**Risk Factors Comparison 2024-03-05 to 2023-03-07 Form: 10-K**

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**We operate in rapidly changing economic and technological environments that present numerous risks, many of which are driven by factors that we cannot control or predict.** The **following discussion, as well as our discussion in Part II — Item 7 — Management' s Discussion and Analysis of Financial Condition and Results of Operations and Item 7A — Quantitative and Qualitative Disclosures About Market Risk, highlights some of these risks. The risks described below are not exhaustive and you should carefully consider these risks and uncertainties before investing in our securities. Business and Operational Risks The majority of the** Company' s operating assets are currently located ~~exclusively~~ in the Permian Basin, making it vulnerable to risks associated with operating in a single geographic area. The **majority of the** Company' s wholly owned midstream assets are currently located ~~exclusively~~ in the Delaware Basin which is part of the broader Permian Basin. As a result of this concentration, the Company will be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, obtaining rights- of- way, market limitations, water shortages or restrictions, drought related conditions, or other weather-related conditions or interruption of the processing or transportation of crude oil, natural gas and water. If any of these factors were to impact the Permian Basin more than other producing regions, the Company' s business, financial condition and results of operations could be adversely affected relative to other midstream companies that have a more geographically diversified asset portfolio. Because of the natural decline in hydrocarbon production from existing wells, the Company' s success depends, in part, on its ability to maintain or increase hydrocarbon throughput volumes on its midstream systems, which depends on its customers' levels of development and completion activity on its dedicated acreage. The level of crude oil and natural gas volumes handled by the Company' s midstream systems depends on the level of production from crude oil and natural gas wells dedicated to its midstream systems, which may be less than expected and which will naturally decline over time. To maintain or increase throughput levels on its midstream systems, the Company must obtain production from wells completed by customers on acreage dedicated to its midstream systems or execute agreements with other third parties in its areas of operation. The Company has no control over producers' levels of development and completion activity in its areas of operation, the amount of reserves associated with wells connected to its systems, or the rate at which production from a well declines. In addition, the Company has no control over producers or their exploration and development decisions, which may be affected by, among other things: • the availability and cost of capital; • ~~demand for and~~ the prevailing and projected prices of crude oil, natural gas and NGLs **; fewer project opportunities or assumption of risk that results in weaker or more volatile financial performance than expected; • assets that vary in age and were constructed over many decades which may cause our inspection, maintenance or repair costs to increase in the future** ; • political and economic conditions and events in foreign oil, natural gas and NGL producing countries, including embargoes, disrupted global supply chains, continued hostilities in the Middle East and other sustained military campaigns, the armed conflict in Ukraine and associated economic sanctions on Russia; • increase in interest rates and rising or sustained inflation; • levels of **crude oil and natural gas** reserves; • **contractor or supplier non-performance, weather,** ~~geologic~~ **geological** ~~considerations~~ **or other factors** ; • **Consolidation in the upstream sector and the resulting** changes in the strategic importance customers assign to development in **certain acreage or locations in** the Delaware Basin as opposed to other **areas** ~~potential future operations they may acquire~~ , which could adversely affect the financial and operational resources ~~such customers are willing to devote~~ **devoted** to development of their acreage ~~in~~ **dedicated to** the **Company** ~~Permian Basin~~ ; • increased levels of taxation related to the exploration and production of crude oil, natural gas and NGLs; • environmental or other governmental regulations, including those related to the prorationing of oil and gas production, the availability of permits, the regulation of hydraulic fracturing, and a governmental determination that multiple facilities are to be treated as a single source for air permitting purposes; and • the costs of producing and ability to produce crude oil, natural gas and NGLs and the availability and costs of drilling rigs, pipeline transportation facilities and other equipment. **Index to Financial Statements** Due to these and other factors, even if reserves are known to exist in areas served by the Company' s midstream assets, producers may choose not to develop those reserves. If producers choose not to develop their reserves or they choose to slow their development rate in the Company' s areas of operation, utilization of its midstream systems will be below anticipated levels. Reductions in development activity, coupled with the natural decline in production from its current dedicated acreage, ~~would result in the Company' s inability to maintain the then- current levels of utilization of its midstream assets, which~~ could materially and adversely affect its business, financial condition, results of operations, and cash ~~flow~~ **flows** . The acquisition **or divestiture** of ~~additional~~ businesses and assets is part of our ~~growth~~ strategy. We may experience difficulties completing acquisitions **or divestitures** or integrating new businesses and properties, and we may be unable to achieve the benefits we expect from any future acquisitions **or divestitures** . Part of the Company' s business strategy includes acquiring additional businesses and assets **and / or divesting certain assets or portions of our business** . We cannot provide any assurance that we will be able to find complementary acquisition targets or complete such acquisitions or achieve the desired results from any acquisitions we do complete. Any acquired businesses or assets will be subject to many of the same risks as our existing businesses and may not achieve the levels of performance that we anticipate. We may **evaluate potential divestiture opportunities with respect to portions of our business from time to time that support our growth initiatives and may determine to proceed with a divestiture opportunity if and when we believe such opportunity is consistent with our business strategy. We may** not realize **the** anticipated operating advantages and cost savings. Integration of acquired businesses or assets involves a number of risks, including (i) the loss of key customers of the acquired business; (ii) demands on management related to the increase in our size; (iii) the diversion of management' s attention from the management of daily operations; (iv) difficulties in implementing or unanticipated costs of accounting, budgeting, reporting, internal controls and other systems; and (v) difficulties in the retention and assimilation of necessary employees. Difficulties in integration may be magnified if we make multiple acquisitions over a relatively short period of time. Because of difficulties in combining and expanding operations, we may not be able to achieve the cost savings and other size- related benefits that we hoped to achieve after these acquisitions, which could materially and adversely affect our financial condition and results of operations. **We also may not recognize the anticipated benefits of dispositions or other divestitures we may pursue in the future. If we do not realize the expected strategic, economic or other benefits of any divestiture transaction, it could materially and adversely affect our financial condition and results of operations.** The Company owns interests in certain pipeline projects and other joint ventures, and it may in the future enter into additional joint ventures, and the Company' s control of such entities is limited by provisions of the limited partnership and limited liability company agreements of such entities and by the Company' s percentage ownership in such entities. The Company has ownership interests in several joint ventures, including the PHP, GCX, Breviloba and EPIC joint ventures **, which were accounted for using the equity interest method** , and it may enter into other joint venture arrangements in the future. While the Company owns equity interests and has certain voting rights with respect to its joint ventures **and can exercise significant influence over the operating and financial policies of the entity** , it does not act as operator of or control the joint ventures, each of which is operated by another joint venture partner. **It** ~~The Company has limited ability to influence the business decisions of these entities, and it~~ may therefore be difficult or impossible for the Company to cause the joint venture to take actions that the Company believes would be in its or the relevant joint venture' s best interests. Moreover, joint venture arrangements involve various risks and uncertainties, such as committing the Company to fund operating and / or capital expenditures, the timing and amount of which the Company may not control, and which could materially and adversely affect its cash ~~flow~~ **flows** . The Company also may be unable to control the amount of cash it will receive from the operation of these entities, which could further adversely affect its cash ~~flow~~ **flows** . Joint venture arrangements may also restrict the Company' s operational and organizational flexibility and its ability to manage risk, which could ~~have a material~~ **materially** and ~~adverse~~ **adversely** ~~effect~~ **affect** ~~on its business~~ **the Company' s financial condition** , **results of operations and** cash ~~flow~~ **flows** ~~and results of operations~~ . If the third- party pipelines interconnected, or at some future point expected to be interconnected, to the Company' s pipelines become unavailable to transport or store crude oil, NGLs or natural gas **, or if our cost of transporting on such third- party pipelines changes** , the Company' s revenue and available cash could be adversely affected. The Company depends upon third- party downstream pipelines and associated operations to provide delivery options from its processing system. Because the Company does not control these pipelines and associated operations, their continuing operation is not within its