair Value	Contract Netting[1]	Collateral/Margin Received or Paid	Fair Value
Assets							
Assets from price risk management	$ 12.4	$ 160.7	$ —	$ 173.1	$ (140.3)	$ 1.9	$ 34.7
Suburban Propane Partners, L.P. units[2]	2.8	—	—	2.8	—	—	2.8
Total assets at fair value	$ 15.2	$ 160.7	$ —	$ 175.9	$ (140.3)	$ 1.9	$ 37.5
Liabilities							
Liabilities from price risk management	$ 7.0	$ 144.7	$ —	$ 151.7	$ (140.3)	$ (5.6)	$ 5.8
Total liabilities at fair value	$ 7.0	$ 144.7	$ —	$ 151.7	$ (140.3)	$ (5.6)	$ 5.8

(1) Amounts represent the impact of legally enforceable master netting agreements that allow us to settle positive and negative positions as well as cash collateral held or placed with the same counterparties.

(2) Amount is reflected in other assets on CEQP’s consolidated balance sheets.

Note 8 – Long-Term Debt

Long-term debt consisted of the following at June 30, 2019 and December 31, 2018 (*in millions*):

	June 30, 2019	December 31, 2018
Credit Facility	$ 363.0	$ 578.2
2023 Senior Notes	700.0	700.0
2025 Senior Notes	500.0	500.0
2027 Senior Notes	600.0	—
Other	0.8	1.5
Less: deferred financing costs, net	32.4	26.4
Total debt	2,131.4	1,753.3
Less: current portion	0.2	0.9
Total long-term debt, less current portion	$ 2,131.2	$ 1,752.4

Credit Facility

In April 2019, Crestwood Niobrara acquired the remaining 50% equity interest in Jackalope and funded approximately $250 million of the total purchase price through borrowings under Crestwood Midstream's credit facility. Contemporaneously with the acquisition of the remaining interest in Jackalope, Crestwood Midstream entered into the First Amendment to the Second Amended and Restated Credit Agreement to modify certain defined terms and calculations, among other things, to account for the Jackalope acquisition. The other debt covenants under the amended credit agreement are materially consistent with the credit facility that existed at December 31, 2018.

At June 30, 2019, Crestwood Midstream had $655.7 million of available capacity under its credit facility considering the most restrictive debt covenants in its credit agreement. At June 30, 2019 and December 31, 2018, Crestwood Midstream's outstanding standby letters of credit were $64.0 million and $68.0 million. Borrowings under the credit facility accrue interest at prime or Eurodollar based rates plus applicable spreads, which resulted in interest rates between 4.39% and 6.50% at June 30, 2019 and 4.63% and 6.75% at December 31, 2018. The weighted-average interest rate as of June 30, 2019 and December 31, 2018 was 4.41% and 4.79%.

Crestwood Midstream is required under its credit agreement to maintain a net debt to consolidated EBITDA ratio (as defined in its credit agreement) of not more than 5.50 to 1.0, a consolidated EBITDA to consolidated interest expense ratio (as defined in its credit agreement) of not less than 2.50 to 1.0, and a senior secured leverage ratio (as defined in its credit agreement) of not more than 3.75 to 1.0. At June 30, 2019, the net debt to consolidated EBITDA ratio was approximately 4.22 to 1.0, the consolidated EBITDA to consolidated interest expense ratio was approximately 4.35 to 1.0, and the senior secured leverage ratio was 0.71 to 1.0.

Senior Notes

In April 2019, Crestwood Midstream issued $600 million of 5.625% unsecured senior notes due 2027 (the 2027 Senior Notes). The 2027 Senior Notes will mature on May 1, 2027, and interest is payable semiannually in arrears on May 1 and November 1 of each year, beginning November 1, 2019. The net proceeds from this offering of approximately $591.1 million were used to repay a portion of the outstanding borrowings under our credit facility, which included the borrowings that were used to fund the acquisition of the remaining 50% equity interest in Jackalope.

Note 9 - Earnings Per Limited Partner Unit

Our net income (loss) attributable to Crestwood Equity Partners is allocated to the subordinated and limited partner unitholders based on their ownership percentage after giving effect to net income attributable to the preferred units. We calculate basic net income per limited partner unit using the two-class method. Diluted net income per limited partner unit is computed using the treasury stock method, which considers the impact to net income attributable to Crestwood Equity Partners and limited partner units from the potential issuance of limited partner units.

We exclude potentially dilutive securities from the determination of diluted earnings per unit (as well as their related income statement impacts) when their impact on net income attributable to Crestwood Equity Partners per limited partner unit is anti-dilutive. The following table summarizes information regarding the weighted-average of common units excluded during the three and six months ended June 30, 2019 and 2018 *(in millions)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Preferred units [1]	—	7.1	7.1	7.1
Crestwood Niobrara's preferred units[1]	—	5.9	—	5.9
Stock-based compensation performance units[2]	—	0.3	—	0.3
Subordinated units[2]	—	0.4	—	0.4

(1) See Note 10 for additional information regarding the potential conversion/redemption of our preferred units and Crestwood Niobrara's preferred units to CEQP common units.
(2) For a description of our performance units and subordinated units, see our 2018 Annual Report on Form 10-K.

The table below shows CEQP's net income per limited partner unit based on the number of basic and diluted limited partner units outstanding for the three and six months ended June 30, 2019 and 2018 *(in millions, except per unit data)*:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Common unitholders' interest in net income (loss)	$ 198.2	$ (40.6)	$ 193.3	$ (25.5)
Dilutive effect of net income attributable to preferred units	15.0	—	—	—
Dilutive effect of net income attributable to subordinated units	1.2	—	1.2	—
Diluted net income (loss)	$ 214.4	$ (40.6)	$ 194.5	$ (25.5)
Weighted-average limited partners' units outstanding - basic	71.8	71.2	71.8	71.2
Dilutive effect of preferred units	7.1	—	—	—
Dilutive effect of Crestwood Niobrara preferred units	3.4	—	4.5	—
Dilutive effect of stock-based compensation performance units	0.3	—	0.3	—
Dilutive effect of subordinated units	0.4	—	0.4	—
Weighted-average limited partners' units outstanding - diluted	83.0	71.2	77.0	71.2
Basic earnings per unit:				
Net income (loss) per limited partner unit	$ 2.76	$ (0.57)	$ 2.69	$ (0.36)
Diluted earnings per unit:				
Net income (loss) per limited partner unit	$ 2.58	$ (0.57)	$ 2.53	$ (0.36)

Note 10 – Partners' Capital

Common Units

We have an employee unit purchase plan under which employees of the general partner may purchase our common units through payroll deductions up to a maximum of 10% of the employees' eligible compensation, not to exceed $25,000 for any calendar year. During the three and six months ended June 30, 2019, 1,761 and 2,550 common units were purchased under the plan. There were no common units purchased under the plan during the three and six months ended June 30, 2018. For a further description of our employee unit purchase plan, see our 2018 Annual Report on Form 10-K.

Preferred Units

Subject to certain conditions, the holders of the preferred units have the right to convert their preferred units into (i) common units on a 1-for-10 basis or (ii) a number of common units determined pursuant to a conversion ratio set forth in Crestwood Equity's partnership agreement upon the occurrence of certain events, such as a change in control. The 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 preferred unit entitled to one vote for each common unit into which such preferred unit is convertible, except that the preferred units are entitled to vote as a separate class on any matter on which all unitholders are entitled to vote that adversely affects the rights, powers, privileges or preferences of the preferred units in relation to Crestwood Equity's other securities outstanding.

Distributions

Crestwood Equity

Limited Partners. A summary of CEQP's limited partner quarterly cash distributions for the six months ended June 30, 2019 and 2018 is presented below:

Record Date	Payment Date	Per Unit Rate	Cash Distributions (*in millions*)
2019			
February 7, 2019	February 14, 2019	$ 0.60	$ 43.1
May 8, 2019	May 15, 2019	0.60	43.1
			$ 86.2
2018			
February 7, 2018	February 14, 2018	$ 0.60	$ 42.7
May 8, 2018	May 15, 2018	0.60	42.7
			$ 85.4

On July 18, 2019, we declared a distribution of $0.60 per limited partner unit to be paid on August 14, 2019 to unitholders of record on August 7, 2019 with respect to the quarter ended June 30, 2019.

Preferred Unit Holders. During the six months ended June 30, 2019 and 2018, we made cash distributions to our preferred unitholders of approximately $30.0 million in both periods. On July 18, 2019, the board of directors of our general partner authorized a cash distribution to our preferred unitholders of approximately $15.0 million for the quarter ended June 30, 2019.

Crestwood Midstream

During the six months ended June 30, 2019 and 2018, Crestwood Midstream paid cash distributions of $117.5 million and $120.0 million to Crestwood Equity.

Non-Controlling Partner

Crestwood Niobrara issued preferred interests (Series A-2 Preferred Units) to Jackalope Holdings, which are reflected as non-controlling interest in our consolidated financial statements and included as a component of partners' capital on our consolidated balance sheet at December 31, 2018. In April 2019, Crestwood Niobrara issued $235 million in new preferred interests (Series A-3 Preferred Units, and collectively with the Series A-2 Preferred Units defined as the Crestwood Niobrara Preferred Units) to Jackalope Holdings in conjunction with Crestwood Niobrara's acquisition of the remaining 50% equity interest in Jackalope from

Williams. In connection with the issuance of the Series A-3 Preferred Units, we entered into a Third Amended and Restated Limited Liability Company Agreement (Crestwood Niobrara Amended Agreement) with Jackalope Holdings, pursuant to which we serve as managing member of Crestwood Niobrara. The Crestwood Niobrara Amended Agreement modified certain provisions under the previous limited liability company agreement related to the conversion and redemption of the Series A-2 Preferred Units, as follows:

- The Crestwood Niobrara Preferred Units are convertible by the preferred interest holder starting on January 1, 2021 into Crestwood Niobrara common units. The preferred interest holder has the option to contribute additional capital to Crestwood Niobrara to increase their common ownership percentage in Crestwood Niobrara to 50% upon the conversion.

- The Crestwood Niobrara Preferred Units are redeemable by the preferred interest holder starting on December 31, 2023 for an amount equal to the Liquidation Preference (as defined in the Crestwood Niobrara Amended Agreement). If redemption is elected by the preferred interest holder, we have the option to elect to give consideration equal to the Liquidation Preference in either (i) unregistered CEQP common units (subject to a Registration Rights Agreement) with total value of up to $100 million and/or cash; or (ii) proceeds from a full liquidation of Crestwood Niobrara's assets and unregistered CEQP common units (subject to a Registration Rights Agreement).

- The Crestwood Niobrara Preferred Units are redeemable by us starting on January 1, 2023 for either (i) unregistered CEQP common units (subject to a Registration Rights Agreement) with total value of up to $100 million and/or cash; or (ii) proceeds from a full liquidation of Crestwood Niobrara's assets and registered CEQP common units (subject to a Registration Rights Agreement).

As a result of the modification of the conversion and redemption provisions of the Crestwood Niobrara Preferred Units, we have reflected these preferred interests as a non-controlling interest in subsidiary apart from partners' capital on our consolidated balance sheet at June 30, 2019. The following table shows the change in our non-controlling interest in subsidiary at June 30, 2019 *(in millions)*:

Balance at December 31, 2018	$	—
Reclassification of Series A-2 Preferred Units		178.8
Issuance of Series A-3 Preferred Units		235.0
Net income attributable to non-controlling partner[(1)]		10.6
Balance at June 30, 2019	$	424.4

(1) We adjust the carrying amount of our non-controlling interest to its redemption value each period through net income attributable to non-controlling partner.

