Risk Factors Comparison 2023-05-31 to 2022-06-06 Form: 10-K

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The nature of our business activities subjects us to a wide variety of hazards and risks. The following is a summary and a description of the material risks relating to our business activities that we have identified. In addition to the factors discussed elsewhere in this Annual Report, you should carefully consider the risks and uncertainties described below, which could have a material adverse effect on our business, financial condition or results of operations, including our ability to generate cash to fund our operations, repay indebtedness and pay distributions. You should also consider the interrelationship and potential compounding effects if multiple risks are realized. These risks are not the only risks that we face. Our business could be impacted by additional risks and uncertainties not currently known or that we currently believe to be immaterial. Risk Factor Summary Risks Related to Liquidity and Financing • We may not have sufficient cash, which depends on cash flow rather than profitability, to enable us to fund our operations, repay indebtedness or pay distributions. • Our substantial indebtedness and restrictions contained in our debt and preferred unit agreements may limit our flexibility to obtain financing to pursue other business opportunities and restrict our current and future operations. • Increasing interest rates could impact our financing costs, common unit price, distributions on our Class B Preferred Units (as defined herein) and Class C Preferred Units (as defined herein) and our ability to issue equity and incur debt. **• Failure of our banking institutions.** Risks Related to the Operations of Our Business • Our dependence on the ability and willingness of other parties to explore for and produce crude oil and natural gas. • Declining demand for hydrocarbons, commodity prices and production volumes, inventory risk, the availability of transportation and storage capacity, and increased transportation and leasing costs. • Competition from other midstream, transportation, and terminaling and storage companies. • Interruption of service at our principal storage facilities or on common carrier pipelines or railroads. • Fees charged to customers for products and services may not cover increases in costs. • Risk management procedures and the use of derivative financial instruments. • Reduced demand for our products due to energy efficiency, new technologies ~~and~~ **,** alternative energy sources **and new regulations** . • Seasonal weather conditions, including warm winter weather, natural or man- made disasters, pandemics, terrorism and political unrest. • Our ability to successfully complete, integrate and operate accretive acquisitions and organic growth projects. • Constructing new transportation systems and facilities subjects us to construction risks. • Opposition from various groups to the operation of our pipelines and facilities. • Our dependence on the leadership, involvement and retention of key and qualified personnel. Risks Related to Regulatory Compliance • Impact of executive orders and federal, state, provincial and local laws and regulations with respect to environmental, including climate change, safety and other regulatory matters, including initiatives relating to our hydraulic fracturing customers and saltwater disposal wells. • FERC jurisdiction over our current and potential future operations. • Governmental regulation and other legal obligations related to privacy, data protection, and data security. • Regulations related to cross- border operations. Risks Related to Our Partnership Structure and in an Investment in Us • Our **amended and restated limited** partnership agreement **(the “ Partnership Agreement ”)** limits the fiduciary duties of our **GP** ~~general partner~~ to our unitholders and restricts the remedies available to our unitholders. • Conflicts of interest by our **GP** ~~general partner~~ and its affiliates. • Our unitholders have limited voting rights. • Control of our **GP** ~~general partner~~ or the IDRs (as defined herein) may be transferred to a third party. • Our **GP** ~~general partner~~ has a limited call right that may require our unitholders to sell their common units at an undesirable time or price. • Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** requires that we distribute all of our available cash. • We may issue additional units without the approval of our unitholders. • Our **GP** ~~general partner~~ may elect to cause us to issue common units while also maintaining its **GP** ~~general partner~~ interest in connection with a resetting of the target distribution levels related to its IDRs. • Our unitholders liability may not be limited if a court finds that unitholder action constitutes control of our business. • Our unitholders may have liability to repay distributions that were wrongfully distributed to them. • The Preferred Units (as defined herein) give the holders thereof liquidation and distribution preferences over our common unitholders. • The issuance of common units upon exercise of certain warrants would cause dilution to existing common unitholders. Tax Risks to Our Unitholders • Our tax treatment depends on our status as a partnership for federal income tax purposes. • Our unitholders may be subject to limitation on their ability to deduct interest expense incurred by us. • Additional entity- level taxation by individual states. • The tax treatment of publicly traded partnerships could be subject to potential changes or interpretations. • The IRS (as defined herein) may challenge certain income tax positions, methodologies or treatments that we have taken, and pursuant to the Bipartisan Budget Act of 2015, may make audit adjustments to our income tax returns for tax years beginning after ~~2017~~ **2018** . • Our unitholders will be required to pay taxes on their share of our income even if they do not receive any cash distributions from us. • Certain action we take, such as issuing additional units, may increase a unitholder’ s tax liability. • Tax gain or loss on the disposition of our common units could be more or less than expected. • Tax exempt entities and non- United States persons owning our common units face unique tax issues. • We have subsidiaries that are treated as corporations for federal income tax purposes and subject to corporate level income taxes. • A unitholder whose **common** units are loaned to a “ short seller ” to effect a short sale of units may be considered as having disposed of those common units. • There are limits on the deductibility of our losses that may adversely affect our unitholders. • Purchasers of our common units may become subject to state and local taxes and return filing requirements in jurisdictions where we operate or own or acquire properties. • Treatment of distributions on our Preferred Units as guaranteed payments for the use of capital creates a different tax treatment for the holders of Preferred Units than the holders of our common units. General Risks • The default by significant customers and counterparties or the loss of one or more significant customers. • Failure to maintain an effective system of internal control, including internal control over financial reporting. • Product liability claims and litigation. • A failure in our operational systems or cyber security attacks on any of our facilities, or those of third parties. We may not have sufficient cash to enable us to fund our operations, repay indebtedness or pay distributions to our unitholders following the establishment of cash reserves by our **GP** ~~general partner~~ and the payment of costs and expenses, including reimbursement of expenses to our **GP** ~~general partner~~. We may not have sufficient cash to enable us to fund our operations, repay indebtedness or pay distributions. The distribution to our common unitholders may only be made from cash available for distribution after the preferred quarterly distribution to which our ~~preferred~~ **Preferred** ~~units~~ **Units** are entitled. The amount of cash we will have to fund our operations, repay indebtedness or pay distributions principally depends on the amount of cash we generate from our operations, not profitability, which will fluctuate from quarter to quarter based on, among other things: • the cost of crude oil, natural gas liquids, gasoline, diesel, and biodiesel that we buy for resale and whether we are able to pass along cost increases to our customers; • the volume of produced water delivered to our processing facilities; • disruptions in the availability of crude oil and / or natural gas liquids supply; • our ability to renew leases for storage and railcars; • the effectiveness of our commodity price hedging strategy; • weather conditions across the United States; • the level of competition from other energy providers; and • prevailing economic conditions. In addition, the actual amount of cash we will have available to fund our operations, repay indebtedness or pay distributions also depends on other factors, some of which are beyond our control, including: • fluctuations in working capital needs; • the level of capital expenditures we make; • the cost of acquisitions, if any; • restrictions contained in the ABL Facility and the indentures governing our outstanding **6. 125 % senior unsecured notes due 2025,** 7. 5 % senior **unsecured** ~~notes due 2023, 6. 125 % senior notes due 2025, 7. 5 % senior~~ notes due 2026 and 2026 Senior Secured Notes (collectively, the " Indentures ") ~~and other debt service requirements~~; • restrictions contained in the agreements relating to our 9. 00 % Class B Fixed- to- Floating Rate Cumulative Redeemable Perpetual Preferred Units (" Class B Preferred Units "), 9. 625 % Class C Fixed- to- Floating Rate Cumulative Redeemable Perpetual Preferred Units (" Class C Preferred Units ") and 9. 00 % Class D Preferred Units (" Class D Preferred Units ") (collectively the " Preferred Units "); • our ability to borrow funds and access capital markets; • the amount, if any, of cash reserves established by our **GP** ~~general partner~~; and • other business risks discussed in this Annual Report that may affect our cash levels. The board of directors of our **GP expects** ~~general partner decided~~ to ~~temporarily suspend~~ **evaluate the reinstatement of the common unit and** all **Preferred Unit** distributions in **due course** ~~order to deleverage our balance sheet until we meet~~, ~~among other things~~ **taking into account a number of important factors**, **including our** ~~the 4. 