control. If any downstream pipeline were to become unavailable for current or future volumes due to repairs, damage to the facility, force majeure, lack of capacity, shut in by regulators, failure to meet quality requirements or any other reason, the Company' s ability to operate efficiently and continue shipping crude oil, natural gas and refined products to major demand centers could be restricted, thereby reducing revenue. Any temporary or permanent interruption at these pipelines could materially and adversely affect the Company' s business, results of operations, financial condition or cash ~~flow~~ **flows . In addition, if our cost of transporting on such third- party pipelines changes, the Company' s revenue and available cash could be adversely affected. The third parties on whom the Company relies for transportation services from its processing facilities are subject to complex federal, state, and other laws that could adversely affect our financial condition and results of operations. The operations of the third parties on whom the Company relies on to provide downstream transportation and delivery options from its processing system are subject to complex and stringent laws and regulations that require obtaining and maintaining numerous permits, approvals and certifications from various federal, state and local government authorities. These third parties may incur substantial costs in order to comply with existing laws and regulations. If existing laws and regulations governing such third- party services are revised or reinterpreted, or if new laws and regulations become applicable to their operations, these changes may affect the costs that the Company pays for services. Similarly, a failure to comply with such laws and regulations by the third parties could materially and adversely affect the Company' s business, results of operations, and financial condition** . The Company' s customers may suspend, reduce or terminate their obligations under the Company' s commercial agreements with them in certain circumstances, which could have a material adverse effect on the Company' s financial condition, results of operations and cash ~~flow~~ **flows** . The Company has entered into gas gathering, compression and processing agreements, crude oil gathering agreements, and produced water gathering and disposal agreements with its customers, which include provisions that permit the customer to suspend, reduce or terminate its obligations under each agreement if certain events occur. These events include non- performance by the Company and force majeure events which are out of the Company' s control. The customers have the discretion to make such decisions notwithstanding the fact that they may significantly and adversely affect the Company. Any such reduction, suspension or termination of these customers' obligations under their commercial agreements could materially and adversely affect the Company' s financial condition, results of operations and cash ~~flow~~ **flows** . Increased competition from other companies that provide midstream services, or from alternative fuel sources, could have a negative impact on the demand for the Company' s services, which could materially and adversely affect its financial results. The Company will compete for third- party customers primarily with other crude oil and natural gas gathering and transportation systems and produced water service providers. Some of its competitors may now, or in the future, have access to greater supplies of crude oil, natural gas and produced water than the Company does. Some of these competitors may expand or construct gathering systems or other pipeline transportation facilities that would create additional competition for the services the Company would provide to third party customers. In addition, potential third- party customers may develop their own gathering systems or pipeline transportation facilities instead of using the Company' s systems. Further, hydrocarbon fuels compete with other forms of energy available to end- users, including renewable electricity and coal. Increased demand for such other forms of energy at the expense of hydrocarbons could lead to a reduction in demand for the Company' s services. All these competitive pressures could make it more difficult for the Company to attract new customers as it seeks to expand its business, which could materially and adversely affect its business, financial condition and results of operations. In addition, competition could intensify the negative impact of factors that decrease demand for crude oil, natural gas and produced water services in the markets served by its systems, such as adverse economic conditions, weather, higher fuel costs and taxes or other governmental or regulatory actions that directly or indirectly increase the cost or reduce demand for its services. The Company' s exposure to commodity price risk may change over time and the Company cannot guarantee the terms of any existing or future agreements for its midstream services with its customers. The Company currently generates revenues pursuant to a variety of different contractual arrangements, including fee- based agreements based on volumetric fees **and** ~~, keep- whole arrangements used for processing services,~~ percent- of- proceeds arrangements based on a percent of the proceeds from the sale of gathering and processing outputs on behalf of a producer and percent- of- products arrangements in which the Company is assigned a portion of the natural gas it gathers and processes as partial compensation. Consequently, the Company' s existing operations and cash ~~flow~~ **flows** have limited direct exposure to commodity price risk. However, the Company' s customers are exposed to commodity price risk, and extended reduction in commodity prices could reduce the production volumes available for the Company' s midstream services in the future below expected levels ~~. In addition, in the past, excess capacity has created a highly competitive environment that has decreased commodity price differentials between the Permian Basin and end markets, which has reduced the demand for the Company' s services resulting in decreases in volumes transported and lower rates the Company is able to charge to its customers. Although the Company intends to maintain these pricing terms on both new contracts and existing contracts for which prices have not yet been set, its efforts to negotiate such terms may not be successful, which could materially and adversely affect its business~~ . The use of derivative financial instruments could result in material financial losses by us. **The** ~~From time to time, the~~ Company ~~has sought~~ **engages in commodity and interest rate hedging activities** to reduce its exposure to fluctuations in commodity prices and interest rates by using derivative instruments. ~~To the extent that we hedge our commodity price and interest rate exposures, we will forego the benefits we would otherwise experience if commodity prices or interest rates were to change in our favor. In addition, hedging~~ **Hedging** activities can result in losses that might be material to our financial condition, results of operations and cash flows. Such losses could occur under various circumstances, including those situations where a counterparty does not perform its obligations under a hedge arrangement, the hedge is not effective in mitigating the underlying risk, or our risk management policies and procedures are not followed. Adverse economic conditions (e. g., a significant decline in energy commodity prices that negatively impacts the cash flows of oil and gas producers) increase the risk of nonpayment or performance by our hedging counterparties. The Company' s construction of new midstream assets may be subject to new or additional regulatory, environmental, political, contractual, legal and economic risks, which could materially and adversely affect its cash ~~flow~~ **flows** , results of operations and financial condition. The construction of additions or modifications to the Company' s existing systems and the expansion into new production areas to service its customers involve numerous regulatory, environmental, political and legal uncertainties beyond the Company' s control and may require the expenditure of significant amounts of capital, and the Company may not be able to construct in certain locations due to setback requirements or expand certain facilities that are deemed to be part of a single source. Regulations clarifying how crude oil and natural gas production facility emissions must be aggregated under the federal Clean Air Act permitting program were finalized in June 2016. This action clarified certain permitting requirements yet could still impact permitting and compliance costs. As the Company builds infrastructure to meet its customers' needs, it may not be able to complete such projects on schedule, at the budgeted cost, or at all. The Company' s revenues may not increase immediately (or at all) upon the expenditure of funds on a particular project. For instance, if the Company builds additional gathering assets, the construction may occur over an extended period of time and it may not receive any material increases in revenues until the project is completed or at all. The Company may construct facilities to capture anticipated future production growth from its customers in an area where such growth does not materialize. As a result, new midstream assets may not be able to attract enough throughput to achieve their expected investment return, which could materially and adversely affect the Company' s business, financial condition, results of operations and cash ~~flow~~ **flows** . The construction of additions to the Company' s existing assets may require it to obtain new rights- of- way, surface use agreements or other real estate agreements prior to constructing new pipelines or facilities. The Company may be unable to timely obtain such rights- of- way to connect new crude oil, natural gas and water sources to its existing infrastructure or capitalize on other attractive expansion opportunities. Additionally, it may become more expensive for the Company to obtain new rights- of- way or to expand or renew existing rights- of- way, leases or other agreements. If the cost of renewing or obtaining new agreements increases, the Company' s cash ~~flow~~ **flows** could be materially and adversely affected. The Company' s business involves many hazards and operational risks, some of which may not be fully covered by insurance. The occurrence of a significant accident or other event that is not fully insured could curtail its operations and materially and adversely affect its cash ~~flow~~ **flows** . The Company' s operations are subject to all the hazards inherent in the gathering and transportation of crude oil, natural gas and produced water, including: • damage to pipelines, compressor stations, centralized gathering facilities, pump stations, storage terminals, related equipment, and surrounding properties caused by design, installation, construction materials or operational flaws, natural disasters, acts of terrorism, acts of third parties or other unforeseen circumstances. • leaks of crude oil, natural gas or NGLs or losses of crude oil, natural gas or NGLs as a result of the malfunction of, or other disruptions associated with, equipment, facilities or pipelines; • fires, ruptures and explosions; and • other hazards that could also result in personal injury and loss of life, pollution and suspension of operations. The Company may elect to not obtain insurance, maintain a self- insured retention or increase deductibles for any or all of these risks if it believes that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event that is not fully covered by insurance could materially and adversely affect the Company' s business, financial condition, results of operations and cash ~~flow~~