Crestwood Niobrara makes quarterly cash distributions on its preferred interests within 30 days after the end of each quarter. During the six months ended June 30, 2019 and 2018, Crestwood Niobrara paid cash distributions related to the Series A-2 Preferred Units of $6.6 million and $3.3 million to Jackalope Holdings. In July 2019, Crestwood Niobrara paid cash distributions to Jackalope Holdings of $3.9 million related to the Series A-2 Preferred Units and $5.3 million related to the Series A-3 Preferred Units for the quarter ended June 30, 2019.

Other

In February 2019, Crestwood Equity issued 238,263 performance units under the Crestwood Equity Partners LP Long Term Incentive Plan (Crestwood LTIP). The performance units are designed to provide an incentive for continuous employment to certain key employees. The vesting of performance units is subject to the attainment of certain performance and market goals over a three-year period, and entitle a participant to receive common units of Crestwood Equity without payment of an exercise price upon vesting. As of June 30, 2019, we had total unamortized compensation expense of approximately $6.3 million related to these performance units, which we expect will be amortized during the next three years. We recognized compensation expense of approximately $0.5 million and $1.9 million under the Crestwood LTIP related to these performance units during the three and six months ended June 30, 2019, which is included in general and administrative expenses on our consolidated statements of operations.

Note 11 – Commitments and Contingencies

Legal Proceedings

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. As of June 30, 2019 and December 31, 2018, both CEQP and CMLP had approximately $0.2 million and $0.1 million accrued for outstanding legal matters. Based on currently available information, we believe it is remote that future costs related to known contingent liability exposures for which we can estimate will exceed current accruals by an amount that 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.

Regulatory Compliance

In the ordinary course of our business, we are subject to various laws and regulations. In the opinion of our management, compliance with current laws and regulations will not have a material effect on our results of operations, cash flows or financial condition.

Environmental Compliance

Our operations are subject to stringent and complex laws and regulations pertaining to worker health, safety, and the environment. We are subject to laws and regulations at the federal, state, regional and local levels that relate to air and water quality, hazardous and solid waste management and disposal, and other environmental matters. The cost of planning, designing, constructing and operating our facilities must incorporate compliance with environmental laws and regulations and safety standards. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and potentially criminal enforcement measures.

During 2014, we experienced three releases totaling approximately 28,000 barrels of produced water on our Arrow water gathering system located on the Fort Berthold Indian Reservation in North Dakota. We immediately notified the National Response Center, the Three Affiliated Tribes and numerous other regulatory authorities. Thereafter, we contained and cleaned up the releases, and placed the impacted segments of these water lines back into service. In May 2015, we experienced a release of approximately 5,200 barrels of produced water on our Arrow water gathering system, immediately notified numerous regulatory authorities and other third parties, and thereafter contained and cleaned up the releases.

In August 2015, we received a notice of violation from the Three Affiliated Tribes' Environmental Division related to our 2014 produced water releases on the Fort Berthold Indian Reservation. The notice of violation imposes fines and requests reimbursements exceeding $1.1 million; however, the notice of violation was stayed on September 15, 2015. Our discussions regarding the notice of violation continue with the Three Affiliated Tribes.

We will continue our remediation efforts to ensure the impacted lands are restored to their prior state. We believe these releases are insurable events under our policies, and we have notified our carriers of these events. We have not recorded an insurance receivable as of June 30, 2019.

At June 30, 2019 and December 31, 2018, our accrual of approximately $1.7 million and $1.8 million was based on our undiscounted estimate of amounts we will spend on compliance with environmental and other regulations, and any associated fines or penalties (including the Arrow water releases described above). We estimate that our potential liability for reasonably possible outcomes related to our environmental exposures could range from approximately $1.7 million to $3.3 million at June 30, 2019.

Self-Insurance

We utilize third-party insurance subject to varying retention levels of self-insurance, which management considers prudent. Such self-insurance relates to losses and liabilities primarily associated with medical claims, workers' compensation claims and general, product, vehicle and environmental liability. Losses are accrued based upon management's estimates of the aggregate liability for claims incurred using certain assumptions followed in the insurance industry and based on past experience. The primary assumption utilized is actuarially determined loss development factors. The loss development factors are based primarily on historical data. Our self insurance reserves could be affected if future claim developments differ from the historical trends. We believe changes in health care costs, trends in health care claims of our employee base, accident frequency and severity and other factors could materially affect the estimate for these liabilities. We continually monitor changes in employee demographics, incident and claim type and evaluate our insurance accruals and adjust our accruals based on our evaluation of these qualitative data points. We are liable for the development of claims for our disposed retail propane operations, provided they were reported prior to August 1, 2012. The following table summarizes CEQP's and CMLP's self-insurance reserves at June 30, 2019 and December 31, 2018 (*in millions*):

	CEQP		CMLP	
	June 30, 2019	**December 31, 2018**	**June 30, 2019**	**December 31, 2018**
Self-insurance reserves[1]	$ 10.1	$ 11.3	$ 8.6	$ 9.6

(1) At June 30, 2019, CEQP and CMLP classified approximately $7.4 million and $6.3 million, respectively of these reserves as other long-term liabilities on their consolidated balance sheets.

Guarantees and Indemnifications

We are involved in various joint ventures that sometimes require financial and performance guarantees. In a financial guarantee, we are obligated to make payments if the guaranteed party fails to make payments under, or violates the terms of, the financial arrangement. In a performance guarantee, we provide assurance that the guaranteed party will execute on the terms of the contract. If they do not, we are required to perform on their behalf. We also periodically provide indemnification arrangements related to assets or businesses we have sold. For a further description of our guarantees associated with our joint ventures, see Note 5.

Our potential exposure under guarantee and indemnification arrangements can range from a specified amount to an unlimited dollar amount, depending on the nature of the claim, specificity as to duration, and the particular transaction. As of June 30, 2019 and December 31, 2018, we have no amounts accrued for these guarantees.

Note 12 – Related Party Transactions

Crestwood Holdings indirectly owns both CEQP's and CMLP's general partner. The affiliates of Crestwood Holdings and its owners are considered CEQP's and CMLP's related parties. We enter into transactions with our affiliates within the ordinary course of business, including gas gathering and processing services under long-term contracts, product purchases and various operating agreements. We also enter into transactions with our affiliates related to services provided on our expansion projects. For the six months ended June 30, 2019 and 2018, we paid approximately $5.1 million and $1.9 million of capital expenditures to Applied Consultants, Inc., an affiliate of Crestwood Holdings.

The following table shows transactions with our affiliates which are reflected in our consolidated statements of operations (*in millions*). For a further description of our related party agreements, see our 2018 Annual Report on Form 10-K.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenues at CEQP and CMLP	$ 1.3	$ 0.3	$ 2.5	$ 0.6
Costs of product/services sold at CEQP and CMLP(1)	$ 0.9	$ 32.2	$ 35.3	$ 45.3
Operations and maintenance expenses at CEQP and CMLP(2)	$ 5.9	$ 7.3	$ 13.4	$ 14.0
General and administrative expenses charged by CEQP to CMLP, net(3)	$ 10.1	$ 4.9	$ 21.1	$ 10.5
General and administrative expenses at CEQP charged from Crestwood Holdings, net(4)	$ (0.1)	$ (4.4)	$ (5.3)	$ (4.8)

(1) Includes $0.9 million and $9.1 million during the three and six months ended June 30, 2019 and $15.2 million and $28.3 million during the three and six months ended June 30, 2018 related to purchases of NGLs from a subsidiary of Crestwood Permian. Includes less than $0.1 million and $23.9 million during the three and six months ended June 30, 2019 and $17.0 million during both the three and six months ended June 30, 2018 related to an agency marketing agreement with Ascent Resources - Utica, LLC, an affiliate of Crestwood Holdings. Includes less than $0.1 million and $2.3 million during the three and six months ended June 30, 2019 related to purchases of natural gas from a subsidiary of Stagecoach Gas.

(2) We have operating agreements with certain of our unconsolidated affiliates pursuant to which we charge them operations and maintenance expenses in accordance with their respective agreements, and these charges are reflected as a reduction of operations and maintenance expenses in our consolidated statements of income. During the three and six months ended June 30, 2019, we charged $1.9 million and $3.9 million to Stagecoach Gas, $1.0 million and $2.2 million to Tres Palacios, and $3.0 million and $6.8 million to Crestwood Permian. During the six months ended June 30, 2019, we charged $0.5 million to Jackalope. During the three and six months ended June 30, 2018, we charged $2.1 million and $4.2 million to Stagecoach Gas, $0.9 million and $2.0 million to Tres Palacios, $4.1 million and $7.5 million to Crestwood Permian, and $0.2 million and $0.3 million to Jackalope.

(3) Includes $11.0 million and $22.9 million of net unit-based compensation charges allocated from CEQP to CMLP for the three and six months ended June 30, 2019 and and $5.7 million and $12.1 million for the three and six months ended June 30, 2018. In addition, includes $0.9 million and $1.8 million of CMLP's general and administrative costs allocated to CEQP during the three and six months ended June 30, 2019 and and $0.8 million and $1.6 million during the three and six months ended June 30, 2018.

(4) Includes $0.2 million and $5.6 million unit-based compensation charges allocated from Crestwood Holdings to CEQP and CMLP during the three and six months ended June 30, 2019 and $4.6 million and $5.4 million during the three and six months ended June 30, 2018.

The following table shows accounts receivable and accounts payable with our affiliates (*in millions*):

	June 30, 2019	December 31, 2018
Accounts receivable at CEQP and CMLP	$ 5.1	$ 4.1
Accounts payable at CEQP	$ 6.7	$ 16.1
Accounts payable at CMLP	$ 4.2	$ 13.6

Note 13 – Segments

Financial Information

We have three operating and reportable segments: (i) gathering and processing operations; (ii) storage and transportation operations; and (iii) marketing, supply and logistics operations. Our corporate operations include all general and administrative expenses that are not allocated to our reportable segments. We assess the performance of our operating segments based on EBITDA, which is defined as income before income taxes, plus interest and debt expense, net and depreciation, amortization and accretion expense.

Below is a reconciliation of CEQP's net income (loss) to EBITDA (*in millions*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	$ 225.0	$ (21.5)	$ 239.1	$ 12.6
Add:				
Interest and debt expense, net	27.8	24.3	52.7	48.7
Provision for income taxes	0.3	0.2	0.3	0.2
Depreciation, amortization and accretion	49.3	44.5	89.1	89.6
EBITDA	$ 302.4	$ 47.5	$ 381.2	$ 151.1

Below is a reconciliation of CMLP's net income (loss) to EBITDA (*in millions*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	$ 222.9	$ (23.5)	$ 234.5	$ 8.9
Add:				
Interest and debt expense, net	27.8	24.3	52.7	48.7
Provision for income taxes	0.3	0.1	0.3	0.1
Depreciation, amortization and accretion	52.7	47.4	96.1	95.2
EBITDA	$ 303.7	$ 48.3	$ 383.6	$ 152.9

The following tables summarize CEQP's and CMLP's reportable segment data for the three and six months ended June 30, 2019 and 2018 (*in millions*). Intersegment revenues included in the following tables are accounted for as arms-length transactions that apply our revenue recognition policies as described in our 2018 Annual Report on Form 10-K. Included in earnings from unconsolidated affiliates, net below was approximately $10.3 million and $9.9 million of interest expense, depreciation and amortization expense and gains (losses) on long-lived assets, net related to our equity investments for the three months ended June 30, 2019 and 2018 and $23.0 million and $19.6 million for the six months ended June 30, 2019 and 2018.