75 to 1. 00 total~~ leverage **, liquidity,** ~~ratio set forth within~~ the ~~indenture~~ **sustainability** of **cash flows, upcoming debt maturities, capital expenditures and** the **overall performance** ~~2026 Senior Secured Notes. This resulted in the suspension~~ of ~~the~~ **our businesses. The** quarterly common unit distributions **were suspended** ~~, which began~~ with the quarter ended December 31, 2020, and all ~~preferred~~ **Preferred** ~~unit~~ **Unit** distributions **were suspended** ~~, which began~~ with the quarter ended March 31, 2021. Our substantial indebtedness may limit our flexibility to obtain financing and to pursue other business opportunities and our ability to service our debt could impact operations. At March 31, ~~2022~~ **2023**, the face amount of our long- term debt was $ ~~3~~ **2** . ~~4~~ **9** billion. Our level of debt could have important consequences to us, including the following: • our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms; • our funds available for operations and future business opportunities will be reduced by that portion of our cash flow required to make principal and interest payments on our debt; • lower availability under our ABL Facility caused by a higher level of borrowings on the ABL Facility could make it more likely that a reduction in our borrowing base following a periodic redetermination could require us to repay a portion of our then- outstanding ABL Facility borrowings; • we may be more vulnerable to competitive pressures or a downturn in our business or the economy generally; and • our flexibility in responding to changing business and economic conditions may be limited. Our ability to service our debt will depend on, among other things, our future financial and operating performance, which will be affected by prevailing economic and weather conditions, and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our future indebtedness, we would be forced to take actions such as reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets or seeking additional equity capital. We may be unable to effect any of these actions on satisfactory terms or at all. The agreements governing our indebtedness permit us to incur additional debt under certain circumstances, and we may need to incur additional debt in order to implement our growth strategy. We may experience adverse consequences from increased levels of debt. Restrictions in the ABL Facility and Indentures could adversely affect our business, financial position, results of operations, and the value of our common units. The ABL Facility and Indentures limit our ability to, among other things: • incur additional debt or issue letters of credit; • redeem or repurchase units; • make certain loans, investments and acquisitions; • incur certain liens or permit them to exist; • engage in sale and leaseback transactions; • enter into certain types of transactions with affiliates; • enter into agreements limiting subsidiary distributions; • change the nature of our business or enter into a substantially different business; • merge or consolidate with another company; and • transfer or otherwise dispose of assets. We will be permitted to make distributions to our unitholders once we meet certain defined metrics and as long as no default or event of default exists both immediately before and after giving effect to the declaration and payment of the distribution and the distribution does not exceed available cash for the applicable quarterly period. The provisions of the ABL Facility and Indentures may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of these agreements could result in a default or an event of default that could enable our lenders, subject to the terms and conditions, to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If we were unable to repay the accelerated amounts, our lenders could proceed against the collateral we granted them to secure our debts under our 2026 Senior Secured Notes and ABL Facility. If the payment of our debt is accelerated, defaults under our other debt instruments, if any then exist, may be triggered, and our assets may be insufficient to repay such debt in full, and our unitholders could experience a partial or total loss of their investment. The consent we entered into with the holder of a majority of our Class D Preferred Units in connection with the 2026 Senior Secured Notes will restrict our current and future operations. In connection with the offering of the 2026 Senior Secured Notes, we were required to obtain a consent (the " Class D Preferred Consent ") from the holder of the majority of our Class D Preferred Units (the " Class D Preferred Majority ") to, among other things, enable us to consummate the transaction. The Class D Preferred Consent modifies certain voting and approval rights granted to the Class D Preferred Majority under our ~~Amended and Restated~~ Partnership Agreement. Specifically, the Class D Preferred Consent requires us to obtain the approval of the Class D Preferred Majority for: • incurrences of indebtedness, other than (i) under the ABL Facility, (ii) the issuance of the 2026 Senior Secured Notes and (iii) certain indebtedness outstanding as of the closing of the transaction; • acquiring or disposing of any assets with an aggregate purchase price of greater than $ 50. 0 million during any fiscal year; and • making investment capital expenditures or expansion capital expenditures in excess of $ 75. 0 million in the aggregate during any fiscal year. These approval rights supplement the existing approval rights in our ~~Amended and Restated~~ Partnership Agreement for the Class D Preferred Majority. They became effective upon the closing of the transaction and will remain in effect until we are no longer in arrears on the Class D Preferred Unit distributions. Because the 2026 Senior Secured Notes and the ABL Facility will restrict our ability to pay distributions on our Class D Preferred Unit distributions until we meet certain defined metrics, we cannot predict when such actions will no longer be subject to the approval of the Class D Preferred Consent, and there is no certainty that we will be able to obtain such consent. As with other restrictions in the indenture to the 2026 Senior Secured Notes and the ABL Facility, these restrictions may affect our ability to grow in accordance with our long- term strategy. Increasing interest rates could impact our financing costs and our common unit price, our ability to issue equity or incur debt, and our ability to make cash distributions at our intended levels. Interest rates may increase in the future. As a result, interest rates on our existing and future credit facilities and debt offerings could be higher than current levels, causing our financing costs to increase accordingly. We also have exposure to increases in interest rates through variable rate provisions of our Class B Preferred Units and Class C Preferred Units. In addition, the distribution rates on our Class ~~B Preferred Units and Class~~ C Preferred Units convert from fixed rates to floating rates ~~,~~ beginning ~~on and after July 1, 2022, and~~ on and after April 15, 2024 ~~, respectively~~ . Our results of operations, cash flows and financial position could be materially adversely affected by significant changes in interest rates. Moreover, the market price of our common units, like with other yield- oriented securities, may be impacted by our level of cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank yield- oriented securities for investment decision- making purposes. Therefore, increases or decreases in interest rates may affect the yield requirements of investors who invest in our common units. A rising interest rate environment could have an adverse impact on our common unit price and our ability to issue equity or incur debt for acquisitions or other purposes and could affect our ability to make payments on our debt obligations and cash distributions at our intended levels **. Our cash and cash equivalents may be exposed to failure of our banking institutions. While we seek to minimize our exposure to third- party losses of our cash and cash equivalents, we hold our balances in a number of large financial institutions. Notwithstanding such allocation, we are subject to the risk of bank failure. For example, on March 10, 2023, Silicon Valley Bank (" SVB ") was unable to continue its operations and the Federal Deposit Insurance Corporation was appointed as receiver for SVB and created the National Bank of Santa Clara to hold the deposits of SVB. None of our cash and cash equivalents were held at SVB and we do not expect further developments with SVB to have a material impact on our cash and cash equivalents balance, expected results of operations, or financial performance for the foreseeable future. However, if the banks where we hold deposits were to experience a similar failure, we could experience additional risk. Any such loss or limitation on our cash and cash equivalents would adversely affect our business** . Our business depends on the availability of crude oil, natural gas liquids, and refined products in the United States and Canada, which is dependent on the ability and willingness of other parties to explore for and produce crude oil and natural gas. Spending on crude oil and natural gas exploration and production may be adversely affected by industry and financial market conditions that are beyond our control. Our business depends on domestic spending by the oil and natural gas industry, and this spending and our business have been, and may continue to be, adversely affected by industry and financial market conditions and existing or new regulations, such as those related to environmental matters, that are beyond our control. We depend on the ability and willingness of other entities to make operating and capital expenditures to explore for, develop, and produce crude oil and natural gas in the United States and Canada, and to extract natural gas liquids from natural gas, as well as the availability of necessary pipeline transportation and storage capacity. Customers' expectations of lower market prices for crude oil and natural gas, as well as the availability of capital for operating and capital expenditures, may cause them to curtail spending, thereby reducing business opportunities and demand for our services and