**flows** . A shortage of equipment and skilled labor could reduce equipment availability and labor productivity and increase labor and equipment costs, which could materially and adversely affect the Company' s business and results of operations. The Company' s gathering and other midstream services require special equipment and laborers who are skilled in multiple disciplines, such as equipment operators, mechanics and engineers, among others. If the Company experiences shortages of necessary equipment or skilled labor in the future, its labor and equipment costs and overall productivity could be materially and adversely affected. If the Company' s equipment or labor prices increase or if the Company experiences materially increased health and benefit costs for employees, its business and results of operations could be materially and adversely affected. Environmental and Regulatory Risk Factors Related to the Company The Company operates in a highly regulated environment and its business and profitability could be adversely affected by actions by governmental entities, changes to current laws or regulations, or a failure to comply with laws or regulations. The Company' s business is highly regulated and subject to numerous governmental laws, rules ~~,~~ **and** regulations and requires permits, authorizations and various governmental and agency approvals, in the various jurisdictions in which the Company operates, that impose various restrictions and obligations that may have material effects on the Company' s business and results of operations. Each of the applicable laws or regulatory requirements and limitations is subject to change, either through new laws or regulations enacted on the federal, state or local level, or by new or modified regulations that may be implemented under existing law. The nature and extent of any changes in these laws, rules, regulations and permits may be unpredictable, have retroactive effects and may have material effects on the Company' s ~~business~~ **financial condition, results of operations** and ~~profitability~~ **cash flows** . Future legislation and regulations or changes in existing legislation and regulations, or interpretations thereof, could cause additional expenditures, ~~tax~~ liabilities, restrictions and delays in connection with the Company' s current business as well as future projects, the extent of which cannot be predicted and which may require the Company to limit substantially, delay or cease operations in some circumstances. The Company' s sales of ~~oil,~~ natural gas ~~, and NGLs~~ are subject to market manipulation requirements promulgated by FERC pursuant to the authority delegated to it by the Energy Policy Act of 2005 (" EPAct 2005 "). The EPAct 2005 amended the NGA and NGPA to give FERC authority to impose civil penalties for violations of these statutes and regulations. The Commodity Futures Trading Commission (" CFTC ") also holds authority to monitor certain segments of the physical and futures energy commodities market pursuant to the Commodity Exchange Act. **In addition, the Federal Trade Commission (" FTC ") has the authority under the Federal Trade Commission Act and the Energy Independence and Security Act of 2007 to regulate wholesale petroleum markets.** The Company believes, however, that neither the EPAct 2005, nor the regulations promulgated by FERC as a result of the EPAct 2005, nor the regulations promulgated by the CFTC **or FTC** will affect it in a way that materially differs from the way they affect other sellers of oil, natural gas, or NGLs with which the Company competes. For a general overview of federal, state and local ~~regulation~~ **regulations** applicable to the Company' s assets, see the " Regulation " section included within Part I, Items 1 and 2 **. — Business and Properties** of this annual report. This regulatory oversight can affect certain aspects of the Company' s business and the market for its products and could materially and adversely affect the Company' s financial position, results of operations and cash flows. **Changes to applicable tax laws and regulations or exposure to additional income tax liabilities could adversely affect our operating results and cash flows. We are subject to various complex and evolving U. S. federal, state and local tax laws. U. S. federal, state and local tax laws, policies, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us, in each case, possibly with retroactive effect. Any significant variance in our interpretation of current tax laws or a successful challenge of one or more of our tax positions by the IRS or other tax authorities could increase our future tax liabilities and adversely affect our operating results and cash flows.** Rate regulation, challenges by shippers to the rates the Company charges on its pipelines or changes in the jurisdictional characterization of some of the Company' s assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of its assets, which may cause its operating expenses to increase, limit the rates it charges for certain services and decrease the amount of cash ~~flow~~ **flows** . Natural gas and crude oil gathering may receive greater regulatory scrutiny at the federal and state level. Therefore, the Company' s natural gas and crude oil gathering operations could be adversely affected should they become subject to the application of federal or state regulation of rates and services. The Company' s gathering operations could also be subject to safety and operational regulations relating to the design, construction, testing, operation, replacement and maintenance of gathering facilities. Intrastate transportation of NGLs and crude oil may also receive greater regulatory scrutiny at the federal and state level. The Company' s intrastate NGL transportation services are subject to the TRRC regulations and must be provided in a manner that is just, reasonable and non- discriminatory. Such operations could be subject to additional regulation if the NGLs and crude oil are transported in interstate or **through** foreign commerce, whether by the Company' s pipelines or other means of transportation. The Company cannot predict what effect, if any, such changes might have on its operations, but it could be required to incur additional capital expenditures and increased operating costs depending on future legislative and regulatory changes. The Company' s midstream and intrastate transportation and storage services that are regulated are generally subject to rate regulation and the regulation of the terms and conditions of service. If we do not comply with this regulation, we may be subject to claims for refunds of amounts charged, the modification, cancellation or suspension of a permit or other authorization, civil penalties and other relief. Additional rules and legislation pertaining to these matters are considered or adopted from time to time. The Company cannot predict what effect, if any, such changes might have on its operations, but the industry could be required to incur additional capital expenditures and increased costs depending on future legislative and regulatory changes. Federal and state legislative and regulatory initiatives relating to pipeline safety, which are often subject to change, may result in more stringent regulations or enforcement and could subject the Company to increased operational costs, increased capital costs and potential operational delays. Some of the Company' s pipelines are subject to regulation by the PHMSA pursuant to the Natural Gas Pipeline Safety Act of 1968 (" NGPSA "), with respect to natural gas, and the HLPSA, with respect to crude oil and NGLs. Both the NGPSA and the HLPSA were amended by the Pipeline Safety Act of 1992, the

Accountable Pipeline Safety and Partnership Act of 1996, the PSIA, as reauthorized and amended by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, and the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011. The NGPSA and HLPSA regulate safety requirements in the design, construction, operation, and maintenance of natural gas, crude oil and NGL pipeline facilities, while the PSIA establishes mandatory inspections for all U. S. crude oil, NGL and natural gas transmission pipelines in HCAs. PHMSA has developed regulations that require pipeline operators to implement integrity management programs, including more frequent inspections and other measures to ensure pipeline safety in HCAs. The regulations require operators, including the Company, to: • perform ongoing assessments of pipeline integrity; • identify and characterize applicable threats to pipeline segments that could impact an HCA; • improve data collection, integration and analysis; • repair and remediate pipelines as necessary; and • implement preventive and mitigating actions. PHMSA may revise these standards from time- to- time. For example, in October 2019, PHMSA published three final rules that create or expand reporting, inspection, maintenance and other pipeline safety obligations. Additional future regulatory action expanding PHMSA' s jurisdiction and imposing stricter integrity management requirements is possible. For instance, following the passage of Protecting Our Infrastructure of Pipelines and Enhancing Safety Act of 2020, operators of jurisdictional pipelines were required to update their inspection and maintenance plans to identify procedures to prevent and mitigate both vented and fugitive pipeline methane emission by the end of 2021. Separately, the U. S. Congress reauthorized PHMSA through 2023 as part of the Consolidated Appropriations Act of 2021 and directed the agency to move forward with several regulatory actions. In November 2021, PHMSA released a final rule expanding the definition of regulated gathering pipelines and imposing safety measures on certain previously unrelated gathering pipelines, to include criteria for inspection and repair of fugitive emissions. The final rule also imposes reporting requirements on all gathering pipelines, and specifically requires operators to report safety information to PHMSA. **In** ~~More recently, in~~ August 2022, PHMSA published a final rule expanding the Management of Change process, extending corrosion requirements for gas transmission pipelines, adding requirements that operators ensure no conditions exist following an extreme weather event that could adversely affect the safe operation of the pipeline and adopting repair criteria for non- HCAs similar to those applicable to HCAs. **Additionally, in May 2023, PHMSA published a proposed rule that would enhance requirements for detecting and repairing leaks on new and existing natural gas distribution, gas transmission and gas gathering pipelines and, separately, in September 2023, published a proposed rule that would enhance the safety requirements for gas distribution pipelines and would require updates to distribution integrity management programs, emergency response plans, operations and maintenance manuals, and other safety practices.