Crestwood Equity

	Three Months Ended June 30, 2019				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 199.7	$ 4.9	$ 478.8	$ —	$ 683.4
Intersegment revenues	25.4	3.2	(28.6)	—	—
Costs of product/services sold	108.9	—	428.3	—	537.2
Operations and maintenance expense	24.6	0.9	9.2	—	34.7
General and administrative expense	—	—	—	22.3	22.3
Gain (loss) on long-lived assets, net	(0.2)	—	—	0.2	—
Gain on acquisition	209.4	—	—	—	209.4
Earnings (loss) from unconsolidated affiliates, net	(2.8)	6.5	—	—	3.7
Other income, net	—	—	—	0.1	0.1
EBITDA	$ 298.0	$ 13.7	$ 12.7	$ (22.0)	$ 302.4
Goodwill	$ 127.7	$ —	$ 92.7	$ —	$ 220.4
Total assets	$ 3,505.7	$ 991.7	$ 548.1	$ 41.7	$ 5,087.2

	Three Months Ended June 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 255.5	$ 5.1	$ 579.9	$ —	$ 840.5
Intersegment revenues	45.4	2.5	(47.9)	—	—
Costs of product/services sold	208.8	0.1	516.5	—	725.4
Operations and maintenance expense	17.8	0.8	13.3	—	31.9
General and administrative expense	—	—	—	23.4	23.4
Loss on long-lived assets	—	—	(24.4)	—	(24.4)
Earnings from unconsolidated affiliates, net	4.5	7.5	—	—	12.0
Other income, net	—	—	—	0.1	0.1
EBITDA	$ 78.8	$ 14.2	$ (22.2)	$ (23.3)	$ 47.5

	Six Months Ended June 30, 2019				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 382.0	$ 12.7	$ 1,123.9	$ —	$ 1,518.6
Intersegment revenues	78.2	6.8	(85.0)	—	—
Costs of product/services sold	246.9	—	985.9	—	1,232.8
Operations and maintenance expense	42.7	1.9	18.7	—	63.3
General and administrative expense	—	—	—	59.5	59.5
Gain (loss) on long-lived assets, net	(2.0)	—	(0.2)	0.2	(2.0)
Gain on acquisition	209.4	—	—	—	209.4
Earnings (loss) from unconsolidated affiliates, net	(3.0)	13.6	—	—	10.6
Other income, net	—	—	—	0.2	0.2
EBITDA	$ 375.0	$ 31.2	$ 34.1	$ (59.1)	$ 381.2
Goodwill	$ 127.7	$ —	$ 92.7	$ —	$ 220.4
Total assets	$ 3,505.7	$ 991.7	$ 548.1	$ 41.7	$ 5,087.2

	Six Months Ended June 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 595.8	$ 9.3	$ 1,350.4	$ —	$ 1,955.5
Intersegment revenues	86.7	4.5	(91.2)	—	—
Costs of product/services sold	496.5	0.2	1,194.5	—	1,691.2
Operations and maintenance expense	35.5	1.6	29.3	—	66.4
General and administrative expense	—	—	—	47.3	47.3
Gain (loss) on long-lived assets	0.1	—	(24.2)	—	(24.1)
Earnings from unconsolidated affiliates, net	10.2	14.2	—	—	24.4
Other income, net	—	—	—	0.2	0.2
EBITDA	$ 160.8	$ 26.2	$ 11.2	$ (47.1)	$ 151.1

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Crestwood Midstream

	Three Months Ended June 30, 2019				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 199.7	$ 4.9	$ 478.8	$ —	$ 683.4
Intersegment revenues	25.4	3.2	(28.6)	—	—
Costs of product/services sold	108.9	—	428.3	—	537.2
Operations and maintenance expense	24.6	0.9	9.2	—	34.7
General and administrative expense	—	—	—	20.9	20.9
Gain (loss) on long-lived assets, net	(0.2)	—	—	0.2	—
Gain on acquisition	209.4	—	—	—	209.4
Earnings (loss) from unconsolidated affiliates, net	(2.8)	6.5	—	—	3.7
EBITDA	$ 298.0	$ 13.7	$ 12.7	$ (20.7)	$ 303.7
Goodwill	$ 127.7	$ —	$ 92.7	$ —	$ 220.4
Total assets	$ 3,672.2	$ 991.7	$ 548.1	$ 36.0	$ 5,248.0

	Three Months Ended June 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 255.5	$ 5.1	$ 579.9	$ —	$ 840.5
Intersegment revenues	45.4	2.5	(47.9)	—	—
Costs of product/services sold	208.8	0.1	516.5	—	725.4
Operations and maintenance expense	17.8	0.8	13.3	—	31.9
General and administrative expense	—	—	—	22.5	22.5
Loss on long-lived assets	—	—	(24.4)	—	(24.4)
Earnings from unconsolidated affiliates, net	4.5	7.5	—	—	12.0
EBITDA	$ 78.8	$ 14.2	$ (22.2)	$ (22.5)	$ 48.3

	Six Months Ended June 30, 2019				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 382.0	$ 12.7	$ 1,123.9	$ —	$ 1,518.6
Intersegment revenues	78.2	6.8	(85.0)	—	—
Costs of product/services sold	246.9	—	985.9	—	1,232.8
Operations and maintenance expense	42.7	1.9	18.7	—	63.3
General and administrative expense	—	—	—	56.9	56.9
Gain (loss) on long-lived assets, net	(2.0)	—	(0.2)	0.2	(2.0)
Gain on acquisition	209.4	—	—	—	209.4
Earnings (loss) from unconsolidated affiliates, net	(3.0)	13.6	—	—	10.6
EBITDA	$ 375.0	$ 31.2	$ 34.1	$ (56.7)	$ 383.6
Goodwill	$ 127.7	$ —	$ 92.7	$ —	$ 220.4
Total assets	$ 3,672.2	$ 991.7	$ 548.1	$ 36.0	$ 5,248.0

	Six Months Ended June 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Corporate	Total
Revenues	$ 595.8	$ 9.3	$ 1,350.4	$ —	$ 1,955.5
Intersegment revenues	86.7	4.5	(91.2)	—	—
Costs of product/services sold	496.5	0.2	1,194.5	—	1,691.2
Operations and maintenance expense	35.5	1.6	29.3	—	66.4
General and administrative expense	—	—	—	45.3	45.3
Gain (loss) on long-lived assets	0.1	—	(24.2)	—	(24.1)
Earnings from unconsolidated affiliates, net	10.2	14.2	—	—	24.4
EBITDA	$ 160.8	$ 26.2	$ 11.2	$ (45.3)	$ 152.9

Note 14 - Revenues

Contract Assets and Contract Liabilities

Our contract assets and contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. Our receivables related to our *Topic 606* revenue contracts totaled $179.6 million and $209.7 million for both CEQP and CMLP at June 30, 2019 and December 31, 2018, and are included in accounts receivable on our consolidated balance sheets. Our contract assets are included in other non-current assets on our consolidated balance sheets. Our contract liabilities primarily consist of current and non-current deferred revenues. On our consolidated balance sheets, our current deferred revenues are included in accrued expenses and other liabilities and our non-current deferred revenues are included in other long-term liabilities. The majority of revenues associated with our deferred revenues is expected to be recognized as the performance obligations under the related contracts are satisfied over the next 18 years.

The following table provides a summary of the opening and closing balances of our contract assets and contract liabilities *(in millions)*:

	June 30, 2019	December 31, 2018
Contract Assets (Non-current)	$ 0.9	$ 1.0
Contract Liabilities (Current)(1)	$ 12.6	$ 12.0
Contract Liabilities (Non-current)(1)	$ 95.5	$ 65.4

(1) During the three and six months ended June 30, 2019, we recognized revenues of approximately $3.0 million and $5.8 million that were previously included in contract liabilities (current) at December 31, 2018. The remaining change in our contract liabilities during the three and six months ended June 30, 2019 primarily related to approximately $19.8 million of deferred revenues recorded in the purchase price allocation for the Jackalope Acquisition described in more detail in Note 3, and the remainder relates primarily to capital reimbursements associated with our revenue contracts and revenue deferrals associated with our contracts with increasing (decreasing) rates.

The following table summarizes the transaction price allocated to our remaining performance obligations under certain contracts that have not been recognized as of June 30, 2019 *(in millions)*:

Remainder of 2019	$ 50.7
2020	98.0
2021	86.1
2022	66.0
2023	7.3
Thereafter	3.3
Total	$ 311.4

Our remaining performance obligations presented in the table above exclude estimates of variable rate escalation clauses in our contracts with customers, and is generally limited to fixed-fee and percentage-of-proceeds service contracts which have fixed pricing and minimum volume terms and conditions. Our remaining performance obligations generally exclude, based on the following practical expedients that we elected to apply, disclosures for (i) variable consideration allocated to a wholly-unsatisfied promise to transfer a distinct service that forms part of the identified single performance obligation; (ii) unsatisfied performance obligations where the contract term is one year or less; and (iii) contracts for which we recognize revenues as amounts are invoiced.

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 each of our segments for the three and six months ended June 30, 2019 and 2018 (*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.

	Three Months Ended June 30, 2019				
	Gathering and Processing	**Storage and Transportation**	**Marketing, Supply and Logistics**	**Intersegment Elimination**	**Total**
Revenues:					
Topic 606 revenues					
Gathering					
Natural gas	$ 42.9	$ —	$ —	$ —	$ 42.9
Crude oil	15.1	—	—	—	15.1
Water	19.0	—	—	—	19.0
Processing					
Natural gas	8.1	—	—	—	8.1
Compression					
Natural gas	6.2	—	—	—	6.2
Storage					
Crude oil	0.5	1.5	—	(0.5)	1.5
NGLs	—	—	1.3	—	1.3
Pipeline					
Crude oil	—	1.5	—	(0.5)	1.0
Transportation					
Crude oil	1.8	—	1.5	—	3.3
NGLs	—	—	2.1	—	2.1
Rail Loading					
Crude oil	—	3.9	—	(1.4)	2.5
Product Sales					
Natural gas	10.9	—	7.9	(4.8)	14.0
Crude oil	110.2	—	291.4	(16.0)	385.6
NGLs	10.4	—	133.9	(4.5)	139.8
Other	—	1.2	0.3	(0.9)	0.6
Total Topic 606 revenues	225.1	8.1	438.4	(28.6)	643.0
Non-Topic 606 revenues[(1)]	—	—	40.4	—	40.4
Total revenues	$ 225.1	$ 8.1	$ 478.8	$ (28.6)	$ 683.4

(1) Represents revenues primarily related to our commodity-based derivatives. See Note 6 for additional information related to our price risk management activities.

	Three Months Ended June 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Intersegment Elimination	Total
Revenues:					
Topic 606 revenues					
Gathering					
Natural gas	$ 33.9	$ —	$ —	$ —	$ 33.9
Crude oil	9.4	—	—	—	9.4
Water	13.7	—	—	—	13.7
Processing					
Natural gas	2.7	—	—	—	2.7
NGLs	—	—	2.4	—	2.4
Compression					
Natural gas	7.9	—	—	—	7.9
Storage					
Crude oil	0.4	1.2	—	(0.3)	1.3
NGLs	—	—	2.3	—	2.3
Pipeline					
Crude oil	—	1.4	—	(0.5)	0.9
Transportation					
Crude oil	0.6	—	1.7	—	2.3
NGLs	—	—	9.7	—	9.7
Rail Loading					
Crude oil	—	4.7	—	(1.5)	3.2
NGLs	—	—	1.1	—	1.1
Product Sales					
Natural gas	11.9	—	8.9	(2.8)	18.0
Crude oil	197.7	—	266.0	(37.0)	426.7
NGLs	22.7	—	254.8	(5.6)	271.9
Other	—	0.3	—	(0.2)	0.1
Total Topic 606 revenues	300.9	7.6	546.9	(47.9)	807.5
Non-Topic 606 revenues(1)	—	—	33.0	—	33.0
Total revenues	$ 300.9	$ 7.6	$ 579.9	$ (47.9)	$ 840.5

(1) Represents revenues primarily related to our commodity-based derivatives. See Note 6 for additional information related to our price risk management activities.