equipment. Actual market conditions and producers' expectations of market conditions for crude oil and natural gas liquids may also cause producers to curtail spending, thereby reducing business opportunities and demand for our services. Industry conditions are influenced by numerous factors over which we have no control, such as the availability of commercially viable geographic areas in which to explore and produce crude oil and natural gas, the availability of liquids- rich natural gas needed to produce natural gas liquids, the supply of and demand for crude oil and natural gas, environmental restrictions on the exploration and production of crude oil and natural gas, such as existing and proposed regulation of hydraulic fracturing, domestic and worldwide economic conditions, political instability in crude oil and natural gas producing countries and merger and divestiture activity among our current or potential customers. The volatility of the oil and natural gas industry and the resulting impact on exploration and production activity could adversely impact the level of drilling activity. This reduction may cause a decline in business opportunities or the demand for our services, or adversely affect the price of our services. Reduced discovery rates of new crude oil and natural gas reserves in our market areas also may have a negative long- term impact on our business, even in an environment of stronger crude oil and natural gas prices, to the extent existing production is not replaced. The crude oil and natural gas production industry tends to run in cycles and may, at any time, cycle into a downturn; if that occurs, the rate at which it returns to former levels, if ever, will be uncertain. Prior adverse changes in the global economic environment and capital markets and declines in prices for crude oil and natural gas have caused many customers to reduce capital budgets for future periods and have caused decreased demand for crude oil and natural gas. Limitations on the availability of capital, or higher costs of capital, for financing expenditures have caused and may continue to cause customers to make additional reductions to capital budgets in the future even if commodity prices increase from current levels. These cuts in spending may curtail drilling programs and other discretionary spending, which could result in a reduction in business opportunities and demand for our services, the rates we can charge and our utilization. In addition, certain of our customers could become unable to pay their suppliers, including us. Any of these conditions or events could materially and adversely affect our consolidated results of operations and in addition to impacting our business, financial condition and results of operations could require us to incur impairment charges against the associated assets or the write down of our goodwill. Declining crude oil prices and crude production volumes could adversely impact our Water Solutions and Crude Oil Logistics segments. The volume of water we process and crude oil we transport is driven in large part by the level of crude oil production in the areas in which we operate. Lower crude oil prices provide the producers with less incentive to spend on capital expenditures, which results in fewer drilling rigs and lower amounts of crude oil production, which negatively impacts our crude oil transportation and produced water disposal volumes. In addition, a portion of our profitability in our Water Solutions business is generated from the sale of crude oil that we recover when processing produced water, and lower crude oil prices have an adverse impact on these sales if not hedged. A decline in crude oil prices or a prolonged period of low crude oil prices could have an adverse effect on our businesses. Our profitability could be negatively impacted by price and inventory risk related to our business. The Crude Oil Logistics and Liquids Logistics segments are “ margin- based ” businesses in which our realized margins depend on the differential of sales prices over our ~~total~~ supply costs. Our profitability is therefore sensitive to changes in product prices caused by changes in supply, pipeline transportation and storage capacity or other market conditions. Generally, we attempt to maintain an inventory position that is substantially balanced between our purchases and sales, including our future delivery obligations. We attempt to obtain a certain margin for our purchases by selling our product to our customers, which include third- party consumers, other wholesalers and retailers, and others. However, market, weather or other conditions beyond our control may disrupt our expected supply of product, and we may be required to obtain supply at increased prices that cannot be passed through to our customers. In general, product supply contracts permit suppliers to charge posted prices at the time of delivery or the current prices established at major storage points, creating the potential for sudden and drastic price fluctuations. Sudden and extended wholesale price increases could reduce our margins. Conversely, a prolonged decline in product prices could potentially result in a reduction of the borrowing base under the ABL Facility, and we could be required to liquidate inventory that we have already presold. One of the strategies of our Liquids Logistics segment is to purchase refined products in the Gulf Coast and West Coast and transport the product on third- party pipelines for sale in the Southwest. We are subject to the risk of a price decline between the time we purchase refined products and the time we sell the products. We seek to mitigate this risk by entering into NYMEX futures contracts. However, price changes in locations where we operate do not correspond directly with changes in prices in the NYMEX futures market, and as a result these futures contracts cannot be perfect hedges of our commodity price risk. We are affected by competition from other midstream, transportation, and terminaling and storage companies, some of which are larger, more firmly established and may have greater resources than we do. We experience competition in all of our segments. In our Liquids Logistics segment, we compete for natural gas liquids supplies and also for customers for our services. Our competitors include major integrated oil companies, other midstream or wholesale marketing companies, interstate and intrastate pipelines and companies that gather, compress, treat, process, transport, store and market natural gas. Our natural gas liquids terminals compete with other terminaling and storage providers in the transportation and storage of natural gas liquids. Natural gas and natural gas liquids also compete with other forms of energy, including electricity, coal, fuel oil and renewable or alternative energy. Our Liquids Logistics segment is also seeing increased competition for supply from international markets. We also face significant competition for refined products supplies and customers for those services. Our Crude Oil Logistics segment faces significant competition for crude oil supplies and customers for our services. These operations also face competition from transportation companies for incremental and marginal volumes in the areas we serve. Further, our crude oil terminals compete with terminals owned by integrated petroleum companies, refining and marketing companies, independent terminal companies and distribution companies with marketing and trading operations. Our Water Solutions segment is in direct and indirect competition with other businesses, including disposal and other produced water treatment businesses. We can make no assurance that we will compete successfully in each of our lines of business. If a competitor attempts to increase market share by reducing prices, we may lose customers, which could reduce our revenues. Our business would be adversely affected if service at our principal storage facilities or on common carrier pipelines or railroads we use is interrupted. We use third- party common carrier pipelines to transport our products and we use third- party facilities to store our products. Any significant interruption in the service at these storage facilities or on common carrier pipelines we use would adversely affect our ability to obtain and deliver products. We transport natural gas liquids and biodiesel by railcar. We do not own or operate the railroads on which these railcars are transported. Any disruptions in the operations of these railroads could adversely impact our ability to deliver product to our customers. We lease certain facilities and equipment and therefore are subject to the possibility of increased costs to retain necessary land and equipment use. We do not own all of the land on which our facilities are located, and we are therefore subject to the possibility of more onerous terms and / or increased costs to retain necessary land use if we do not have valid rights- of- way or if our facilities are not properly located within the boundaries of such rights- of- way. Additionally, our loss of rights, through our inability to renew right- of- way contracts or otherwise, could materially and adversely affect our business, consolidated results of operations and financial position. Additionally, certain facilities and equipment (or parts thereof) used by us are leased from third parties for specific periods, including many of our railcars. Our inability to renew facility or equipment leases or otherwise maintain the right to utilize such facilities and equipment on acceptable terms, or the increased costs to maintain such rights, could have a material and adverse effect on our consolidated results of operations and cash flows. Our operations depend on various forms of storage and transportation for receipt and delivery of crude oil, natural gas liquids and refined products. We own natural gas liquids and crude oil terminals and lease storage capacity from third- party natural gas liquids and refined product terminals. The facilities depend on pipelines, railroads, truck transports, and storage systems that are owned and operated by third parties. Any interruption of service at the terminals, or on pipeline, railroad or lateral connections or adverse change in the terms and conditions of services could have a material adverse effect on our ability, and the ability of our customers, to transport product to and from our facilities and have a corresponding material adverse effect on our revenues. In addition, the rates