** The adoption of laws or regulations that apply more comprehensive or stringent safety standards could require the Company to install new or modified safety controls, pursue new capital projects or conduct maintenance programs on an accelerated basis, all of which could require the Company to incur increasing operating costs that may be significant. Further, should the Company fail to comply with PHMSA or comparable state regulations, it could be subject to substantial fines and penalties. Increased regulation of hydraulic fracturing could result in reductions or delays in crude oil and natural gas production by the Company' s customers, which could reduce the throughput on its gathering and other midstream systems, which could adversely impact its revenues. The Company does not conduct hydraulic fracturing operations, but substantially all the saltwater, crude oil and natural gas production of its customers is developed from unconventional sources that require hydraulic fracturing as part of the completion process. Hydraulic fracturing is a well stimulation process that utilizes large volumes of water and sand combined with fracturing chemical additives that are pumped at high pressure to crack open previously impenetrable rock to release hydrocarbons. There has been increasing public controversy regarding hydraulic fracturing with regard to the use of fracturing fluids, induced seismic activity, impacts on drinking water supplies, use of water and the potential for impacts to surface water, groundwater and the environment generally. Hydraulic fracturing is typically regulated by state oil and gas commissions and similar agencies. Some states and local governments, including those in which the Company operates, have adopted, and other states are considering adopting, regulations that could impose more stringent disclosure or well construction requirements on hydraulic fracturing operations. In addition, several states and local governments have banned or significantly restricted hydraulic fracturing and, over the past several years, federal agencies such as the U. S. Environmental Protection Agency (" EPA ") have sought to assert jurisdiction over the process. While the EPA has previously sought to relax environmental regulation and reduce enforcement efforts, including with respect to energy developed from unconventional sources, environmental groups and states have filed lawsuits challenging the EPA' s recent actions. The Company cannot predict the results of these or future lawsuits, or how such lawsuits will affect the regulation of hydraulic fracturing operations. Certain environmental groups have also suggested that additional laws at the federal, state and local levels of government may be needed to more closely and uniformly regulate the hydraulic fracturing process. The Company cannot predict whether any such legislation will be enacted and if so, what its provisions ~~would~~ **will** be. Governmental actions such as these could impact the oil and gas industry and the Company' s future potential growth in such areas. Additional levels of regulation and permits required through the adoption of new laws and regulations at the federal, state or local level could lead to delays, increased operating costs and process prohibitions that could reduce the volumes of crude oil and natural gas that move through the Company' s gathering systems and decrease demand for its water services, which in turn could materially and adversely impact its revenues. In recent history, public concern surrounding increased seismicity has heightened focus on the oil and gas industry' s use of water in operations, which may cause increased costs, regulations or environmental initiatives impacting the use or disposal of water. The adoption of federal, state and local legislation and regulations intended to address induced seismicity in the areas in which the Company operates could restrict drilling and production ~~activities, as well as the Company' s ability to dispose of produced water gathered from such~~ activities and could result in increased costs and additional operating restrictions or delays, that could, in turn, materially and adversely impact the Company' s business and results of operations. Adoption of new or more stringent legal standards relating to induced seismic activity associated with produced- water disposal could affect the Company' s operations. The Company disposes of produced water generated from oil and natural- gas production operations. The legal requirements related to the disposal of produced water into a non- producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities, including concerns relating to recent seismic events near injection wells used for the disposal of produced water. In response to such concerns, regulators in some states (including Texas, where the Company' s produced water gathering and disposal assets are) have imposed, or are considering imposing, additional requirements in the permitting and operating of produced- water disposal wells or are otherwise investigating the existence of a relationship between seismicity and the use of such wells. These developments could result in additional regulation and restrictions on the Company' s use of injection wells to dispose of produced water, including a possible shut down of wells, which could materially and adversely affect its business, financial condition, and results of operations. The Company currently operates produced water injection wells injecting into shallow formations in Texas, where the Texas Railroad Commission has ~~recently~~ addressed seismic activity by establishing Seismic Response Areas, curtailing injected volumes and / or suspending certain permits for disposal wells injecting into deep strata. ~~Should the Texas Railroad Commission take additional action within the existing Seismic Response Areas or establish new Seismic Response Areas near the Company' s operations, it could have a significant adverse effect on its business.~~ Furthermore, additional regulations and restrictions on the use of injection wells could indirectly result in reduced gas gathering and processing volumes and / or crude gathering volumes from the Company' s customers, which could materially and adversely affect its business, financial condition, and results of operations. The Company may incur significant liability under, or costs and expenditures to comply with, health, safety and environmental laws and regulations, which are complex and subject to frequent change. The Company is subject to various stringent and complex federal, state and local laws and regulations governing health and safety aspects of its operations, the discharge of materials into the environment and the protection of the environment and natural resources (including endangered or threatened species). These laws and regulations may impose on the Company' s operations numerous requirements, including the acquisition of permits, approvals and certificates before conducting regulated activities; restrictions on the types, quantities and concentration of materials that may be released into the environment; the application of specific health and safety criteria to protect the public or workers; and the responsibility for cleaning up pollution resulting from operations. Moreover, many of the permits required for the construction and operation of the Company' s assets may be subject to challenge by third parties, resulting in project delays or the imposition of stringent environmental controls as a precondition to issuing such permits. The Company may incur substantial costs to maintain compliance with these existing laws and regulations and the permits and other approvals thereunder. Additionally, the Company' s costs of compliance may increase or operational delays may occur if existing laws and regulations are revised or reinterpreted, or if new laws and regulations apply to its operations. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued thereunder, oftentimes requiring difficult and costly response actions. Failure to comply with these laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties; the imposition of investigatory, remedial or corrective action obligations; the incurrence of capital expenditures, the occurrence of delays in the permitting, development or expansion of projects, and enjoining some or all of the Company' s future operations in a particular area. Compliance with more stringent standards and other environmental regulations could prohibit the Company' s ability to obtain permits for operations or require it to install additional equipment, the costs of which could be significant. The risk of incurring environmental costs and liabilities in connection with the Company' s operations is significant because of its handling of natural gas, crude and other petroleum products, its air emissions and product- related discharges arising out of its operations and as a result of historical industry practices and waste disposal practices. For example, an accidental release from one of the Company' s facilities could subject it to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury, natural resources and property damages and fines and penalties for related violations of environmental laws or regulations. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly requirements could require the Company to make significant expenditures to attain and maintain compliance or may otherwise have a material adverse effect on its operations, competitive position or financial condition **. For example, in March 2023, the EPA finalized its Plan which imposes further emissions controls on, among others, new and existing reciprocating internal combustion engines of a certain size used in pipeline transportation of natural gas. The Plan aims to reduce nitrogen oxide pollution, an indirect GHG, from certain upwind states determined by the EPA to be impacting certain downwind states. The requirements of the EPA' s Plan could result in increased compliance costs and operational disruptions, adversely impacting our natural gas business segment** . Public interest in the protection of the environment has increased dramatically in recent years. The trend of more expansive and stringent environmental legislation and regulations applied to the oil and natural gas industry could continue, resulting in increased costs of doing business and, consequently, affecting profitability. Additionally, fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and energy generation devices, could all reduce demand for oil and natural gas and consequently reduce demand for the midstream services the Company provides. The impact of this changing demand could materially and adversely affect the Company' s business, operations and cash flows. Climate change laws and regulations restricting emissions of GHGs could result in increased operating costs and reduced demand for the crude oil and natural gas the Company gathers, while potential physical effects of climate change could disrupt the Company' s operations, cause damage to its pipelines and other facilities and cause it to incur significant costs in preparing for or responding to those effects. Climate change continues to attract considerable public and scientific attention. There is a broad consensus of scientific opinion that human- caused emissions of GHGs are linked to climate change. Climate change and the costs that may be associated with its impacts and the regulation of GHGs have the potential to materially affect the Company' s business in many ways, to include negatively impacting the costs the Company incurs in providing its products and the demand for and consumption of its products. The EPA adopted regulations requiring the reporting of GHG emissions from specific categories of higher GHG emitting sources in the United States, including certain oil and natural gas facilities, which include certain of the Company' s operations. Information in such reporting may form the basis for further GHG regulation. The EPA has also continued with its comprehensive strategy for further reducing methane and volatile organic compound ~~(" VOC ")~~ emissions from oil and gas operations. In **response** ~~May 2016, a final rule established specific new requirements regarding emissions from production- related wet seal and reciprocating compressors, and from pneumatic controllers and storage vessels. Additionally, the regulations placed new requirements~~ to ~~detect and repair VOC and methane leaks at certain well sites and compressor stations. However, in September 2020, the EPA finalized a rule removing transportation and storage activities from the purview of the rules. On January 20, 2021,~~ President Biden ~~signed an~~ **' s** executive order calling ~~for~~ **on** the ~~suspension,~~ **EPA to** ~~revision~~ **revisit federal regulations regarding** ~~, or rescission of the September 2020 rule, and the reinstatement or issuance of~~ methane ~~emissions standards~~ **, the EPA finalized more stringent methane rules** for new, modified, and **reconstructed** ~~existing oil and gas~~ facilities, **known** ~~including transmission and storage facilities. Following approval by Congress, the resolution was signed into law in June 2021 and effectively vacated the September 2020 rule, reinstating the prior standards under the May 2016 rule. In November 2021,~~ as **OOOOb** ~~required by the President' s executive order~~ , ~~the EPA proposed new regulations to establish comprehensive standards of performance and emission guidelines for methane and VOC emissions from new and existing operations in the oil and gas sector, including the exploration and production, transmission, processing and storage segments. On November 11, 2022, the EPA released its supplemental methane proposal. The proposal includes the tightening of proposed requirements under the CAA for methane and VOC emissions from sources that commenced construction, modification, or reconstruction after November 15, 2021, to include proposed standards for previously unregulated emission sources for this category. Additionally, the proposal sets forth specific revisions strengthening the first nationwide emission guidelines for states to limit methane emissions from existing crude oil and natural gas facilities. The proposal also revises requirements for fugitive emissions monitoring and repair~~ as well as ~~equipment~~ **standards for existing sources for the first time ever, known as OOOOc, in December 2023. Under the final rules, states have two years to prepare and submit their plans to impose methane emissions controls on existing sources. The presumptive standards established under the final rule are generally the same for both new and existing sources and include enhanced** ~~leaks~~ - **leak detection survey requirements using optical gas imaging** and ~~the~~ **other advanced** ~~frequency of~~ monitoring ~~surveys~~ **to encourage the deployment of innovative technologies to detect and reduce methane emissions** , **reduction of emissions by 95 % through capture and control systems, zero- emission requirements for certain devices, and the** ~~establishes~~ **establishment of** a " super ~~–~~ emitter " response program **that would allow third parties** to ~~timely mitigate~~ **make reports to EPA of large methane** ~~emissions~~ - **emission** events, **triggering certain investigation** and ~~provides additional options~~ **repair requirements. Fines and penalties** for **violations of** ~~the~~ **these rules can be substantial** ~~use of advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions~~ . ~~The EPA' s supplemental methane~~ **It is likely, however, that the final** rule **and its requirements** will ~~likely work alongside~~ **be subject to legal challenges. Moreover, compliance with the new rules may affect the amount we owe under** the Inflation Reduction Act ~~of 2022~~ **' s** (" IRA ") **methane emissions** ~~, which was signed into law in August 2022, and appropriates significant federal funding for renewable energy initiatives, alongside amending the CAA to impose a first- time~~ fee ~~on the emission of~~ **, as compliance with EPA' s** methane **rules would exempt an otherwise covered facility** from ~~sources required to report their~~ -- **the requirement** ~~GHG emissions~~ to **pay** the ~~EPA~~ **fee** . The methane emissions charge imposes a fee on excess methane emissions from certain oil facilities starting at $ 900 per metric ton of leaked methane in 2024 and rising to $ 1, 200 in 2025 and $ 1, 500 in 2026 and thereafter. ~~Compliance with~~ **The requirements of** the EPA' s ~~proposed new regulations~~ **final methane rules** and **, as applicable,** the IRA' s methane emissions fee could increase the Company' s operating costs and accelerate the transition away from fossil fuels, which could in turn reduce the demand for its services, thereby adversely affecting its operations and potentially restricting or delaying the Company' s ability to obtain applicable permits, approvals, or certificates for new or modified facilities **. Moreover, failure to comply with these requirements could result in the imposition of substantial fines and penalties, as well as costly injunctive relief** . Climate change remains a priority for the current administration, which could lead to additional regulations or restrictions on oil and gas development. In February 2021, the administration recommitted the United States to the Paris Agreement, a framework for parties to the agreement to cooperate and report actions to reduce GHG emissions. The Paris Agreement calls for parties to undertake " ambitious efforts " to limit the average global temperature, and to conserve and enhance sinks and reservoirs of GHGs. The current administration, in April 2021, announced a target for the United States to achieve a 50 % – 52 % reduction from 2005 levels in economy- wide net GHG pollution in 2030. This target builds upon the President' s goals to create a carbon pollution- free power sector by 2035 and a net zero emissions economy by 2050. In November 2021, the international community gathered again in Glasgow at the 26th Conference to the Parties on the UN Framework Convention on Climate Change (" COP26 "), during which multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non- carbon dioxide GHGs. Relatedly, the United States and European Union jointly announced the launch of the " Global Methane Pledge, " which aims to cut global methane pollution at least 30 % by 2030 relative to 2020 levels, including " all feasible reductions " in the energy sector. At COP27 in Sharm El- Sheik in November 2022, countries reiterated the agreements from COP26 and were called upon to accelerate efforts toward the phase out of inefficient fossil fuel subsidies. The United States also announced, in conjunction with the European Union and other partner countries, that it would develop standards for monitoring and reporting methane emissions to help create a market for low methane- intensity gas. ~~Although no~~ **In December 2023, the United Arab Emirates hosted COP28, where parties signed onto an agreement to transition " away** ~~firm~~ - **from** ~~commitment or timeline to phase out or phase down all~~ fossil fuels **in energy systems in a just, orderly, and equitable manner " and increase renewable energy capacity so as to achieve net zero by 2050, although no timeline for doing so** was ~~made at COP27,~~ **set. The impact of** ~~there~~ **these orders** ~~can be no guarantees that countries will not seek to implement such a phase out in the future. At COP27 in Sharm El- Sheik in November 2022~~ , ~~countries reiterated the~~ **pledges, and** agreements **,** ~~from COP26~~