	Six Months Ended June 30, 2019				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Intersegment Elimination	Total
Revenues:					
Topic 606 revenues					
Gathering					
Natural gas	$ 73.1	$ —	$ —	$ —	$ 73.1
Crude oil	30.4	—	—	—	30.4
Water	35.8	—	—	—	35.8
Processing					
Natural gas	10.6	—	—	—	10.6
Compression					
Natural gas	12.2	—	—	—	12.2
Storage					
Crude oil	1.0	2.9	—	(1.2)	2.7
NGLs	—	—	2.6	—	2.6
Pipeline					
Crude oil	—	3.2	—	(1.2)	2.0
Transportation					
Crude oil	3.3	—	3.0	—	6.3
NGLs	—	—	6.2	—	6.2
Rail Loading					
Crude oil	—	11.1	—	(2.8)	8.3
Product Sales					
Natural gas	29.7	—	30.2	(11.4)	48.5
Crude oil	241.8	—	581.5	(59.3)	764.0
NGLs	22.3	—	355.4	(7.3)	370.4
Other	—	2.3	0.3	(1.8)	0.8
Total Topic 606 revenues	460.2	19.5	979.2	(85.0)	1,373.9
Non-Topic 606 revenues[(1)]	—	—	144.7	—	144.7
Total revenues	$ 460.2	$ 19.5	$ 1,123.9	$ (85.0)	$ 1,518.6

(1) Represents revenues primarily related to our commodity-based derivatives. See Note 6 for additional information related to our price risk management activities.

	Six Months Ended June 30, 2018				
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Intersegment Elimination	Total
Revenues:					
Topic 606 revenues					
Gathering					
Natural gas	$ 69.3	$ —	$ —	$ —	$ 69.3
Crude oil	18.6	—	—	—	18.6
Water	25.8	—	—	—	25.8
Processing					
Natural gas	5.4	—	—	—	5.4
NGLs	—	—	4.1	—	4.1
Compression					
Natural gas	15.5	—	—	—	15.5
Storage					
Crude oil	0.9	1.8	—	(0.5)	2.2
NGLs	—	—	5.5	—	5.5
Pipeline					
Crude oil	—	2.6	—	(1.0)	1.6
Transportation					
Crude oil	1.2	—	2.9	—	4.1
NGLs	—	—	19.4	—	19.4
Water	—	—	0.2	—	0.2
Rail Loading					
Crude oil	—	8.7	—	(2.5)	6.2
NGLs	—	—	2.2	—	2.2
Product Sales					
Natural gas	25.3	—	16.7	(6.7)	35.3
Crude oil	477.6	—	456.6	(69.3)	864.9
NGLs	42.9	—	712.0	(10.7)	744.2
Other	—	0.7	—	(0.5)	0.2
Total Topic 606 revenues	682.5	13.8	1,219.6	(91.2)	1,824.7
Non-Topic 606 revenues(1)	—	—	130.8	—	130.8
Total revenues	$ 682.5	$ 13.8	$ 1,350.4	$ (91.2)	$ 1,955.5

(1) Represents revenues related to our commodity-based derivatives. See Note 6 for additional information related to our price risk management activities.

Note 15 – Condensed Consolidating Financial Information

Crestwood Midstream is a holding company (Parent) and owns no operating assets and has no significant operations independent of its subsidiaries. Obligations under Crestwood Midstream's senior notes and its credit facility are jointly and severally guaranteed by substantially all of its subsidiaries, except for Crestwood Infrastructure, Crestwood Niobrara, Crestwood Pipeline and Storage Northeast LLC, PRBIC and Tres Holdings and their respective subsidiaries (collectively, Non-Guarantor Subsidiaries). Crestwood Midstream Finance Corp., the co-issuer of the senior notes, is Crestwood Midstream's 100% owned subsidiary and has no material assets, operations, revenues or cash flows other than those related to its service as co-issuer of the Crestwood Midstream senior notes.

The tables below present condensed consolidating financial statements for Crestwood Midstream as Parent on a stand-alone, unconsolidated basis, and Crestwood Midstream's combined guarantor and combined non-guarantor subsidiaries as of June 30, 2019 and December 31, 2018, and for the three and six months ended June 30, 2019 and 2018. The financial information may not necessarily be indicative of the results of operations, cash flows or financial position had the subsidiaries operated as independent entities.

Crestwood Midstream Partners LP
Condensed Consolidating Balance Sheet
June 30, 2019
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash	$ 1.4	$ —	$ 0.1	$ —	$ 1.5
Accounts receivable	—	173.2	21.8	—	195.0
Inventory	—	33.2	—	—	33.2
Other current assets	—	35.7	0.5	—	36.2
Total current assets	1.4	242.1	22.4	—	265.9
Property, plant and equipment, net	—	2,269.7	619.9	—	2,889.6
Goodwill and intangible assets, net	—	671.5	387.5	—	1,059.0
Operating lease right-of-use assets, net	—	56.6	2.9	—	59.5
Investment in consolidated affiliates	4,305.4	—	—	(4,305.4)	—
Investment in unconsolidated affiliates	—	—	971.9	—	971.9
Other non-current assets	—	2.1	—	—	2.1
Total assets	$ 4,306.8	$ 3,242.0	$ 2,004.6	$ (4,305.4)	$ 5,248.0
Liabilities and capital					
Current liabilities:					
Accounts payable	$ —	$ 133.5	$ 25.5	$ —	$ 159.0
Other current liabilities	27.4	97.9	9.0	—	134.3
Total current liabilities	27.4	231.4	34.5	—	293.3
Long-term liabilities:					
Long-term debt, less current portion	2,131.2	—	—	—	2,131.2
Other long-term liabilities	—	162.9	87.2	—	250.1
Deferred income taxes	—	0.8	—	—	0.8
Total liabilities	2,158.6	395.1	121.7	—	2,675.4
Interest of non-controlling partner in subsidiary	—	—	424.4	—	424.4
Partners' capital	2,148.2	2,846.9	1,458.5	(4,305.4)	2,148.2
Total liabilities and capital	$ 4,306.8	$ 3,242.0	$ 2,004.6	$ (4,305.4)	$ 5,248.0

Crestwood Midstream Partners LP
Condensed Consolidating Balance Sheet
December 31, 2018
(in millions)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash	$ 0.2	$ —	$ —	$ —	$ 0.2
Restricted cash	16.3	—	—	—	16.3
Accounts receivable	—	246.3	19.9	(16.3)	249.9
Inventory	—	64.6	—	—	64.6
Other current assets	—	46.0	—	—	46.0
Total current assets	16.5	356.9	19.9	(16.3)	377.0
Property, plant and equipment, net	—	2,202.3	—	—	2,202.3
Goodwill and intangible assets, net	—	692.4	—	—	692.4
Investment in consolidated affiliates	3,800.4	—	—	(3,800.4)	—
Investment in unconsolidated affiliates	—	—	1,188.2	—	1,188.2
Other non-current assets	—	2.1	—	—	2.1
Total assets	$ 3,816.9	$ 3,253.7	$ 1,208.1	$ (3,816.7)	$ 4,462.0
Liabilities and capital					
Current liabilities:					
Accounts payable	$ 16.3	$ 210.5	$ —	$ (16.3)	$ 210.5
Other current liabilities	20.0	81.8	16.2	—	118.0
Total current liabilities	36.3	292.3	16.2	(16.3)	328.5
Long-term liabilities:					
Long-term debt, less current portion	1,752.4	—	—	—	1,752.4
Other long-term liabilities	—	114.0	57.0	—	171.0
Deferred income taxes	—	0.6	—	—	0.6
Total liabilities	1,788.7	406.9	73.2	(16.3)	2,252.5
Interest of non-controlling partner in subsidiary	—	—	181.3	—	181.3
Partners’ capital	2,028.2	2,846.8	953.6	(3,800.4)	2,028.2
Total partners’ capital	2,028.2	2,846.8	1,134.9	(3,800.4)	2,209.5
Total liabilities and capital	$ 3,816.9	$ 3,253.7	$ 1,208.1	$ (3,816.7)	$ 4,462.0

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Three Months Ended June 30, 2019
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 663.2	$ 20.2	$ —	$ 683.4
Costs of product/services sold	—	537.2	—	—	537.2
Operating expenses and other:					
Operations and maintenance	—	27.5	7.2	—	34.7
General and administrative	9.7	11.2	—	—	20.9
Depreciation, amortization and accretion	—	43.0	9.7	—	52.7
Gain on acquisition	—	—	(209.4)	—	(209.4)
	9.7	81.7	(192.5)	—	(101.1)
Operating income (loss)	(9.7)	44.3	212.7	—	247.3
Earnings from unconsolidated affiliates, net	—	—	3.7	—	3.7
Interest and debt expense, net	(28.0)	0.2	—	—	(27.8)
Equity in net income (loss) of subsidiaries	250.0	—	—	(250.0)	—
Income (loss) before income taxes	212.3	44.5	216.4	(250.0)	223.2
Provision for income taxes	—	(0.3)	—	—	(0.3)
Net income (loss)	212.3	44.2	216.4	(250.0)	222.9
Net income attributable to non-controlling partner in subsidiary	—	—	10.6	—	10.6
Net income (loss) attributable to Crestwood Midstream Partners LP	$ 212.3	$ 44.2	$ 205.8	$ (250.0)	$ 212.3

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Three Months Ended June 30, 2018
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 840.5	$ —	$ —	$ 840.5
Costs of product/services sold	—	725.4	—	—	725.4
Operating expenses:					
Operations and maintenance	—	31.9	—	—	31.9
General and administrative	12.1	10.4	—	—	22.5
Depreciation, amortization and accretion	—	47.4	—	—	47.4
Loss on long-lived assets, net	—	24.4	—	—	24.4
	12.1	114.1	—	—	126.2
Operating income (loss)	(12.1)	1.0	—	—	(11.1)
Earnings from unconsolidated affiliates, net	—	—	12.0	—	12.0
Interest and debt expense, net	(24.3)	—	—	—	(24.3)
Equity in net income (loss) of subsidiaries	8.9	—	—	(8.9)	—
Income (loss) before income taxes	(27.5)	1.0	12.0	(8.9)	(23.4)
Provision for income taxes	—	(0.1)	—	—	(0.1)
Net income (loss)	(27.5)	0.9	12.0	(8.9)	(23.5)
Net income attributable to non-controlling partner in subsidiary	—	—	4.0	—	4.0
Net income (loss) attributable to Crestwood Midstream Partners LP	$ (27.5)	$ 0.9	$ 8.0	$ (8.9)	$ (27.5)