charged by the interconnected pipelines for transportation to and from our facilities impact the utilization and value of our terminals. We have historically been able to pass through the costs of pipeline transportation to our customers. However, if competing pipelines do not have similar annual tariff increases or service fee adjustments, such increases could affect our ability to compete, thereby adversely affecting our revenues. The fees charged to customers under our agreements with them for the transportation and sale of crude oil, condensate, natural gas liquids, gasoline, diesel, and biodiesel and the disposal of produced water may not escalate sufficiently to cover increases in costs and the agreements may be suspended in some circumstances, which would affect our profitability. Our costs may increase more rapidly than the fees that we charge to customers pursuant to our contracts with them. Additionally, some customers' obligations under their agreements with us may be permanently or temporarily reduced upon the occurrence of certain events, some of which are beyond our control, including force majeure events wherein the production of or the supply of crude oil, condensate, and / or natural gas liquids are curtailed or cut off. Force majeure events include (but are not limited to) revolutions, wars, acts of enemies, embargoes, import or export restrictions, strikes, lockouts, fires, storms, floods, acts of God, explosions, mechanical or physical failures of our equipment or facilities of our customers. If the escalation of fees is insufficient to cover increased costs, or if any customer suspends or terminates its contracts with us, our profitability could be materially and adversely affected. Risk management procedures, including the use of financial derivative contracts, cannot eliminate all commodity price risk, basis risk, or risk of adverse market conditions which can adversely affect our financial position and results of operations. In addition, any non- compliance with our risk policy could result in significant financial losses. Pursuant to the requirements of our market risk policy, we attempt to lock in a margin for a portion of the commodities we purchase by selling such commodities for physical delivery to our customers, such as independent refiners or major oil companies, or by entering into future delivery obligations under contracts for forward sale. We also enter into financial derivative contracts, such as futures, to protect against commodity price risk and, as a component of our overall business strategy, we may increase or decrease from time to time our use of such financial derivative contracts in the future. Our use of such financial derivative contracts could cause us to forego the economic benefits we would otherwise realize if commodity prices or interest rates were to change in our favor. Through these transactions, we seek to maintain a position that is substantially balanced between purchases on the one hand, and sales or future delivery obligations on the other hand. These policies and practices cannot, however, eliminate all risks. Although we monitor such activities in our risk management processes and procedures, such activities could result in losses, which could adversely affect our consolidated results of operations and impair our ability to make payments on our debt obligations or distributions to our unitholders. For example, any event that disrupts our anticipated physical supply of commodities could expose us to risk of loss resulting from the need to cover obligations required under contracts for forward sale. Basis risk describes the inherent market price risk created when a commodity of a certain grade or location is purchased, sold or exchanged as compared to a purchase, sale or exchange of a like commodity at a different time or place. Transportation costs and timing differentials are components of timing risk. In a backwardated market (when prices for future deliveries are lower than current prices), timing risk is created. In these instances, physical inventory generally loses value as the price of such physical inventory declines over time. Timing risk cannot be entirely eliminated, and basis exposure, particularly in backwardated or other adverse market conditions, can adversely affect our consolidated financial position and results of operations. Competition from alternative energy sources, energy efficiency and new technology may reduce the demand for propane and adversely affect our operating results. Propane competes with other sources of energy, some of which are less costly for equivalent energy value. Competition from alternative energy sources, including electricity, natural gas and renewables, has increased from reduced regulation of many utilities. The gradual expansion of the nation' s natural gas distribution systems has resulted in natural gas being available in areas that previously depended on propane. In addition, the national trend toward increased conservation and technological advances, such as installation of improved insulation and the development of more efficient furnaces and other appliances, has adversely affected the demand for propane. Future expansion of alternative energy sources, conservation measures or technological advances in appliance efficiency, power generation or other devices may reduce demand for propane and cause us to lose customers. We cannot predict the effect that development of alternative energy sources, increased conservation or new technology may have on our operations, including whether subsidies of alternative energy sources by local, state, and federal governments might be expanded, or what impact this might have on the supply of or the demand for crude oil, natural gas, and natural gas liquids. **The Inflation Reduction Act of 2022 (the " IRA ") could impact demand for hydrocarbon fuel products and impose new costs on certain customers. In August 2022, President Biden signed the IRA, which contains numerous incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles and supporting infrastructure and carbon capture and sequestration, amongst other provisions. In addition, the IRA imposes a federal fee on the emission of methane from sources required to report their greenhouse gas emissions to the EPA, including certain sources in the onshore petroleum and natural gas production categories. Some of our producer clients face exposure to the IRA pay to emit methane program. In addition, the multiple incentives offered for various clean energy industries referenced above could decrease demand for crude oil and natural gas, increase our compliance and operating costs and consequently adversely affect our business.** Reduced demand for refined products could have an adverse effect on our results of operations. Any sustained decrease in demand for refined products in the markets we serve could reduce our cash flow. Factors that could lead to a decrease in market demand include: • a recession, rising inflation, or other adverse economic ~~condition~~ **conditions** that results in lower spending by consumers on gasoline, diesel, and travel; • higher fuel taxes or other governmental or regulatory actions that increase, directly or indirectly, the cost of gasoline; • an increase in automotive engine fuel economy, whether as a result of a shift by consumers to more fuel- efficient vehicles or technological advances by manufacturers; • an increase in the market price of crude oil that leads to higher refined product prices, which may reduce demand for refined products and drive demand for alternative products; and • the increased use of alternative fuel sources, such as battery- powered engines. Seasonal weather conditions and natural or man- made disasters could severely disrupt normal operations and have an adverse effect on our business, financial position and results of operations. We operate in various locations across the United States and Canada which may be adversely affected by seasonal weather conditions and natural or man- made disasters. During periods of heavy snow, ice, rain or extreme weather conditions such as high winds, tornados and hurricanes or after other natural disasters such as earthquakes or wildfires, we may be unable to move our trucks or railcars between locations and our facilities may be damaged, thereby reducing our ability to provide services and generate revenues. In addition, hurricanes or other severe weather in the Gulf Coast region could seriously disrupt the supply of products and cause serious shortages in various areas, including the areas in which we operate. These same conditions may cause serious damage or destruction to homes, business structures and the operations of customers. Such disruptions could potentially have a material adverse impact on our business, consolidated financial position, results of operations and cash flows. Weather conditions, including warm winters or dry or warm weather in the harvest season, may reduce the demand for propane, which could have a material adverse effect on our results of operations, cash flows, financial condition or liquidity. Weather conditions have a significant impact on the demand for propane for heating and agriculture purposes. Accordingly, our sales volumes of propane are highest during the ~~five- month~~ winter- heating season of November through March and are directly affected by the temperatures during these months. Actual weather conditions can vary substantially from year to year, which may significantly affect our financial performance or condition. Furthermore, variations in weather in one or more regions in which we operate can significantly affect our total propane sales volume and therefore our financial performance or condition. The agricultural demand for propane is affected by weather, as dry or warm weather during the harvest season may reduce the demand for propane used in some crop drying applications. The widespread outbreak **of** pandemics (like COVID- 19) or any other public health crises that impacts the global demand for energy commodities may have material adverse effects on our business, financial position, results or operations and / or cash flows. We face risks related to the outbreak of illnesses, pandemics and other public health crises that are outside of our control and could significantly disrupt our operations and adversely affect our financial condition. ~~For example, the global spread of COVID- 19 has caused business disruption, including disruption to the oil and gas industry.