and ~~were called upon~~ **any legislation or regulation promulgated** to **fulfill** ~~accelerate efforts toward~~ the ~~phase out of inefficient fossil fuel subsidies. The~~ United States **' commitments under** ~~also announced, in conjunction with~~ the ~~European Union~~ **Paris Agreement, COP26, COP27,** and **COP28, or** other ~~partner countries, that~~ **international conventions cannot be predicted at this time and** it **is unclear what additional initiatives may** ~~would develop standards for monitoring and reporting methane emissions to help create a market for low methane- intensity gas. Although no firm commitment or timeline to phase out or phase down all fossil fuels was made at COP27, there can~~ be **adopted or** ~~no guarantees that countries will not seek to implement~~ **implemented** ~~such a phase out in the future. Meeting these goals may require further regulations~~ that could adversely impact the Company' s operations and financial performance or otherwise reduce demand for the products it stores, processes, and transports. The adoption of legislation or regulatory programs to reduce emissions of GHGs could require the Company to incur increased operating costs, such as costs to purchase and operate emissions and vapor control systems or to comply with new regulatory or reporting requirements. If the Company is unable to recover or pass through a significant level of its costs related to complying with climate change regulatory requirements imposed on it, it could have a material adverse effect on the Company' s results of operations and financial condition. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, the natural gas the Company stores, processes and transports. Consequently, legislation and regulatory programs to reduce emissions of GHGs could have an adverse effect on the Company' s business, financial condition, and results of operations. Moreover, incentives to conserve energy or use alternative energy sources as a means of addressing climate change could reduce demand for the Company' s products. In addition, parties concerned about the potential effects of climate change have directed their attention at sources of funding for energy companies, which has resulted in certain financial institutions, funds and other sources of capital restricting or eliminating their investment in oil and natural gas activities. Financial institutions may adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. For example, in ~~late~~ **October** ~~2020~~ **2023** , the Federal Reserve ~~announced that it had joined the Network for Greening the Financial System (" NGFS ")~~ , **Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. released** a ~~consortium~~ **finalized set** of **principles guiding** financial ~~regulators focused~~ **institutions with $ 100 billion or more in assets** on ~~addressing~~ **the management of physical and transition risks associated with** climate **change** ~~- related risks in the financial sector, and, in September 2022, announced that six of the U. S.' largest banks will participate in a pilot climate scenario analysis exercise, launched in early 2023, to enhance the ability of firms and supervisors to measure and manage climate- related financial risk~~ . While the Company cannot predict what policies may result from this, a material reduction in the capital available to the fossil fuel industry could make it more difficult to secure funding for exploration, development, production, transportation and processing activities, which could result in decreased demand for the Company' s midstream services. Additionally, in March 2022, the **SEC** ~~Securities and Exchange Commission~~ released a proposed rule that would establish a framework for the reporting of climate risks, targets, and metrics. If a final rule is released, the Company cannot predict what any such rule may require. To the extent the rule imposes additional reporting obligations, the Company could face increased costs. Separately, the SEC has also announced that it is scrutinizing existing climate- change related disclosures in public filings, increasing the potential for enforcement if the SEC were to allege an issuer' s climate disclosures are misleading **, deceptive** or deficient **. Such agency action could also increase the potential for private litigation. Relatedly, California has enacted new laws requiring additional disclosure with respect to certain climate- related risks and GHG emissions reduction claims. Non- compliance with these new laws may result in the imposition of substantial fines or penalties. Other states are considering similar laws. Any new laws or regulations imposing more stringent requirements on our business related to the disclosure of climate- related risks may result in reputation harms among certain stakeholders if they disagree with our approach to mitigating climate- related risks, increased compliance costs results from the development of any disclosures, and increased costs of and restrictions on access to capital to the extent we do not meet any climate- related expectations or requirements of financial institutions** . Finally, it should be noted that there are increasing risks to the Company' s operations resulting from the potential physical impacts of climate change, such as drought, wildfires, damage to infrastructure and resources from flooding, storms and other natural disasters, chronic shifts in temperature and precipitation patterns and other physical disruptions. One or more of these developments could materially and adversely affect the Company' s business, financial condition and results of operation. Increasing attention to ESG matters and conservation measures may adversely impact the Company' s business. Increasing attention to climate change, societal expectations on companies to address climate change, investor and societal expectations regarding voluntary ESG disclosures and consumer demand for alternative forms of energy may result in increased costs, reduced demand for the Company' s products, reduced profits, increased investigations and litigation and negative impacts on the Company' s access to capital markets. Increasing attention to climate change and environmental conservation, for example, may result in demand shifts for oil and natural gas products and additional governmental investigations and private litigation against the Company or its customers. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to the Company' s causation of or contribution to the asserted damage, or to other mitigating factors. While the Company may participate in various voluntary frameworks and certification programs to improve the ESG profile of its operations and services, the Company cannot guarantee that such participation or certification will have the intended results on its ESG profile. ~~Moreover,~~ **The Company aims to achieve net zero Scope 1 and 2 GHG emissions by 2050 and has also set shorter- term targets related to GHG and methane gas emissions intensities by 2030.** ~~while~~ **While** the Company may create and publish voluntary disclosures regarding **these goals and other** ESG matters from time to time, many of the statements in those voluntary disclosures will be based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single **, uniformed** approach to identifying, measuring, and reporting on many ESG matters.

~~Additionally~~ **The standards for tracking and reporting on ESG matters are continuously evolving. Our choice of disclosure frameworks** , ~~while the Company~~ **designed to align with various voluntary reporting standards,** may ~~also~~ **change from time to time, potentially resulting in a lack of comparative data from period to period. Furthermore, our interpretation of reporting standards may differ from that of others. Although the Company may** announce various voluntary ESG targets, such targets are aspirational. The Company may not be able to meet such targets in the manner or on such a timeline as initially contemplated including, but not limited to, as a result of unforeseen or increased costs associated therewith. To the extent that the Company does meet such targets, it may be achieved through various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate the Company' s ESG impact instead of actual changes in its ESG performance. Also, despite these goals, the Company may receive pressure from investors, lenders, or other groups to adopt more aggressive climate or other ESG- related goals, but it cannot guarantee that it will be able to implement such goals because of potential costs or technical or operational obstacles **. Any failure or perceived failure to pursue our targets, goals and objectives, or to satisfy various reporting standards, could negatively impact our reputation** . In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy- related assets could lead to increased negative investor sentiment toward the Company, its customers, and its industry and to the diversion of investment to other industries, which could have a negative impact on business and the Company' s access to and costs of capital. Also, institutional lenders may decide not to provide funding for fossil fuel energy companies or the corresponding infrastructure projects based on climate change related concerns, which could affect the Company' s access to capital for potential growth projects. Furthermore, public statements with respect to ESG matters, such as emissions reduction goals, other environmental targets or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from public and governmental authorities related to the risk of potential " greenwashing, " i. e., misleading information or false claims overstating potential ESG benefits. For example, in March 2021, the SEC established the Climate and ESG Task Force in the Division of Enforcement to identify and address potential ESG- related misconduct, including greenwashing. Certain non- governmental organizations and other private actors have also filed lawsuits under various securities and consumer protection laws alleging that certain ESG- statements, goals or standards were misleading, false or otherwise deceptive. ~~Moreover, the Federal Trade Commission in August 2022 indicated its intent to issue revised " Green Guides " which will likely address greenwashing risks arising from ESG- related matters.~~ As a result, the Company may face increased litigation risks from private parties and governmental authorities related to its ESG efforts. Additionally, the Company could face increasing costs as it attempts to comply with and navigate further regulatory focus and scrutiny. Risks Related to Ownership of Our Common Stock Entities controlled by Blackstone ~~,~~ **and** I Squared Capital **are parties to the amended** and ~~Apache Midstream~~ **restated stockholders agreement granting certain director designation rights and** own a majority of the Company' s outstanding voting shares and thus strongly influence all **of** the Company' s corporate actions **. We and each of Blackstone and I Squared Capital are party to the amended and restated stockholders agreement, dated as of October 21, 2021 and effective as of February 22, 2022, which entitles each of Blackstone and I Squared Capital to, among other things, certain director designation rights for so long as each holder continues beneficially own at least 10 % of our Common Stock** . As long as Blackstone ~~,~~ **and** I Squared Capital ~~, Apache Midstream~~ and their respective affiliates own or control a significant percentage of the Company' s outstanding voting power, they will have the ability to strongly influence all corporate actions, including stockholder approval of the election of and removal of directors. The interests of Blackstone ~~,~~ **or** I Squared Capital ~~or Apache Midstream~~ may not align with the interests of the Company' s other stockholders. Although we **do not** currently **avail ourselves of the** ~~are not considered to be a~~ " controlled company " **exemption** under the NYSE corporate governance rules, we may **elect to rely on such exemption** in the future ~~become a controlled company~~ due to the concentration of voting power among entities controlled by Blackstone. ~~Although we currently are not considered to be a " controlled company " under the NYSE corporate governance rules, we may in the future become a controlled company.