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Six Months Ended June 30, 2019
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 1,498.4	$ 20.2	$ —	$ 1,518.6
Costs of product/services sold	—	1,232.8	—	—	1,232.8
Operating expenses and other:					
Operations and maintenance	—	56.1	7.2	—	63.3
General and administrative	28.4	28.5	—	—	56.9
Depreciation, amortization and accretion	—	86.4	9.7	—	96.1
Loss on long-lived assets, net	—	2.0	—	—	2.0
Gain on acquisition	—	—	(209.4)	—	(209.4)
	28.4	173.0	(192.5)	—	8.9
Operating income (loss)	(28.4)	92.6	212.7	—	276.9
Earnings from unconsolidated affiliates, net	—	—	10.6	—	10.6
Interest and debt expense, net	(52.7)	—	—	—	(52.7)
Equity in net income (loss) of subsidiaries	301.0	—	—	(301.0)	—
Income (loss) before income taxes	219.9	92.6	223.3	(301.0)	234.8
Provision for income taxes	—	(0.3)	—	—	(0.3)
Net income (loss)	219.9	92.3	223.3	(301.0)	234.5
Net income attributable to non-controlling partner in subsidiary	—	—	14.6	—	14.6
Net income (loss) attributable to Crestwood Midstream Partners LP	$ 219.9	$ 92.3	$ 208.7	$ (301.0)	$ 219.9

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Operations
Six Months Ended June 30, 2018
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 1,955.5	$ —	$ —	$ 1,955.5
Costs of product/services sold	—	1,691.2	—	—	1,691.2
Operating expenses:					
Operations and maintenance	—	66.4	—	—	66.4
General and administrative	27.7	17.6	—	—	45.3
Depreciation, amortization and accretion	—	95.2	—	—	95.2
Loss on long-lived assets, net	—	24.1	—	—	24.1
	27.7	203.3	—	—	231.0
Operating income (loss)	(27.7)	61.0	—	—	33.3
Earnings from unconsolidated affiliates, net	—	—	24.4	—	24.4
Interest and debt expense, net	(48.7)	—	—	—	(48.7)
Equity in net income (loss) of subsidiaries	77.3	—	—	(77.3)	—
Income (loss) before income taxes	0.9	61.0	24.4	(77.3)	9.0
Provision for income taxes	—	(0.1)	—	—	(0.1)
Net income (loss)	0.9	60.9	24.4	(77.3)	8.9
Net income attributable to non-controlling partner in subsidiary	—	—	8.0	—	8.0
Net income (loss) attributable to Crestwood Midstream Partners LP	$ 0.9	$ 60.9	$ 16.4	$ (77.3)	$ 0.9

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2019
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities	$ (87.1)	$ 309.5	$ (27.3)	$ —	$ 195.1
Cash flows from investing activities:					
Acquisition, net of cash acquired	—	—	(462.1)	—	(462.1)
Purchases of property, plant and equipment	—	(127.7)	(77.0)	—	(204.7)
Investment in unconsolidated affiliates	—	—	(40.9)	—	(40.9)
Capital distributions from unconsolidated affiliates	—	—	24.2	—	24.2
Capital contributions to consolidated affiliates	(217.1)	—	—	217.1	—
Other	—	(0.5)	—	—	(0.5)
Net cash provided by (used in) investing activities	(217.1)	(128.2)	(555.8)	217.1	(684.0)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	1,544.0	—	—	—	1,544.0
Payments on long-term debt	(1,159.1)	(0.4)	—	—	(1,159.5)
Payments on finance leases	—	(1.9)	—	—	(1.9)
Payments for debt-related deferred costs	(9.0)	—	—	—	(9.0)
Net proceeds from the issuance of non-controlling interest	—	—	235.0	—	235.0
Distributions to partners	(117.5)	—	(6.6)	—	(124.1)
Contributions from parent	—	—	217.1	(217.1)	—
Taxes paid for unit-based compensation vesting	—	(10.6)	—	—	(10.6)
Change in intercompany balances	30.7	(168.4)	137.7	—	—
Net cash provided by (used in) financing activities	289.1	(181.3)	583.2	(217.1)	473.9
Net change in cash and restricted cash	(15.1)	—	0.1	—	(15.0)
Cash and restricted cash at beginning of period	16.5	—	—	—	16.5
Cash and restricted cash at end of period	$ 1.4	$ —	$ 0.1	$ —	$ 1.5

Crestwood Midstream Partners LP
Condensed Consolidating Statement of Cash Flows
Six Months Ended June 30, 2018
(in millions)
(unaudited)

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:	$ (72.6)	$ 212.9	$ 24.1	$ —	$ 164.4
Cash flows from investing activities:					
Purchases of property, plant and equipment	(2.4)	(116.3)	—	—	(118.7)
Investment in unconsolidated affiliates	—	—	(6.9)	—	(6.9)
Capital distributions from unconsolidated affiliates	—	—	23.9	—	23.9
Net proceeds from sale of assets	—	6.8	—	—	6.8
Capital distributions from consolidated affiliates	37.8	—	—	(37.8)	—
Net cash provided by (used in) investing activities	35.4	(109.5)	17.0	(37.8)	(94.9)
Cash flows from financing activities:					
Proceeds from the issuance of long-term debt	847.1	—	—	—	847.1
Payments on long-term debt	(780.3)	(0.7)	—	—	(781.0)
Payments on capital leases	—	(0.7)	—	—	(0.7)
Distributions to partners	(120.0)	—	(3.3)	—	(123.3)
Distributions to parent	—	—	(37.8)	37.8	—
Taxes paid for unit-based compensation vesting	—	(6.9)	—	—	(6.9)
Change in intercompany balances	95.1	(95.1)	—	—	—
Net cash provided by (used in) financing activities	41.9	(103.4)	(41.1)	37.8	(64.8)
Net change in cash and restricted cash	4.7	—	—	—	4.7
Cash and restricted cash at beginning of period	1.0	—	—	—	1.0
Cash and restricted cash at end of period	$ 5.7	$ —	$ —	$ —	$ 5.7

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

Our Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements and the accompanying footnotes and Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2018 Annual Report on Form 10-K.

This report, including information included or incorporated by reference herein, contains forward-looking statements concerning the financial condition, results of operations, plans, objectives, future performance and business of our company and its subsidiaries. These forward-looking statements include:

- statements that are not historical in nature, including, but not limited to: (i) our belief that anticipated cash from operations, cash distributions from entities that we control, and borrowing capacity under our credit facility will be sufficient to meet our anticipated liquidity needs for the foreseeable future; (ii) our belief that we do not have material potential liability in connection with legal proceedings that would have a significant financial impact on our consolidated financial condition, results of operations or cash flows; (iii) our belief that our assets will continue to benefit from the development of unconventional shale plays as significant supply basins; and

- statements preceded by, followed by or that contain forward-looking terminology including the words "believe," "expect," "may," "will," "should," "could," "anticipate," "estimate," "intend" or the negation thereof, or similar expressions.

Forward-looking statements are not guarantees of future performance or results. They involve risks, uncertainties and assumptions. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- our ability to successfully implement our business plan for our assets and operations;
- governmental legislation and regulations;
- industry factors that influence the supply of and demand for crude oil, natural gas and NGLs;
- industry factors that influence the demand for services in the markets (particularly unconventional shale plays) in which we provide services;
- weather conditions;
- the availability of crude oil, natural gas and NGLs, and the price of those commodities, to consumers relative to the price of alternative and competing fuels;
- economic conditions;
- costs or difficulties related to the integration of acquisitions and success of our joint ventures' operations;
- environmental claims;
- operating hazards and other risks incidental to the provision of midstream services, including gathering, compressing, treating, processing, fractionating, transporting and storing energy products (i.e., crude oil, NGLs and natural gas) and related products (i.e., produced water);
- interest rates;
- the price and availability of debt and equity financing, including our ability to raise capital through alternatives like joint ventures; and
- the ability to sell or monetize assets, to reduce indebtedness, to repurchase our equity securities, to make strategic investments, or for other general partnership purposes.

For additional factors that could cause actual results to be materially different from those described in the forward-looking statements, see Part I, Item 1A. Risk Factors of our 2018 Annual Report on Form 10-K.

Outlook and Trends

Our business objective is to create long-term value for our unitholders. We expect to create long-term value by consistently generating stable operating margin and improved cash flows from operations by prudently financing our investments, maximizing throughput on our assets, and effectively controlling our operating and administrative costs. Our business strategy depends, in part, on our ability to provide increased services to our customers at competitive fees, including opportunities to expand our services resulting from expansions, organic growth projects and acquisitions that can be financed appropriately.

We have taken a number of strategic steps to better position the Company as a stronger, better capitalized company that can over time accretively grow cash flows and sustainably resume growing our distributions. Those strategic steps included (i) simplifying our corporate structure to eliminate our incentive distribution rights (IDRs) and create better alignment of interests with our unitholders; (ii) divesting assets to reduce long-term debt to ensure long-term balance sheet strength; (iii) realigning our operating structure to significantly reduce operating and administrative expenses; (iv) forming strategic joint ventures to enhance our competitive position around certain operating assets; and (v) focusing our acquisitions and growth capital expenditures on our highest return organic projects around our core growth assets in the Bakken Shale, Powder River Basin and Delaware Permian. We will remain focused on efficiently allocating capital expenditures by investing in accretive, organic growth projects, maintaining low-cost operations (through increased operating efficiencies and cost discipline) and maintaining our balance sheet strength through continued financial discipline. We expect to focus on expansion and greenfield opportunities to provide midstream services for crude oil, natural gas, NGLs and produced water, including gathering, storage and terminalling, condensate stabilization, truck loading/unloading options and connections to third party pipelines and produced water gathering, disposal and recycling in the Bakken Shale, Powder River Basin and Delaware Permian in the near term, while closely monitoring longer-term expansion opportunities in the northeast Marcellus. As a result, the Company is well positioned to execute its business plan and capitalize on improving market conditions.

The Company continues to be positioned to generate consistent results in a low commodity price environment without sacrificing revenue upside as market conditions improve. For example, many of our more mature G&P assets are supported by long-term, core acreage dedications in shale plays that are economic to varying degrees based upon natural gas, NGL and crude oil prices, the availability of infrastructure to flow production to market, and the operational and financial condition of our diverse customer base. In addition, a substantial portion of our midstream investments are based on fixed-fee or minimum volume commitment agreements that ensure a minimum level of cash flow regardless of actual commodity prices or volumetric throughput. Over time, we expect cash flows from our more mature, non-core, assets to stabilize and potentially increase with the improving commodity price environment, while the growth from our core assets in the Bakken Shale, Powder River Basin, Delaware Permian and northeast Marcellus drive significant growth to the Company.

Business Highlights

Below is a discussion of events that highlight our core business and financing activities. Through continued execution of our plan, we have materially improved the strategic and financial position of the Company and expect to capitalize on increasing opportunities in an improving but competitive market environment, which will position us to achieve our chief business objective to create long-term value for our unitholders.

Powder River Basin. On April 9, 2019, Crestwood Niobrara, our consolidated subsidiary, acquired Williams' 50% equity interest in Jackalope for approximately $484.6 million. The acquisition of the remaining 50% equity interest in Jackalope was financed through a combination of borrowings under the CMLP credit facility and the issuance of $235 million in new preferred units to Jackalope Holdings. Crestwood Midstream Operations will provide field operations and construction management services for Jackalope. For a further discussion of the acquisition of the remaining 50% equity interest in Jackalope, see Item 1. Financial Statements, Notes 3 and 10.

In the Powder River Basin, our Jackalope system continues to benefit from increased drilling activity and better than anticipated well results. We are expanding the Jackalope gathering system and Bucking Horse processing plant to increase processing capacity to 345 MMcf/d in late 2019/early 2020. The Phase 2 Jackalope expansion also includes gathering, compression and a second processing plant which will add an additional 200 MMcf/d of processing capacity to the Jackalope system.