~~ The **effects of the** COVID- 19 pandemic ~~has negatively impacted~~ **, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter- in- place orders and recommendations to practice social distancing in addition to** ~~the~~ **other actions taken by both businesses** ~~global economy, disrupted global supply chains, reduced global demand for oil~~ and ~~gas~~ **governments** , ~~and created~~ **resulted in a** significant ~~volatility~~ and **swift reduction in international and United States economic activity. Since the beginning of 2021, the** ~~disruption~~ - **distribution** of ~~the financial~~ **COVID- 19 vaccines progressed** and ~~commodity markets~~ **many government- imposed restrictions were relaxed or rescinded** . ~~The full extent of~~ **However, we continue to monitor** the ~~impact~~ **effects** of ~~a~~ **the** pandemic on our ~~operational~~ **operations . Our results of operations** and financial **condition** ~~performance, including our ability to execute our business strategies and initiatives in the expected time frame, is uncertain and depends on various factors, including the demand for natural gas liquids, crude oil and refined products (including the impact that reductions in travel, manufacturing and consumer product demand~~ have ~~had~~ **been** and **may continue** ~~will have on the demand for energy commodities), produced water disposal services and the availability of personnel, equipment and services critical~~ to **be adversely affected by** ~~our ability to operate our assets and the impact of potential governmental restrictions on travel, transportation and operations. The degree to which~~ the COVID- 19 pandemic **. The extent to which** ~~or~~ **our operating and financial** ~~any other public health crisis adversely impacts our~~ results **are affected by COVID- 19** will ~~also~~ depend on **various factors and consequences beyond our control, such as the emergence of more contagious and harmful variants of the COVID- 19 virus, the duration and scope of the pandemic, additional actions by businesses and governments in response to the pandemic, and the speed and effectiveness of responses to combat the virus. COVID- 19, and the volatile regional and global economic conditions stemming from the pandemic, could also aggravate the other risk factors that we identify herein. While the effects of the COVID- 19 pandemic have lessened recently in the United States, we cannot predict the duration or** future ~~developments~~ **effects of the pandemic** , **or more contagious** ~~which are highly uncertain~~ and ~~cannot be predicted. These developments include~~ **harmful variants of the COVID- 19 virus** , ~~but are~~ **and such effects may materially adversely affect our results of operations and financial condition in a manner that is** not ~~limited~~ **currently known** to **us** ~~, the duration and spread of the outbreak, its severity, the actions to contain the virus~~ or ~~treat its impact, its impact on the economy and market conditions, and how quickly and to what~~ **that** ~~extent normal economic and operating conditions can resume. Therefore, while~~ we **do not currently consider** ~~expect this matter will continue~~ to ~~disrupt~~ **present significant risks to** our operations ~~in some way, the degree of the adverse financial impact cannot be reasonably estimated at this time~~ . Our future financial performance and growth may be limited by our ability to successfully complete accretive acquisitions on economically acceptable terms. Our ability to complete accretive acquisitions on economically acceptable terms may be limited by various factors, including, but not limited to: • increased competition for attractive acquisitions; • covenants in the ABL Facility and Indentures that limit the amount and types of indebtedness that we may incur to finance acquisitions; • the approval of the Class D Preferred Majority; • lack of available cash or external capital or limitations on our ability to issue equity to pay for acquisitions; and • possible unwillingness of prospective sellers to accept our common units as consideration and the potential dilutive effect to our existing unitholders caused by an issuance of common units in an acquisition. There can be no assurance that we will identify attractive acquisition candidates in the future, that we will be able to acquire such businesses on economically acceptable terms, that any acquisitions will not be dilutive to earnings and distributions. Furthermore, if we consummate any future acquisitions, our capitalization and results of operations may change significantly, and unitholders will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of these funds and other resources. We may be subject to substantial risks in connection with the integration and operation of acquired businesses, in particular, those businesses with operations that are distinct and separate from our existing operations. Any acquisitions we make in pursuit of our growth strategy are subject to potential risks, including, but not limited to: • the inability to successfully integrate the operations of recently acquired businesses; • the assumption of known or unknown liabilities, including environmental liabilities; • limitations on rights to indemnity from the seller; • mistaken assumptions about the overall costs of equity, debt or synergies; • mistaken assumptions about sales volume, margin or operational expenses; • unforeseen difficulties operating in new geographic areas or in new business segments; • the diversion of management' s and employees' attention from other business concerns; • customer or key employee loss from the acquired businesses; and • a potential significant increase in our indebtedness and related interest expense. We undertake due diligence efforts in our assessment of acquisitions, but may be unable to identify or fully plan for all issues and risks associated with a particular acquisition. Even when an issue or risk is identified, we may be unable to obtain adequate contractual protection from the seller. The realization of any of these risks could have a material adverse effect on the success of a particular acquisition or our consolidated financial position, results of operations or future growth. As part of our growth strategy, we may expand our operations into businesses that differ from our existing operations. Integration of new businesses is a complex, costly and time- consuming process and may involve assets with which we have limited operating experience. Failure to timely and successfully integrate acquired businesses into our existing operations may have a material adverse effect on our business, consolidated financial position or results of operations. In addition to the risks set forth above, new businesses will subject us to additional business and operating risks, such as the acquisitions not being accretive to our unitholders as a result of decreased profitability, increased interest expense related to debt we incur to make such acquisitions or an inability to successfully integrate those operations into our overall business operations. The realization of any of these risks could have a material adverse effect on our consolidated financial position or results of operations. Growing our business by constructing new transportation systems and facilities subjects us to construction risks and risks that supplies for such systems and facilities will not be available upon completion thereof. One of the ways we intend to grow our business is through the construction of additions to our systems and / or the construction of new terminaling, transportation, and produced water treatment facilities. These expansion projects require the expenditure of significant amounts of capital, which may exceed our resources, and involve numerous regulatory, environmental, political and legal uncertainties, including political opposition by landowners, environmental activists and others. There can be no assurance that we will complete these projects on schedule or at all or at the budgeted cost. Our revenues may not increase upon the expenditure of funds on a particular project. Moreover, we may undertake expansion projects to capture anticipated future growth in production in a region in which anticipated production growth does not materialize or for which we are unable to acquire new customers. We may also rely on estimates of proved, probable or possible reserves in our decision to undertake expansion projects, which may prove to be inaccurate. As a result, our new facilities and infrastructure may not be able to attract enough product to achieve our expected investment return, which could materially and adversely affect our consolidated results of operations and financial position. We may face opposition to the operation of our pipelines and facilities from various groups. We may face opposition to the operation of our pipelines and facilities from environmental groups, landowners, tribal groups, local groups and other advocates. Such opposition could take many forms, including organized protests, attempts to block or sabotage our operations, intervention in regulatory or administrative proceedings involving our assets, or lawsuits or other actions designed to prevent, disrupt or delay the operation of our assets and business. For example, repairing our pipelines often involves securing consent from individual landowners to access their property; one or more landowners may resist our efforts to make needed repairs, which could lead to an interruption in the operation of the affected pipeline or facility for a period of time that is significantly longer than would have otherwise been the case. In addition, 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. Any such event that interrupts the revenues generated by our operations, or which causes us to make significant expenditures not covered by insurance, could reduce our cash available for paying distributions to our unitholders and, accordingly, adversely affect our financial condition and the market price of our securities. Our business plans are based upon the assumption that societal sentiment will continue to enable, and existing regulations will stay intact for, the future development, transportation and use of hydrocarbon- based fuels. Policy decisions relating to the production, refining, transportation and sale of hydrocarbon- based fuels are subject to political pressures, the negative portrayal of the industry in which we operate