~~ As of ~~December 31~~ **November 22** , ~~2022~~ **2023** , entities controlled by Blackstone ~~own~~ **held** approximately ~~49~~ **50** . ~~8~~ **3** % **of the voting power** of our outstanding Common Stock ~~and, pursuant to the Reinvestment Agreement, will be obligated to reinvest all 2023 dividends and distributions in shares of Class A Common Stock. Consequently, entities controlled by Blackstone may own more than 50 % of our Common Stock at some point in 2023~~ . A " controlled company " pursuant to the NYSE corporate governance rules is a company of which more than 50 % of the voting power is held by an individual, group, or another company. **Although we do not currently avail ourselves** ~~In the event that Blackstone and its affiliates or other stockholders own more than 50 %~~ of **such exemption** ~~the voting power of the Company~~ , we may in the future ~~be able to~~ rely on the " controlled company " exemptions under the NYSE corporate governance rules due to this concentration of voting power. **As** ~~If we were~~ a controlled company, we **are** ~~would be~~ eligible, and could elect, not to comply with certain of the NYSE corporate governance standards. Such standards include the requirement that a majority of directors on our Board are independent directors, subject to certain phase- in periods, and the requirement that our compensation, nominating and governance committee consist entirely of independent directors. In such a case, if the interests of our stockholders differ from the group of stockholders holding a majority of the voting power, our stockholders would not have the same protection afforded to stockholders of companies that are subject to all of the NYSE corporate governance standards, and the ability of our independent directors to influence our business policies and corporate matters may be reduced. Potential future sales pursuant to registration rights granted by the Company and under Rule 144 may depress the market price for our shares of Class A Common Stock. The Company has granted a number of its stockholders, including Blackstone, I Squared Capital and Apache Midstream **LLC (" Apache Midstream ")** , registration rights with respect to their shares of Class A Common Stock, including shares of Class A Common Stock issuable upon redemption of ~~OpCo~~ **Common** Units. In addition, under Rule 144 under the Securities Act, a person who has satisfied a minimum holding period of between six months and one ~~-~~ year and any other applicable requirements of Rule 144, may thereafter sell such shares in transactions exempt from registration. A significant number of our currently issued and outstanding shares of Class A Common Stock held by existing stockholders, including officers and directors and other principal stockholders are currently eligible for resale pursuant to and in accordance with the provisions of Rule 144. **During 2023, Apache Midstream sold 7, 475, 000 shares of Class A Common Stock through a Secondary Offering.** The ~~possible~~ **potential** future sale of our shares by our existing stockholders, pursuant to and in accordance with the provisions of Rule 144, may have a depressive effect on the price of our shares of Class A Common Stock in the applicable trading marketplace. The Company' s ability to return capital to stockholders through dividends and stock repurchases depends on its ability to generate sufficient cash ~~flow~~ **flows** , which it may not be able to accomplish. The Company' s ability to return capital to stockholders through dividends and stock repurchases principally depends upon the amount of cash it generates from its operations, which will fluctuate from quarter to quarter based on, among other things, income from the Pipeline Transportation JVs **, which are accounted for using equity method** , the volumes of natural gas and NGLs it gathers and processes, commodity prices, and other factors impacting the Company' s financial condition, some of which are beyond its control. In addition, under Delaware law, dividends on the Company' s capital stock may only be paid from " surplus, " which is the amount by which the fair value of the Company' s total assets exceeds the sum of its total liabilities, including contingent liabilities, and the amount of its capital; if there is no surplus, cash dividends on capital stock may only be paid from the Company' s net profits for the then- current and / or the preceding fiscal year. The Company' s charter designates the Court of Chancery of the State of Delaware **(the " Court of Chancery ")** as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by its stockholders, which could limit its stockholders' ability to obtain a favorable judicial forum for disputes with the Company or its directors, officers, employees or agents. The charter provides that, unless the Company consents in writing to the selection of an alternative forum, the Court of Chancery ~~of the State of Delaware (Court of Chancery)~~ will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for any derivative action or proceeding brought on the Company' s behalf; any action asserting a claim of breach of a fiduciary duty owed by any of the Company' s directors, officers or other employees to it or its stockholders; any action asserting a claim against the Company or any of its directors, officers or employees arising pursuant to any provision of the **Delaware General Corporation Law ("** DGCL **")** , the charter or the Company' s bylaws; or any action asserting a claim against the Company or any of its directors, officers or other employees that is governed by the internal affairs doctrine. The above does not apply for such claims as to which the Court of Chancery determines that it does not have personal jurisdiction over an indispensable party, exclusive jurisdiction is vested in a court or forum other than the Court of Chancery or the Court of Chancery does not have subject matter jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of the Company' s capital stock will be deemed to have notice of, and consented to, the provisions of the Company' s charter described in the preceding sentence. This exclusive forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that the stockholder finds favorable for disputes with the Company or its directors, officers or other employees, which may discourage such lawsuits against the Company and such persons. Alternatively, if a court were to find these provisions of the Company' s charter inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, the Company may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect its business, financial condition or results of operations. The Company' s charter provides that the exclusive forum provision will be applicable to the fullest extent permitted by applicable law. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Accordingly, the charter provides that the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, the Securities Act or any other claim for which the federal courts have exclusive jurisdiction. If the Company fails to maintain an effective system of internal controls, it may not be able to report accurately its financial results or prevent fraud. As a result, current and potential holders of the Company' s equity could lose confidence in its financial reporting, which would harm its business and cost of capital. Effective internal controls are necessary for the Company to provide reliable financial reports, prevent fraud, and operate successfully as a public company. The Company cannot be certain that it will be able to maintain adequate controls over its financial processes and reporting in the future, or that it will be able to continue to comply with its obligations under Section 404 of the Sarbanes- Oxley Act of 2002. Any failure to maintain effective internal controls or to implement or improve the Company' s internal controls could harm its operating results or cause it to fail to meet its reporting obligations. Ineffective internal controls could also cause investors to lose confidence in the Company' s reported financial information, which would likely have a negative effect on the trading price of its equity interests. If the performance of the Company does not meet the expectations of investors, stockholders or financial analysts, the market price of the Company' s securities may decline. The price of the Company' s securities could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond the Company' s control, and such fluctuations could contribute to the loss of all or part of a stockholder' s investment. Fluctuations or changes in the Company' s quarterly financial results, changes in or failure to meet market or financial analysts' expectations about the Company, changes in laws and regulations, commencement of or involvement in litigation, changes in the Company' s capital structure and general economic and political conditions could materially and adversely affect a stockholder' s investment in the Company' s securities, and its securities may trade at prices significantly below the price paid for them. In such circumstances, the trading price of the Company' s securities may not recover and may experience a further decline. Broad market and industry factors may materially harm the market price of the Company' s securities irrespective of the Company' s operating performance. The stock market in general has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks and of the Company' s securities may not be predictable. A loss of investor confidence in the market for retail stocks or the stocks of other companies which investors perceive to be similar to the Company could depress the Company' s stock price regardless of its business, prospects, financial conditions or results of operations. **We cannot guarantee that our stock repurchase program will enhance long- term stockholder value. Our stock repurchase program does not have an expiration date and we are not obligated to repurchase a specified number or dollar value of shares. Further, our stock repurchase program may be accelerated, suspended, delayed or discontinued at any time. However, we do not expect to significantly increase the amount of stock repurchases until our gross debt is reduced below certain thresholds. Although the Company repurchased Class A Common Stock during 2023 and will continue to repurchase Class A Common Stock in accordance with the stock repurchase program, such program may not enhance long- term stockholder value. Furthermore, the IRA provides for the imposition of a 1 % non- deductible U. S. federal excise tax (the " Stock Buyback Tax ") on certain repurchases of stock by publicly traded U. S. corporations such as us after December 31, 2022. Accordingly, the Stock Buyback Tax will apply to our stock repurchase program, provided, that the amount of stock repurchases in the relevant taxable year subject to the Stock Buyback Tax is reduced by the fair market value of any stock issued by us during such taxable year, including the fair market value of any stock issued or provided to our employees or specified affiliates. The Biden Administration has proposed increasing the amount of the Stock Buyback Tax from 1 % to 4 %; however, it is unclear whether such a change in the amount of the Stock Buyback Tax will be enacted and, if enacted, how soon any such change could take effect.