Bakken. In the Bakken, we are expanding and upgrading our Arrow system water handling facilities and increasing natural gas capacity on the system, which should allow for substantial growth in volumetric throughput across all of our crude oil, produced water and natural gas gathering systems. In addition, we are constructing a 120 MMcf/d cryogenic plant that we anticipate will be placed in-service in the third quarter of 2019 to fulfill 100% of the processing requirements for producers on the Arrow system upon expiration of third-party processing contracts in the third quarter 2019. Upon completion of the expansion, we expect to have 150 MMcf/d of gas processing capacity in the Bakken. We believe the expansion of our gas processing capacity on the Arrow system will, among other things, spur greater development activity around the Arrow system, allow us to provide greater flow assurance to our producer customers and reduce flaring of natural gas, and reduce the downstream constraints currently experienced by producers on the Fort Berthold Indian Reservation.

Delaware Permian. In the Delaware Permian, we have identified gathering and processing and transportation opportunities in and around our existing assets, including our Crestwood Permian joint venture. Crestwood Permian Basin owns and operates the Nautilus system in SWEPI's operated position in the Delaware Permian, which will be constructed to ultimately include 194 miles of low pressure gathering lines, 36 miles of high pressure trunklines and centralized compression facilities which are expandable over time as production increases, producing gas gathering capacity of approximately 250 MMcf/d.

Regulatory Matters

Our regulatory matters are discussed in our 2018 Annual Report on Form 10-K and there have been no material changes in those matters from December 31, 2018 to June 30, 2019.

Critical Accounting Estimates

Our critical accounting estimates are consistent with those described in our 2018 Annual Report on Form 10-K.

How We Evaluate Our Operations

We evaluate our overall business performance based primarily on EBITDA and Adjusted EBITDA. We do not utilize depreciation, amortization and accretion expense in our key measures because we focus our performance management on cash flow generation and our assets have long useful lives.

EBITDA and Adjusted EBITDA - We believe that EBITDA and Adjusted EBITDA are widely accepted financial indicators of a company's operational performance and its ability to incur and service debt, fund capital expenditures and make distributions. We believe that EBITDA and Adjusted EBITDA are useful to our investors because it allows them to use the same performance measure analyzed internally by our management to evaluate the performance of our businesses and investments without regard to the manner in which they are financed or our capital structure. EBITDA is defined as income before income taxes, plus interest and debt expense, net and depreciation, amortization and accretion expense. Adjusted EBITDA considers the adjusted earnings impact of our unconsolidated affiliates by adjusting our equity earnings or losses from our unconsolidated affiliates to reflect our proportionate share (based on the distribution percentage) of their EBITDA, excluding impairments. Adjusted EBITDA also considers the impact of certain significant items, such as unit-based compensation charges, gains or losses on long-lived assets, gains on acquisitions, third party costs incurred related to potential and completed acquisitions, certain environmental remediation costs, the change in fair value of commodity inventory-related derivative contracts, costs associated with the realignment of our Marketing, Supply and Logistics and Corporate operations and other transactions identified in a specific reporting period. The change in fair value of commodity inventory-related derivative contracts is considered in determining Adjusted EBITDA given that the timing of recognizing gains and losses on these derivative contracts differs from the recognition of revenue for the related underlying sale of inventory to which these derivatives relate. Changes in the fair value of other derivative contracts is not considered in determining Adjusted EBITDA given the relatively short-term nature of those derivative contracts. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, as they do not include deductions for items such as depreciation, amortization and accretion, interest and income taxes, which are necessary to maintain our business. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income, operating cash flow or any other measure of financial performance presented in accordance with GAAP. EBITDA and Adjusted EBITDA calculations may vary among entities, so our computation may not be comparable to measures used by other companies.

See our reconciliation of net income to EBITDA and Adjusted EBITDA in *Results of Operations* below.

Results of Operations

The following tables summarize our results of operations for the three and six months ended June 30, 2019 and 2018 (*in millions*):

	Crestwood Equity				Crestwood Midstream			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues	$ 683.4	$ 840.5	$ 1,518.6	$ 1,955.5	$ 683.4	$ 840.5	$ 1,518.6	$ 1,955.5
Costs of product/services sold	537.2	725.4	1,232.8	1,691.2	537.2	725.4	1,232.8	1,691.2
Operations and maintenance expense	34.7	31.9	63.3	66.4	34.7	31.9	63.3	66.4
General and administrative expense	22.3	23.4	59.5	47.3	20.9	22.5	56.9	45.3
Depreciation, amortization and accretion	49.3	44.5	89.1	89.6	52.7	47.4	96.1	95.2
Loss on long-lived assets, net	—	(24.4)	(2.0)	(24.1)	—	(24.4)	(2.0)	(24.1)
Gain on acquisition	209.4	—	209.4	—	209.4	—	209.4	—
Operating income (loss)	249.3	(9.1)	281.3	36.9	247.3	(11.1)	276.9	33.3
Earnings from unconsolidated affiliates, net	3.7	12.0	10.6	24.4	3.7	12.0	10.6	24.4
Interest and debt expense, net	(27.8)	(24.3)	(52.7)	(48.7)	(27.8)	(24.3)	(52.7)	(48.7)
Other income, net	0.1	0.1	0.2	0.2	—	—	—	—
Provision for income taxes	(0.3)	(0.2)	(0.3)	(0.2)	(0.3)	(0.1)	(0.3)	(0.1)
Net income (loss)	225.0	(21.5)	239.1	12.6	222.9	(23.5)	234.5	8.9
Add:								
Interest and debt expense, net	27.8	24.3	52.7	48.7	27.8	24.3	52.7	48.7
Provision for income taxes	0.3	0.2	0.3	0.2	0.3	0.1	0.3	0.1
Depreciation, amortization and accretion	49.3	44.5	89.1	89.6	52.7	47.4	96.1	95.2
EBITDA	302.4	47.5	381.2	151.1	303.7	48.3	383.6	152.9
Unit-based compensation charges	11.3	10.3	28.6	17.5	11.3	10.3	28.6	17.5
Loss on long-lived assets, net	—	24.4	2.0	24.1	—	24.4	2.0	24.1
Gain on acquisition	(209.4)	—	(209.4)	—	(209.4)	—	(209.4)	—
Earnings from unconsolidated affiliates, net	(3.7)	(12.0)	(10.6)	(24.4)	(3.7)	(12.0)	(10.6)	(24.4)
Adjusted EBITDA from unconsolidated affiliates, net	14.0	21.9	33.6	44.0	14.0	21.9	33.6	44.0
Change in fair value of commodity inventory-related derivative contracts	3.7	10.1	4.8	(10.1)	3.7	10.1	4.8	(10.1)
Significant transaction and environmental related costs and other items	3.0	0.7	6.4	2.4	3.0	0.7	6.4	2.4
Adjusted EBITDA	$ 121.3	$ 102.9	$ 236.6	$ 204.6	$ 122.6	$ 103.7	$ 239.0	$ 206.4

	Crestwood Equity				Crestwood Midstream			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018	2019	2018	2019	2018
Net cash provided by operating activities	$ 63.0	$ 11.3	$ 193.9	$ 160.0	$ 64.2	$ 13.0	$ 195.1	$ 164.4
Net changes in operating assets and liabilities	17.8	48.7	(35.0)	(12.8)	18.0	47.9	(33.9)	(15.2)
Amortization of debt-related deferred costs	(1.5)	(1.8)	(2.9)	(3.6)	(1.5)	(1.8)	(2.9)	(3.6)
Interest and debt expense, net	27.8	24.3	52.7	48.7	27.8	24.3	52.7	48.7
Unit-based compensation charges	(11.3)	(10.3)	(28.6)	(17.5)	(11.3)	(10.3)	(28.6)	(17.5)
Loss on long-lived assets, net	—	(24.4)	(2.0)	(24.1)	—	(24.4)	(2.0)	(24.1)
Gain on acquisition	209.4	—	209.4	—	209.4	—	209.4	—
Earnings from unconsolidated affiliates, net, adjusted for cash distributions received	(3.0)	(0.4)	(6.3)	0.2	(3.0)	(0.4)	(6.3)	0.2
Deferred income taxes	(0.1)	—	(0.3)	0.2	(0.2)	—	(0.2)	0.1
Provision for income taxes	0.3	0.2	0.3	0.2	0.3	0.1	0.3	0.1
Other non-cash income	—	(0.1)	—	(0.2)	—	(0.1)	—	(0.2)
EBITDA	302.4	47.5	381.2	151.1	303.7	48.3	383.6	152.9
Unit-based compensation charges	11.3	10.3	28.6	17.5	11.3	10.3	28.6	17.5
Loss on long-lived assets, net	—	24.4	2.0	24.1	—	24.4	2.0	24.1
Gain on acquisition	(209.4)	—	(209.4)	—	(209.4)	—	(209.4)	—
Earnings from unconsolidated affiliates, net	(3.7)	(12.0)	(10.6)	(24.4)	(3.7)	(12.0)	(10.6)	(24.4)
Adjusted EBITDA from unconsolidated affiliates, net	14.0	21.9	33.6	44.0	14.0	21.9	33.6	44.0
Change in fair value of commodity inventory-related derivative contracts	3.7	10.1	4.8	(10.1)	3.7	10.1	4.8	(10.1)
Significant transaction and environmental related costs and other items	3.0	0.7	6.4	2.4	3.0	0.7	6.4	2.4
Adjusted EBITDA	$ 121.3	$ 102.9	$ 236.6	$ 204.6	$ 122.6	$ 103.7	$ 239.0	$ 206.4

Segment Results

The following table summarizes the EBITDA of our segments (*in millions*):

	Three Months Ended June 30, 2019			Three Months Ended June 30, 2018		
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics
Revenues	$ 199.7	$ 4.9	$ 478.8	$ 255.5	$ 5.1	$ 579.9
Intersegment revenues	25.4	3.2	(28.6)	45.4	2.5	(47.9)
Costs of product/services sold	108.9	—	428.3	208.8	0.1	516.5
Operations and maintenance expenses	24.6	0.9	9.2	17.8	0.8	13.3
Loss on long-lived assets, net	(0.2)	—	—	—	—	(24.4)
Gain on acquisition	209.4	—	—	—	—	—
Earnings (loss) from unconsolidated affiliates, net	(2.8)	6.5	—	4.5	7.5	—
EBITDA	$ 298.0	$ 13.7	$ 12.7	$ 78.8	$ 14.2	$ (22.2)

	Six Months Ended June 30, 2019			Six Months Ended June 30, 2018		
	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics	Gathering and Processing	Storage and Transportation	Marketing, Supply and Logistics
Revenues	$ 382.0	$ 12.7	$ 1,123.9	$ 595.8	$ 9.3	$ 1,350.4
Intersegment revenues	78.2	6.8	(85.0)	86.7	4.5	(91.2)
Costs of product/services sold	246.9	—	985.9	496.5	0.2	1,194.5
Operations and maintenance expenses	42.7	1.9	18.7	35.5	1.6	29.3
Gain (loss) on long-lived assets, net	(2.0)	—	(0.2)	0.1	—	(24.2)
Gain on acquisition	209.4	—	—	—	—	—
Earnings (loss) from unconsolidated affiliates, net	(3.0)	13.6	—	10.2	14.2	—
EBITDA	$ 375.0	$ 31.2	$ 34.1	$ 160.8	$ 26.2	$ 11.2

Below is a discussion of the factors that impacted EBITDA by segment for the three and six months ended June 30, 2019 compared to the same periods in 2018.

Gathering and Processing

EBITDA for our gathering and processing segment increased by approximately $219.2 million and $214.2 million during the three and six months ended June 30, 2019 compared to the same periods in 2018. Our gathering and processing segment's EBITDA was impacted by a $209.4 million gain recorded during the three months ended June 30, 2019 which related to the acquisition of the remaining 50% equity interest in Jackalope. See Item. Financial Statements, Note 3 for a further discussion of the Jackalope Acquisition.