by the media and others, and the influence and protests of environmental and other special interest groups. Such negative sentiment regarding the hydrocarbon energy industry could influence consumer preferences and government or regulatory actions, which could, in turn, have an adverse impact on our business. Recently, activists concerned about the potential effects of climate change have directed their attention towards sources of funding for hydrocarbon energy companies, which has resulted in certain financial institutions, funds and other sources of capital restricting or eliminating their investment in energy- related activities. Ultimately, this could make it more difficult to secure funding for exploration and production activities or energy infrastructure related projects and ongoing operations, and consequently could both indirectly affect demand for our services and directly affect our ability to fund construction or other capital projects, as well as properly run our ongoing operations. We depend on the leadership and involvement of key personnel for the success of our businesses, and we compete with other businesses to attract and retain qualified personnel. We have certain key individuals in our senior management who we believe are critical to the success of our business. The loss of leadership and involvement of those key management personnel could potentially have a material adverse impact on our business and possibly on the market value of our common units. Further, we compete with other businesses to attract and retain qualified employees and a tight labor market may cause our labor costs to increase. No assurance can be given that our labor costs will not increase, or that such increases can be recovered through increased prices charged to customers. Our sales of crude oil, condensate, natural gas liquids, gasoline, diesel, and biodiesel and related transportation and hedging activities, and our processing of produced water, expose us to potential regulatory risks. The FTC, the FERC, and the CFTC hold statutory authority to monitor certain segments of the physical and financial energy commodity markets. With regard to our physical sales of energy commodities, and any related transportation and / or hedging activities that we undertake, we are required to observe the market- related regulations enforced by these agencies, which hold substantial enforcement authority. Our sales may also be subject to certain reporting and other requirements. Additionally, some of our operations are currently subject to FERC regulations obligating us to comply with the FERC' s regulations and policies applicable to those assets and operations. Other of our operations may become subject to the FERC' s jurisdiction in the future (see " – Some of our operations are subject to the jurisdiction of the FERC and other operations may become subject in the future, " below). Any failure on our part to comply with the FERC' s regulations and policies at that time could result in the imposition of civil and criminal penalties. Failure to comply with such regulations, as interpreted and enforced, could have a material and adverse effect on our business, consolidated results of operations and financial position. The intrastate transportation or storage of crude oil and refined products is subject to regulation by the state in which the facilities are located and transactions occur. Compliance with these state regulations could have a material and adverse effect on that portion of our business, consolidated results of operations and financial position. The Dodd- Frank Wall Street Reform and Consumer Protection Act (the " Dodd- Frank Act ") which was enacted on July 21, 2010, established federal oversight and regulation of the over- the- counter derivatives market and of entities, such as us, that participate in that market. The Dodd- Frank Act requires the CFTC and the SEC to promulgate rules and regulations implementing the Dodd- Frank Act. The Dodd- Frank Act provides for statutory and regulatory requirements for derivative transactions, including crude oil, refined and renewable products, and natural gas hedging transactions. Certain transactions will be required to be cleared on exchanges and cash collateral will have to be posted. The Dodd- Frank Act provides for a potential exemption from these clearing and cash collateral requirements for commercial end users and it includes a number of defined terms that will be used in determining how this exemption applies to particular derivative transactions and the parties to those transactions. Since the Dodd- Frank Act mandates the CFTC to promulgate rules to define these terms, the full impact of the Dodd- Frank Act on our hedging activities is uncertain at this time. The CFTC has also issued new rules, which became effective on March 15, 2021, that place limits on positions in certain core futures and equivalent swaps contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. ~~We do not expect the impact of those provisions to have a material effect on us.~~ However, new legislation and any new regulations could significantly increase the cost of derivative contracts (including through requirements to post collateral which could adversely affect our available liquidity), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against risks that we encounter, reduce our ability to monetize or restructure our existing derivative contracts, and increase our exposure to less creditworthy counterparties. The Dodd- Frank Act may also materially affect our customers and materially and adversely affect the demand for our services. Our business is subject to federal, state, provincial and local laws and regulations with respect to environmental, safety and other regulatory matters and the cost of compliance with, violation of or liabilities under, such laws and regulations could adversely affect our profitability. Our operations, including those involving crude oil, condensate, natural gas liquids, refined products, renewables, and crude oil and natural gas produced water, are subject to stringent federal, state, provincial and local laws and regulations relating to the protection of natural resources and the environment, health and safety, waste management, and transportation and disposal of such products and materials. We face inherent risks of incurring significant environmental costs and liabilities due to handling of produced water and hydrocarbons, such as crude oil, condensate, natural gas liquids, gasoline, diesel, and biodiesel. For instance, our Water Solutions business carries with it environmental risks, including the risk of leakage from the treatment plants to surface or subsurface soils, surface water or groundwater, or accidental spills. Our Crude Oil Logistics and Liquids Logistics segments carry similar risks of leakage and sudden or accidental spills of crude oil, natural gas liquids, and hydrocarbons. Liability under, or violation of, environmental laws and regulations could result in, among other things, the impairment or cancellation of operations, injunctions, fines and penalties, reputational damage, expenditures for remediation and liability for natural resource damages, property damage and personal injuries. We use various modes of transportation to carry natural gas liquids, crude oil, refined and renewable products and produced water, including trucks, railcars, barges, and pipelines, each of which is subject to regulation. With respect to transportation by truck, we are subject to regulations promulgated under federal legislation, including the Federal Motor Carrier Safety Act and the Homeland Security Act of 2002, which cover the security and transportation of hazardous materials and are administered by the DOT. We also own and lease a fleet of railcars, the operation of which is subject to the regulatory jurisdiction of the Federal Railroad Administration of the DOT, as well as other federal and state regulatory agencies. Railcar accidents within the industry involving trains carrying crude oil from the Bakken region (none of which directly involved any of our business operations), have led to increased legislative and regulatory scrutiny over the safety of transporting crude oil by railcar. The introduction of regulations that result in new requirements addressing the type, design, specifications or construction of railcars used to transport crude oil could result in severe transportation capacity constraints during the periods in which new railcars are constructed to meet new specifications or in which the railcars already placed in service are being retrofitted. ~~Our barge~~ **Barge** transportation **is** ~~operations are~~ subject to the Jones Act, a federal law generally restricting marine transportation in the United States to vessels built and registered in the United States, and manned / owned by United States citizens, as well as setting forth the rules and regulations of the United States Coast Guard. Non- compliance with any of these regulations could result in increased costs related to the transportation of our products ~~and could have an adverse effect on our business~~ . In addition, under certain environmental laws, we could be subject to strict and / or joint and several liability for the investigation, removal or remediation of previously released materials. As a result, these laws could cause us to become liable for the conduct of others, such as prior owners or operators of our facilities, or for consequences of our or our predecessor' s actions, regardless of whether we were responsible for the release or if such actions were in compliance with all applicable laws at the time of those actions. Also, upon closure of certain facilities, such as at the end of their useful life, we have been and may be required to undertake environmental evaluations or cleanups. Additionally, in order to conduct our operations, we must obtain and maintain numerous permits, approvals and other authorizations from various federal, state, provincial and local governmental authorities relating to produced water handling, discharge and disposal, air emissions, transportation and other environmental matters. These authorizations subject us to terms and conditions which may be onerous or costly to comply with, and that may require costly operational modifications to attain and maintain compliance. The renewal, amendment or modification of these permits, approvals and other authorizations may involve the imposition of even more stringent