** General Risks Continuing or worsening inflationary issues and associated changes in monetary policy have resulted in and may result in additional increases to the cost of the Company' s services and personnel, which in turn cause the Company' s capital expenditures and operating costs to rise. **Although** ~~The U. S.~~ inflation ~~rate~~ has **moderated in** ~~been steadily increasing throughout 2022~~ **2023 ,** ~~. These~~ inflationary pressures have resulted in and may result in additional increases to the costs of the Company' s services and personnel, which in turn cause the Company' s capital expenditures and operating costs to rise. Sustained levels of high inflation have likewise caused the U. S. Federal Reserve and other central banks to increase interest rates multiple times in ~~2022 and the U. S. Federal Reserve has indicated its intention to continue to raise benchmark interest rates throughout the remainder of 2022 and into~~ 2023 in an effort to curb inflationary pressure on the costs of goods and services across the U. S., which could have the effects of raising the cost of capital and depressing economic growth, either of which — or the combination thereof — could hurt the financial and operating results of the Company' s business. ~~To~~ **Bank failures or issues in the broader U. S. or global financial systems may have an impact on the broader capital markets and, in turn, our ability to access those markets. While the U. S. Federal Reserve has projected rate cuts in 2024 as the inflation outlook improves, to** the extent elevated inflation remains, the Company may experience further cost increases for its operations. ~~A terrorist attack~~ **The Company' s operations could be disrupted by natural or human causes beyond its control. Kinetik operates in both urban areas and remote areas. The Company' s operations are therefore subject to disruption from natural or human causes beyond its control** , ~~cyber~~ **including risks from hurricanes, severe storms, floods, heat waves, other forms of severe weather, wildfires, sea level rise, ambient temperature increases, war or other military conflicts such as the ongoing conflicts in Ukraine, Israel and the Gaza Strip, accidents, civil unrest, global political events, fires, earthquakes, and epidemic or pandemic diseases such as the COVID** - ~~attack or armed conflict~~ **19 pandemic, some of which may be impacted by climate change and any of which** could **result in suspension of operations or** harm **to people** ~~the Company' s business. Terrorist activities, cyber- attacks, anti- terrorist efforts and other armed conflicts involving the United States or other countries may adversely affect the United States and global economies and could prevent the Company from meeting its financial and other obligations. For~~ - **or** ~~example, on February 24, 2022, Russia launched a large-scale invasion of Ukraine. As a result, the United States, the United Kingdom, the member states of the European Union and other~~ -- **the** ~~public and private actors have levied severe sanctions on Russia. The geopolitical and macroeconomic consequences of this invasion and associated sanctions have impacted the world economy, particularly with regard to demand and prices for crude oil and~~ natural **environment** ~~gas, and the ongoing effect of further hostilities in Ukraine cannot be predicted. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for crude oil and natural gas, potentially putting downward pressure on demand for the Company' s services and causing a reduction in its revenues~~ . Crude oil and natural gas related facilities could be direct targets of terrorist attacks, and the Company' s operations could be adversely impacted if infrastructure integral to its operations is destroyed or damaged. Additionally, destructive forms of protest or opposition by activists, including acts of sabotage or eco- terrorism could cause significant damage or injury to people, property, or the environment or lead to extended interruptions of our operations. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all. ~~A cyber incident~~ **Furthermore, any regional or domestic political turmoil and the related potential impact on the U. S. stability remain factors that contribute to an environment of economic and political uncertainty that could adversely affect our results of operations and financial condition, including our revenue growth and profitability. The Company' s risk management systems are designed to assess potential physical and other risks to its operations and assets and to plan for their resiliency. While capital investment reviews and decisions incorporate potential ranges of physical risks such as winter storm severity and frequency, air and water temperature, precipitation, among other factors, it is difficult to predict with certainty the timing, frequency or severity of such events, any of which could have a material adverse effect on the company' s results of operations or financial condition. Cybersecurity breaches of our IT systems** could result in information theft, data corruption, operational disruption and / or financial loss. The oil and gas industry has become increasingly dependent on digital technologies to conduct day- to- day operations including certain midstream activities. For example, software programs are used to manage gathering and transportation systems and for compliance reporting. The use of mobile communication devices has increased rapidly. Industrial control systems such as SCADA (supervisory control and data acquisition) now control large scale processes that can include multiple sites and long distances, such as crude oil and natural gas pipelines. The Company depends on digital technology, including information systems and related infrastructure as well as cloud applications and services, to process and record financial and operating data and to communicate with its employees and business service providers. The Company’ s business service providers, including vendors and financial institutions, are also dependent on digital technology. The technologies needed to conduct midstream activities make certain information the target of theft or misappropriation. The Company’ s technologies, systems, networks, and those of its business partners may become the target of cyber- attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of its business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. A cyber incident involving the Company’ s information systems and related infrastructure, or that of its business service providers, could disrupt its business plans and negatively impact its operations in the following ways, among others: • a cyber- attack on a vendor or other service provider could result in supply chain disruptions, which could delay or halt development of additional infrastructure, effectively delaying the start of cash ~~flow~~ **flows** from the project; • a cyber- attack on downstream pipelines could prevent the Company from delivering product at the tailgate of its facilities, resulting in a loss of revenues; • a cyber- attack on a communications network or power grid could cause operational disruption resulting in loss of revenues; • a deliberate corruption of its financial or operational data could result in events of non- compliance which could lead to regulatory fines or penalties; and • business interruptions could result in expensive remediation efforts, distraction of management, damage to its reputation or a negative impact on cash ~~flow~~ **flows** . The Company’ s implementation of various controls and processes, including globally incorporating a risk- based cyber security framework, to monitor and mitigate security threats and to increase security for its information, facilities and infrastructure is costly and labor intensive. Moreover, there can be no assurance that such measures will be sufficient to prevent security breaches from occurring. As cyber threats continue to evolve, the Company may be required to expend significant additional resources to continue to modify or enhance its protective measures or to investigate and remediate any information security vulnerabilities. Any such breakdowns or breaches, or resulting access, disclosure or other loss of information, could significantly disrupt the Company’ s business and result in legal claims or proceedings, liability under laws that protect the privacy of personal information and damage to its reputation, any of which could materially and adversely affect its business, financial position, results of operations or cash flows. **See additional information related to cybersecurity risks and how the Company manages such risk in Part I — Item 1C. Cybersecurity of this Annual Report. Changes in management’ s estimates and assumptions may have a material impact on the company’ s consolidated financial statements and financial or operational performance in any given period. In preparing the Company’ s periodic reports under the Exchange Act, including its financial statements, Kinetik’ s management is required under applicable rules and regulations to make estimates and assumptions as of a specified date. These estimates and assumptions are based on management’ s best estimates and experience as of that date and are subject to substantial risk and uncertainty. Materially different results may occur as circumstances change and additional information becomes known. Areas requiring significant estimates and assumptions by management include revenue recognition, impairments to property, plant and equipment, accruals for estimated liabilities, including litigation reserves. Changes in estimates or assumptions or the information underlying the assumptions, such as changes in the Company’ s business plans, general market conditions, or changes in the Company’ s outlook on commodity prices, could affect reported amounts of assets, liabilities or expenses.**