In April 2019, Crestwood Niobrara acquired the remaining 50% equity interest in Jackalope from Williams, and as a result, we began reflecting 100% of the operating results of Jackalope in our operating results. During the three and six months ended June 30, 2019, we recognized revenues of approximately $20.2 million related to our Jackalope operations. Our gathering and processing segment's revenues (excluding the impact related to our Jackalope operations) decreased by approximately $96.0 million and $242.5 million during the three and six months ended June 30, 2019 compared to the same periods in 2018, while our costs of product/services sold decreased by approximately $99.9 million and $249.6 million during those same periods. The remaining variances were primarily driven by our Arrow operations which experienced lower average prices on its agreements under which it purchases and sells crude oil as a result of the decrease in crude oil prices during the three and six month ended June 30, 2019 compared to the same periods in 2018. Our costs of product/services sold decreased faster than our revenues period over period due to the offsetting impact of increasing volumes, which during the six months ended June 30, 2019, natural gas, crude oil and water volumes gathered by our Arrow system increased by 17%, 16% and 45%, respectively, compared to the same period in 2018.

Our gathering and processing segment's operations and maintenance expenses increased by approximately $7 million during both the three and six months ended June 30, 2019 compared to the same periods in 2018 primarily due to the Jackalope Acquisition.

Our gathering and processing segment's EBITDA was also impacted by a decrease in earnings from unconsolidated affiliates of approximately $7.3 million and $13.2 million during the three and six months ended June 30, 2019 compared to the same periods in 2018. The decrease was primarily driven by a $4.0 million and $10.1 million decrease in equity earnings from Crestwood Permian resulting from lower average prices on certain of its gathering contracts due to higher transportation and fractionation fees during the first half of 2019 compared to the same period in 2018, and lower gathering and processing volumes due to producer well shut-ins during the second quarter of 2019 that resulted from declining regional natural gas prices. Also impacting the decrease in equity earnings from Crestwood Permian was a loss of approximately $2.3 million on the retirement of certain of its gathering and processing assets and an increase in its depreciation, amortization and accretion expense due to placing its Orla processing plant into service in mid-2018. Our gathering and processing segment also experienced lower equity earnings from Jackalope of approximately $3 million during both the three and six months June 30, 2019 compared to 2018 due to the acquisition of the remaining 50% equity interest in Jackalope from Williams in April 2019.

Storage and Transportation

EBITDA for our storage and transportation segment decreased by $0.5 million during the three months ended June 30, 2019 compared to the same period in 2018, while we experienced an increase in EBITDA of approximately $5.0 million during the six months ended June 30, 2019 compared to the same period in 2018. Revenues from our COLT Hub operations increased by $0.5 million and $5.7 million during the three and six months ended June 30, 2019 compared to the same periods in 2018. During the six months ended June 30, 2019, we recognized approximately $4.9 million of revenues under a take-or-pay contract with one of our rail loading customers that expires in 2019. In addition, during the three and six months ended June 30, 2019, COLT's rail loading volumes increased by 38% and 49% compared to the same periods in 2018 due to higher demand for rail loading services resulting from higher Bakken crude oil production and higher basis differentials between the Bakken and the U.S. western and eastern markets.

Our storage and transportation segment's operations and maintenance expenses were relatively flat during the three and six months ended June 30, 2019 compared to the same periods in 2018.

Our storage and transportation segment's EBITDA was also impacted by a net decrease in earnings from unconsolidated affiliates during the three and six months ended June 30, 2019 compared to the same periods in 2018. Earnings from our Stagecoach Gas equity investment decreased by $0.6 million during the three months ended June 30, 2019 compared to the same period in 2018 due to the renewal of certain of its storage contracts at lower rates given market conditions in the Northeast, while our earnings from Stagecoach Gas increased by $0.7 million during the six months ended June 30, 2019 compared to the same period in 2018 due to our share its equity earnings increasing from 35% to 40% effective July 1, 2018. Effective July 1, 2019, our equity earnings from Stagecoach Gas will be allocated based on our ownership percentage, which is currently 50%. During the three and six months ended June 30, 2019, equity earnings from our PRBIC equity investment decreased by approximately $0.5 million and $1.2 million due to the expiration of a rail loading contract with one of its customers in mid-2018.

Marketing, Supply and Logistics

EBITDA for our marketing, supply and logistics segment increased by approximately $34.9 million and $22.9 million during the three and six months ended June 30, 2019 compared to the same periods in 2018. The comparability of our marketing, supply and logistics segment's EBITDA period over period was impacted by a $24.4 million loss on sale of long-lived assets recorded during the second quarter of 2018 primarily related to the sale of our West Coast facilities. In addition, our marketing, supply and logistics segment's EBITDA was also impacted by lower revenues of approximately $81.8 million and $220.3 million during the three and six months ended June 30, 2019 and lower costs of product/services sold of approximately $88.2 million and $208.6 million during those same periods.

Our marketing, supply and logistics results for the three and six months ended June 30, 2019 were impacted by the sale of our West Coast assets in late 2018, which resulted in lower revenues of approximately $49.3 million and $147.5 million and lower costs of product/services sold of approximately $47.4 million and $137.4 million compared to the same periods in 2018. In addition, the sale of the West Coast assets was the primary driver for the lower operations and maintenance expenses of approximately $4.1 million and $10.6 million during the three and six months ended June 30, 2019 compared to the same periods in 2018.

Our NGL marketing and logistics operations (other than West Coast) experienced a reduction in its revenues during the three and six months ended June 30, 2019 of approximately $67.3 million and $198.1 million compared to the same periods in 2018 and a reduction in its costs of product/services sold of approximately $72.4 million and $186.9 million during those same periods primarily as a result of decreasing NGL prices. NGL prices decreased due to a combination of record high NGL production and constrained NGL infrastructure. These market conditions allowed our NGL marketing and logistics operations to utilize our trucking, rail and storage assets to economically source seasonal inventory and create strong margin for delivery into forward markets during the quarter ended June 30, 2019. Included in our costs of product/services sold was a gain of approximately $9.9 million and $7.0 million during the three and six months ended June 30, 2019, and a loss of approximately $6.4 million and a gain of approximately $1.4 million during the three and six months ended June 30, 2018 related to the change in fair value of our derivative instruments.

Our crude and natural gas marketing operations experienced an increase in its revenues of approximately $34.8 million and $125.3 million during the three and six months ended June 30, 2019 compared to the same periods in 2018, and an increase in its costs of product/services sold of approximately $31.6 million and $115.7 million during those same periods. These increases were driven by higher crude marketing volumes due to increased marketing activity surrounding our crude-related operations.

Other EBITDA Results

General and Administrative Expenses. During the six months ended June 30, 2019, our general and administrative expenses increased by approximately $12 million compared to the same period in 2018, primarily due to an increase in unit-based compensation charges based on the acceleration of certain awards due to the Corporate restructuring that occurred in early 2019, higher average awards outstanding under our long-term incentive plans and the impact of higher allocations of unit-based compensation costs from Crestwood Holdings. General and administrative expenses were approximately $2 million lower during the three months ended June 30, 2019 compared to the same period in 2018 primarily due to ongoing cost-reduction efforts, including the Corporate restructuring mentioned above.

Items not affecting EBITDA include the following:

Depreciation, Amortization and Accretion Expense. During the three months ended June 30, 2019, our depreciation, amortization and accretion expense increased by approximately $5 million compared to the same period in 2018, primarily due to the Jackalope Acquisition partially offset by the sale of the West Coast assets in late 2018.

Interest and Debt Expense, Net. During the both three and six months ended June 30, 2019, interest and debt expense, net increased by approximately $4 million compared to the same periods in 2018 due to the issuance of the 2027 Senior Notes in April 2019 and higher average outstanding balances on our credit facility that were primarily utilized to fund growth capital expenditures during the first half of 2019.

The following table provides a summary of interest and debt expense (*in millions*):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Credit facility	$ 5.7	$ 5.4	$ 13.6	$ 10.4
Senior notes	25.2	18.2	43.3	36.3
Other debt-related costs	1.6	1.8	3.2	3.6
Gross interest and debt expense	32.5	25.4	60.1	50.3
Less: capitalized interest	4.7	1.1	7.4	1.6
Interest and debt expense, net	$ 27.8	$ 24.3	$ 52.7	$ 48.7

Liquidity and Sources of Capital

Crestwood Equity is a holding company that derives all of its operating cash flow from its operating subsidiaries. Our principal sources of liquidity include cash generated by operating activities from our subsidiaries, distributions from our joint ventures, borrowings under the CMLP credit facility, and sales of equity and debt securities. Our equity investments use cash from their respective operations to fund their operating activities, maintenance and growth capital expenditures, and service their outstanding indebtedness. We believe our liquidity sources and operating cash flows are sufficient to address our future operating, debt service and capital requirements.

We make cash quarterly distributions to our common unitholders within approximately 45 days after the end of each fiscal quarter in an aggregate amount equal to our available cash for such quarter. We also pay cash quarterly distributions of approximately $15 million to our preferred unitholders and quarterly cash distributions of approximately $9 million to our non-controlling partner. We believe our operating cash flows will well exceed cash distributions to our partners, preferred unitholders and non-controlling partner at current levels, and as a result, we will have substantial operating cash flows as a source of liquidity for our growth capital expenditures.

In April 2019, Crestwood Niobrara acquired Williams' 50% equity interest in Jackalope for approximately $484.6 million. The acquisition of the remaining 50% equity interest in Jackalope was funded through a combination of borrowings under the CMLP credit facility and the issuance of $235 million of new preferred units to Jackalope Holdings. Contemporaneously with the closing of the remaining interest in Jackalope, Crestwood Midstream entered into the First Amendment to the Second Amended and Restated Credit Agreement to modify certain defined terms and calculations, among other things, to account for the Jackalope acquisition. The other debt covenants under the amended credit agreement are materially consistent with the credit facility that existed at December 31, 2018.

As of June 30, 2019, we had $655.7 million of available capacity under the credit facility considering the most restrictive debt covenants in the credit agreement. As of June 30, 2019, we were in compliance with all of our debt covenants applicable to the credit facility and senior notes.

In April 2019, Crestwood Midstream issued $600 million of 5.625% unsecured senior notes due 2027. The net proceeds from this offering of approximately $591.1 million were used to repay a portion of the outstanding borrowings under the CMLP credit facility, which included approximately $250 million of borrowings that were used to fund the acquisition of the remaining 50% equity interest in Jackalope.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions, tender offers or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table provides a summary of Crestwood Equity's cash flows by category (*in millions*):

	Six Months Ended June 30,	
	2019	2018
Net cash provided by operating activities	$ 193.9	$ 160.0
Net cash used in investing activities	$ (684.0)	$ (94.9)
Net cash provided by (used in) financing activities	$ 475.0	$ (60.3)

Operating Activities

Our operating cash flows increased by approximately $33.9 million during the six months ended June 30, 2019 compared to the same period in 2018. The increase was primarily driven by an increase in our gathering and processing segment's revenues of approximately $20.2 million related to our Jackalope operations as a result of the acquisition of the remaining 50% equity interest in Jackalope as discussed above in *Segment Results*.

Investing Activities

Acquisition. On April 9, 2019, Crestwood Niobrara acquired Williams' 50% equity interest in Jackalope for approximately $462.1 million, net of cash acquired of approximately $22.5 million. See Item 1. Financial Statements, Note 3 for a further discussion of this acquisition.