and burdensome terms and conditions with attendant higher costs and more significant effects upon our operations. Changes in environmental laws and regulations occur frequently. New laws or regulations, changes to existing laws or regulations, such as more stringent pollution control requirements or additional safety requirements, or more stringent interpretation or enforcement of existing laws and regulations, may adversely impact us, and could result in increased operating costs and have a material and adverse effect on our activities and profitability. For example, new or proposed laws or regulations governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells may increase our costs for treatment of hydraulic fracturing flowback water (or affect our hydraulic fracturing customers' ability to operate) and cause delays, interruption or termination of our water treatment operations, all of which could have a material and adverse effect on our consolidated results of operations and financial position. Furthermore, our customers in the oil and gas production industry are subject to certain environmental laws and regulations that may impose significant costs and liabilities on them. In April 2022, the state of New Mexico adopted new air quality rules that aim to eliminate hundreds of millions of pounds of harmful emissions annually from oil and gas production in New Mexico ~~. Compliance with these new rules is expected to begin in the summer of 2022~~ . Any significant increased costs or restrictions placed on our customers to comply with environmental laws and regulations could affect their production output significantly. Such an effect on our customers could materially and adversely affect our utilization and profitability by reducing demand for our services. The adoption or implementation of any new regulations imposing additional reporting obligations on GHG emissions, or limiting GHG emissions from our equipment and operations, could require us to incur significant costs. As is generally understood regarding the regulatory landscape, there can be no guarantee that these or future rules affecting our operations will not have material effects on our consolidated results of operations and financial position. Our, our customers' and our suppliers' operations are subject to a series of risks arising out of the threat of climate change that could result in increased operating costs, adversely impacting our results of operations and ability to make cash distributions to unitholders, limit the areas in which oil and natural gas production may occur, and reduce demand for the products and services we provide. The threat of climate change continues to attract considerable attention in the United States and in foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of GHGs as well as to restrict or eliminate such future emissions. As a result, our operations as well as the operations of our crude oil and natural gas exploration and production customers and suppliers are subject to a series of regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and emission of GHGs. In the United States, no comprehensive climate change legislation has been implemented at the federal level. However, following the U. S. Supreme Court finding that GHG emissions constitute a pollutant under the CAA, the EPA has adopted regulations that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the United States, and together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States. The regulation of methane from oil and gas facilities has been subject to uncertainty in recent years. Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. Internationally, the United Nations- sponsored " Paris Agreement " requires member states to individually determine and submit non- binding emissions reduction targets every five years after 2020. Although the United States withdrew from the Paris Agreement on November 4, 2020, on January 20, 2021, President Biden signed executive orders recommitting the United States to the agreement and calling on the federal government to begin formulating the United States' nationally determined emissions reduction targets under the agreement. Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, including climate change related pledges made by certain candidates recently elected to public office. These have included promises to limit emissions and curtail the production of oil and gas, such as through the cessation of leasing public land for hydrocarbon development. For example, on January 27, 2021, President Biden issued an Executive Order that commits to substantial action on climate change, calling for, among other things, the increased use of zero- emissions vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and increased emphasis on climate- related risk across governmental agencies and economic sectors. Separately, on January 20, 2021, the Acting Secretary of the United States Department of the Interior issued an order that, among other things, imposed a 60- day moratorium on the issuance of fossil fuel authorizations, including leases and permits, on federal lands ~~. Although the order says it does not limit existing operations under valid leases, on January 27, 2021, President Biden signed an Executive Order indefinitely suspending new oil and gas leasing on federal lands, pending completion of a review of the federal government' s oil and gas permitting and leasing practices~~ . While the United States Department of the Interior announced on April 15, 2022 that it will resume oil and gas leasing on public lands following a federal court' s decision, the topic of oil and gas leasing on public land remains politically fraught, as the announcement indicates that federal land available for oil and gas leasing will be reduced by 80 percent from the acreage originally nominated due to environmental and climate concerns. Other actions that could be pursued by the Biden Administration may include the imposition of more restrictive requirements for the establishment of pipeline infrastructure or the permitting of liquified natural gas export facilities. Litigation risks are also increasing, as a number of cities and other local governments have sought to bring suit against the largest oil and natural gas companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to climate change. Suits have also been brought against such companies under shareholder and consumer production laws, alleging that the companies have been aware of the adverse effects of climate change but failed to adequately disclose those impacts. There are also increasing financial risks for fossil fuel producers as shareholders currently invested in fossil- fuel energy companies may elect in the future to shift some or all of their investments into other related sectors. Institutional lenders who provide financing to fossil- fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil- fuel energy companies. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. ~~Recently, the~~ **The U. S.** Federal Reserve announced that it has applied to join the Network for Greening the Financial System, a consortium of financial regulators focused on addressing climate- related risks in the financial sector. 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 our services. The adoption and implementation of new or more stringent international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for, oil and natural gas, which could reduce demand for our services and products. Additionally, political, litigation and financial risks may result in our oil and natural gas customers restricting or canceling production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing their ability to continue to operate in an economic manner, which also could reduce demand for our services and products. One or more of these developments could have a material adverse effect on our business, financial condition, results of operations and ability to make cash distributions to unitholders. Finally, many scientists have concluded that increasing concentrations of GHGs in the Earth' s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, floods and other climatic events. If any such effects were to occur, they could adversely affect our results of operations and ability to make cash distributions to unitholders. In addition, while our consideration of changing weather conditions and inclusion of safety factors in design covers the uncertainties that climate change and other events may potentially introduce, our ability to mitigate the adverse impacts of these events depends in part on the effectiveness of our facilities and our disaster preparedness and response and business continuity planning, which may not have considered or be prepared for every eventuality. State and federal legislation and regulatory initiatives relating to our hydraulic fracturing customers could harm our business. Hydraulic fracturing is a common practice within the oil and gas exploration and production process, including within those fields where our Water Solutions and Crude Oil Logistics segments operate. The practice of hydraulic fracturing is a well- stimulation technique utilized to facilitate the production of oil and natural gas and other hydrocarbon condensates from shale and tight conventional formations. The exploration and production process, including the practice of hydraulic fracturing, is subject to regulation by state and federal authorities. Jurisdiction and applicable regulatory requirements can vary depending on the location of the activity. The process of hydraulic fracturing has come under considerable scrutiny from sections of the public as well as environmental and other groups asserting that the practice could be responsible for incidents of induced seismicity and that chemicals used in the hydraulic fracturing process could adversely affect drinking water supplies. New laws or regulations, or changes to existing laws or regulations in response to this perceived threat may adversely impact the oil and gas drilling industry. Any current or proposed restrictions on hydraulic fracturing could lead to operational delays or increased operating costs and regulatory burdens that could make it more difficult or costly to perform hydraulic fracturing which would negatively impact our customer base resulting in an adverse effect on our profitability. For example, on January 20, 2021, the Biden Administration placed a 60- day moratorium on new oil and gas leasing and drilling