Capital Expenditures. The energy midstream business is capital intensive, requiring significant investments for the acquisition or development of new facilities. We categorize our capital expenditures as either:

- growth capital expenditures, which are made to construct additional assets, expand and upgrade existing systems, or acquire additional assets; or

- maintenance capital expenditures, which are made to replace partially or fully depreciated assets, to maintain the existing operating capacity of our assets, extend their useful lives or comply with regulatory requirements.

Adjusting for the acquisition of the remaining 50% equity interest in Jackalope, we currently estimate that our growth capital expenditures during 2019 will be approximately $425 million to $475 million. We anticipate that our growth and reimbursable capital expenditures for the remainder of 2019 will increase the services we can provide to our customers and the operating efficiencies of our systems. We expect to finance our capital expenditures with a combination of cash generated by our operating subsidiaries, distributions received from our equity investments and borrowings under our credit facility.

We have identified growth capital project opportunities for our reporting segments. Additional commitments or expenditures will be made at our discretion, and any discontinuation of the construction of these projects will likely result in less future cash flows and earnings. The following table summarizes our capital expenditures for the six months ended June 30, 2019 (*in millions*).

Growth capital	$	172.5
Maintenance capital		7.4
Other [(1)]		24.8
Purchases of property, plant and equipment	$	204.7

(1) Represents purchases of property, plant and equipment that are reimbursable by third parties.

Investments in Unconsolidated Affiliates. During the six months ended June 30, 2019, we contributed approximately $10.0 million to our Crestwood Permian equity investment primarily to fund its expansion projects and contributed $6.5 million to our Tres Holdings and PRBIC equity investments for other operating purposes. We also contributed approximately $24.4 million to our Jackalope equity investment prior to our acquisition of the remaining 50% equity interest in Jackalope from Williams, and this contribution was primarily utilized by us after its consolidation to fund Jackalope's consolidated growth capital expenditures. See Item 1. Financial Statements, Note 3 for a further discussion of this acquisition.

Financing Activities

Significant items impacting our financing activities during the six months ended June 30, 2019, included the following:

Equity Transactions

- During the six months ended June 30, 2019, Crestwood Niobrara issued $235 million in new Series A-3 Preferred Units to Jackalope Holdings in conjunction with Crestwood Niobrara's acquisition of the remaining 50% equity interest in Jackalope from Williams. For a further discussion of this transaction, see Item 1. Financial Statements, Note 10;

- During the six months ended June 30, 2019 and 2018, we distributed approximately $6.6 million and $3.3 million to Crestwood Niobrara's preferred interest holder; and

- During the six months ended June 30, 2019, our taxes paid for unit-based compensation vesting increased by approximately $3.7 million compared to the same period in 2018, primarily due to higher vesting of unit-based compensation awards.

Debt Transactions

- During the six months ended June 30, 2019, our debt-related transactions resulted in net borrowings of approximately$375.5 million compared to net borrowings of approximately $66.1 million during the same period in 2018. The net increase during 2019 was primarily driven by the issuance of $600 million unsecured senior notes due 2027, partially offsetting by a decrease of approximately $215.2 million in borrowings under the Crestwood Midstream's credit facility.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our interest rate risk and commodity price and market risks are discussed in our 2018 Annual Report on Form 10-K and there have been no material changes in those exposures from December 31, 2018 to June 30, 2019.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of June 30, 2019, Crestwood Equity and Crestwood Midstream carried out an evaluation under the supervision and with the participation of their respective management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, as to the effectiveness, design and operation of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934, as amended (Exchange Act) Rules 13a-15(e) and 15d-15(e)). Crestwood Equity and Crestwood Midstream maintain controls and procedures designed to provide reasonable assurance that information required to be disclosed in their respective reports that are filed or submitted under the Exchange Act of 1934, as amended, are recorded, processed, summarized and reported within the time periods specified by the rules and forms of the SEC, and that information is accumulated and communicated to their respective management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, as appropriate, to allow timely decisions regarding required disclosure. Such management, including the Chief Executive Officer and Chief Financial Officer of their General Partners, do not expect that the disclosure controls and procedures or the internal controls will prevent and/or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Crestwood Equity’s and Crestwood Midstream’s disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our Chief Executive Officer and Chief Financial Officer of their General Partners concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2019.

Changes in Internal Control over Financial Reporting

There were no changes to Crestwood Equity’s or Crestwood Midstream’s internal control over financial reporting during the three months ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect Crestwood Equity’s or Crestwood Midstream’s internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

Part I, Item 1. Financial Statements, Note 11 to the Consolidated Financial Statements, of this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

Our business faces many risks. Any of the risks discussed elsewhere in this Form 10-Q or our other SEC filings could have a material impact on our business, financial position or results of operations. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also impair our business operations. For a detailed discussion of the risk factors that should be understood by any investor contemplating investment in our common units, see Part I, Item 1A. Risk Factors in our 2018 Annual Report on Form 10-K.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
2.1	Contribution Agreement, dated as of April 20, 2016, by and between Crestwood Pipeline and Storage Northeast LLC and Con Edison Gas Pipeline and Storage Northeast, LLC (incorporated by reference to Exhibit 2.1 to Crestwood Equity Partners LP's Form 8-K filed on April 22, 2016)
2.2	Purchase Agreement, dated as of April 9, 2019, by and between Crestwood Niobrara LLC and Williams MLP Operating, LLC (incorporated by reference to Exhibit 2.1 to Crestwood Equity Partners LP's Form 8-K filed on April 10, 2019)
3.1	Certificate of Limited Partnership of Inergy, L.P. (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Registration Statement on Form S-1 filed on March 14, 2001)
3.2	Certificate of Correction of Certificate of Limited Partnership of Inergy, L.P. (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Form 10-Q filed on May 12, 2003)
3.3	Amendment to the Certificate of Limited Partnership of Crestwood Equity Partners LP (the "Company") (f/k/a Inergy, L.P.) dated as of October 7, 2013 (incorporated herein by reference to Exhibit 3.2 to Crestwood Equity Partners LP's Form 8-K filed on October 10, 2013)
3.4	Certificate of Formation of Inergy GP, LLC (incorporated by reference to Exhibit 3.5 to Inergy, L.P.'s Registration Statement on Form S-1/A filed on May 7, 2001)
3.5	Certificate of Amendment of Crestwood Equity GP LLC (the "General Partner") (f/k/a Inergy GP, LLC) dated as of October 7, 2013 (incorporated by reference to Exhibit 3.3A to Crestwood Equity Partners LP's Form 10-Q filed on November 8, 2013)
3.6	First Amended and Restated Limited Liability Company Agreement of Inergy GP, LLC dated as of September 27, 2012 (incorporated by reference to Exhibit 3.1 to Inergy, L.P.'s Form 8-K filed on September 27, 2012)
3.7	Amendment No. 1 to the First Amended and Restated Limited Liability Company Agreement of the General Partner entered into and effective as of October 7, 2013 (incorporated by reference to Exhibit 3.4A to Crestwood Equity Partners LP's Form 10-Q filed on November 8, 2013)
3.8	Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP dated as of April 11, 2014 (incorporated herein by reference to Exhibit 3.1 to Crestwood Equity Partners LP's Form 8-K filed on April 11, 2014)
3.9	First Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP entered into and effective as of September 30, 2015 (incorporated by reference to Exhibit 3.1 to Crestwood Equity Partner LP's Form 8-K filed on October 1, 2015)
3.10	Second Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP entered into and effective as of November 8, 2017 (incorporated by reference to Exhibit 3.1 to Crestwood Equity Partners LP's Form 8-K filed on November 13, 2017)
3.11	Third Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP entered into and effective as of May 30, 2018 (incorporated by reference to Exhibit 3.1 to Crestwood Equity Partners LP's Form 8-K filed on June 4, 2018)
3.12	Second Amended and Restated Agreement of Limited Partnership of Crestwood Midstream Partners LP, dated as of September 30, 2015 (incorporated by reference to Exhibit 3.1 to Crestwood Midstream Partners LP's Form 8-K filed on October 1, 2015)
3.13	Certificate of Formation of NRGM GP, LLC (incorporated herein by reference to Exhibit 3.7 to Inergy Midstream, L.P.'s Form S-1/A filed on November 21, 2011)
3.14	Amended and Restated Limited Liability Company Agreement of NRGM GP, LLC, dated December 21, 2011 (incorporated herein by reference to Exhibit 3.2 to Inergy Midstream, L.P.'s Form 8-K filed on December 22, 2011)
3.15	Amendment No. 1 to the Amended and Restated Limited Liability Company Agreement of Crestwood Midstream GP LLC (f/k/a NRGM GP, LLC) (incorporated herein by reference to Exhibit 3.39 to Crestwood Midstream Partners LP's Form S-4/A filed on October 28, 2013)
3.16	Fourth Amendment to the Fifth Amended and Restated Agreement of Limited Partnership of Crestwood Equity Partners LP entered into and effective as of June 28, 2019 (incorporated by reference to Exhibit 3.1 to Crestwood Equity Partners LP's Form 8-K filed on June 28, 2019)

*31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Equity Partners LP
*31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Equity Partners LP
*31.3	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Midstream Partners LP
*31.4	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended - Crestwood Midstream Partners LP
*32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Equity Partners LP
*32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Equity Partners LP
*32.3	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Midstream Partners LP
*32.4	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 - Crestwood Midstream Partners LP
**101.INS	XBRL Instance Document
**101.SCH	XBRL Taxonomy Extension Schema Document
**101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
**101.LAB	XBRL Taxonomy Extension Label Linkbase Document
**101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
**101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

SIGNATURE

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

CRESTWOOD EQUITY PARTNERS LP

By: CRESTWOOD EQUITY GP LLC
(its general partner)

Date: August 2, 2019

By: /s/ ROBERT T. HALPIN
Robert T. Halpin
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

CRESTWOOD MIDSTREAM PARTNERS LP

By: CRESTWOOD MIDSTREAM GP LLC
(its general partner)

Date: August 2, 2019

By: /s/ ROBERT T. HALPIN
Robert T. Halpin
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Exhibit 31.1

CERTIFICATIONS

I, Robert G. Phillips, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crestwood Equity Partners LP (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ Robert G. Phillips

Robert G. Phillips

Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Robert T. Halpin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crestwood Equity Partners LP (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d -15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ Robert T. Halpin

Robert T. Halpin

Executive Vice President and Chief Financial Officer

Exhibit 31.3

CERTIFICATIONS

I, Robert G. Phillips, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crestwood Midstream Partners LP (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ Robert G. Phillips

Robert G. Phillips

Chairman, President and Chief Executive Officer

Exhibit 31.4

CERTIFICATIONS

I, Robert T. Halpin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Crestwood Midstream Partners LP (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ Robert T. Halpin

Robert T. Halpin

Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Crestwood Equity Partners LP (the "Company") on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Phillips, Chief Executive Officer of Crestwood Equity Partners LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Robert G. Phillips

Robert G. Phillips
Chief Executive Officer

August 2, 2019

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Crestwood Equity Partners LP (the "Company") on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert T. Halpin, Chief Financial Officer of Crestwood Equity Partners LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Robert T. Halpin

Robert T. Halpin
Chief Financial Officer

August 2, 2019

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.3

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Crestwood Midstream Partners LP (the "Company") on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert G. Phillips, Chief Executive Officer of Crestwood Midstream Partners LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Robert G. Phillips

Robert G. Phillips
Chief Executive Officer

August 2, 2019

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.4

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Crestwood Midstream Partners LP (the “Company”) on Form 10-Q for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert T. Halpin, Chief Financial Officer of Crestwood Midstream Partners LP, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

/s/ Robert T. Halpin

Robert T. Halpin
Chief Financial Officer

August 2, 2019

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.