permits on federal lands, and on January 27, 2021, the United States Department of the Interior acting pursuant to an Executive Order from President Biden suspended the federal oil and gas leasing program indefinitely. Although the United States Department of Interior recently announced the resumption of onshore oil and gas leasing, the program is being significantly reformed, with 80 percent less land available for leasing from the acreage originally nominated. Actions such as these could have a material adverse effect on us and our industry. Federal and state legislation and regulatory initiatives relating to saltwater disposal wells could result in increased costs and additional operating restrictions or delays and could harm our business. The water disposal process is primarily regulated by state oil and gas authorities. This water disposal process has come under scrutiny from sections of the public as well as environmental and other groups asserting that the operation of certain water disposal wells has contributed to specific induced seismic events. New laws or regulations, or changes to existing laws or regulations, in response to this perceived threat may adversely impact the water disposal industry. On certain specific occasions, state regulatory agencies could request that we suspend operations at a disposal facility, pending further study of its potential impact on seismic activity. In one specific instance, we limited the water into a disposal well and redirected the flow of water to a different area of the geologic formation in order to address such concerns. **In** ~~Recently, in~~ December 2021, as a result of increased seismic activity, the Texas Railroad Commission suspended all deep oil and gas produced water injection in an area which spans approximately 100 square miles in Midland and Ector counties, which directly impacted one of our idled disposal wells. **This** ~~We are currently in the process of plugging and abandoning the~~ idled ~~disposal~~ well **was subsequently plugged and abandoned** . We cannot predict whether any federal, state or local laws or regulations will be enacted and, if so, what actions any such laws or regulations would require or prohibit. However, any restrictions on water disposal could lead to operational delays or increased operating costs and regulatory burdens that could make it more difficult or costly to perform water disposal operations, which would negatively impact our profitability. Some of our operations are subject to the jurisdiction of the FERC and other operations may become subject in the future. The FERC regulates the transportation of crude oil and refined products on interstate pipelines, among other things. The FERC' s jurisdiction over oil pipelines derives from a 1906 amendment to the Interstate Commerce Act making oil pipelines common carriers subject to federal regulation. The FERC has regulated oil pipelines under this authority since 1977, when legislation transferred jurisdiction to the FERC from the Interstate Commerce Commission. The Energy Policy Act of 1992 directed the Commission to establish a simplified and generally applicable ratemaking methodology for oil pipelines, keeping with the FERC' s statutory mandate to ensure that oil pipelines' rates are just and reasonable. Intrastate transportation and gathering pipelines that do not provide interstate services are ~~not~~ subject to regulation by state regulatory commissions, such as the **Texas** Railroad Commission ~~of Texas~~ . The distinction between the FERC- regulated interstate pipeline transportation on the one hand and intrastate pipeline transportation on the other hand, is a fact- based determination. The Grand Mesa Pipeline became operational on November 1, 2016 and has several points of origin in Colorado, runs from those origin points through Kansas and terminates in Cushing, Oklahoma. The transportation services on the Grand Mesa Pipeline are subject to FERC regulation. Other of our transportation services could in the future become subject to the jurisdiction of the FERC, which could adversely affect the terms of service, rates and revenues of such services. The classification and regulation of our crude oil pipelines are subject to change based on future determinations by the FERC, federal courts, Congress or regulatory commissions, courts or legislatures in the states in which we operate. If the FERC' s regulatory reach was expanded to our other facilities, or if we expand our operations into areas that are subject to the FERC' s regulation, we may have to commit substantial capital to comply with such regulations and such expenditures could have a material and adverse effect on our consolidated results of operations and cash flows. We are subject to governmental regulation and other legal obligations related to privacy, data protection, and data security. Our actual or perceived failure to comply with such obligations could harm our business. There are numerous laws and regulations regarding privacy and the storage, sharing, use, processing, transfer, disclosure and protection of personal data, the scope of which is changing, subject to differing interpretations, and may be inconsistent between states within a country or between countries. For example, the California Consumer Privacy Act (" CCPA "), which went into effect on January 1, 2020, limits how we may collect and use personal data. The effects of the CCPA potentially are far- reaching and may require us to modify our data processing practices and policies and incur compliance- related costs and expenses. Further, in November 2020, California voters passed the California Privacy Rights and Enforcement Act (" CPRA "), which expands the CCPA with additional data privacy compliance requirements that may impact our business, and establishes a regulatory agency dedicated to enforcing those requirements. It remains unclear how various provisions of the CCPA and CPRA will be interpreted and enforced. These and other data privacy laws and their interpretations continue to develop and may be inconsistent from jurisdiction to jurisdiction. Non- compliance with these laws could result in penalties or significant legal liability. Although we take reasonable efforts to comply with all applicable laws and regulations, there can be no assurance that we will not be subject to regulatory action, including fines, in the event of an incident. We or our third- party service providers could be adversely affected if legislation or regulations are expanded to require changes in our or our third- party service providers' business practices or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our or our third- party service providers' business, results of operations or financial condition. Some of our operations cross the United States / Canada border and are subject to cross- border regulation. Our cross- border activities subject us to regulatory matters, including import and export licenses, tariffs, Canadian and United States customs and tax issues, and toxic substance certifications. Such regulations include the " Short Supply Controls " of the Export Administration Act, the North American Free Trade Agreement and the Toxic Substances Control Act. Violations of these licensing, tariff and tax reporting requirements could result in the imposition of significant administrative, civil and criminal penalties. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** limits the fiduciary duties of our **GP** ~~general partner~~ to our unitholders and restricts the remedies available to our unitholders for actions taken by our **GP** ~~general partner~~ that might otherwise be breaches of fiduciary duty. Fiduciary duties owed to our unitholders by our **GP** ~~general partner~~ are prescribed by law and our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** . The Delaware Revised Uniform Limited Partnership Act (" Delaware LP Act ") provides that Delaware limited partnerships may, in their partnership agreements, restrict the fiduciary duties owed by the general partner to limited partners and the partnership. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** contains provisions that reduce the standards to which our **GP** ~~general partner~~ would otherwise be held by state fiduciary duty law. For example, our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** : • limits the liability and reduces the fiduciary duties of our **GP** ~~general partner~~ , while also restricting the remedies available to our unitholders for actions that, without these limitations, might constitute breaches of fiduciary duty. As a result of purchasing common units, our unitholders consent to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable state law; • permits our **GP** ~~general partner~~ to make a number of decisions in its individual capacity, as opposed to in its capacity as our **GP** ~~general partner~~ . This entitles our **GP** ~~general partner~~ to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner. Examples include the exercise of its limited call right, its voting rights with respect to the units it owns and its determination whether or not to consent to any merger or consolidation of the Partnership; • provides that our **GP** ~~general partner~~ shall not have any liability to us or our unitholders for decisions made in its capacity as **GP** ~~general partner~~ so long as it acted in good faith, meaning our **GP** ~~general partner~~ subjectively believed that the decision was in, or not opposed to, the best interests of the Partnership; • generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of the board of directors of our **GP** ~~general partner~~ and not involving a vote of our unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or be " fair and reasonable " to us and that, in determining whether a transaction or resolution is " fair and reasonable, " our **GP** ~~general partner~~

may consider the totality of the relationships between the parties involved, including other transactions that may be particularly favorable or advantageous to us; and • provides that our **GP** ~~general partner~~ and its officers and directors will not be liable for monetary damages to us or our limited partners for any acts or omissions unless there has been a final and non- appealable judgment entered by a court of competent jurisdiction determining that our **GP** ~~general partner~~ or those other persons acted in bad faith or engaged in fraud or willful misconduct. By purchasing a common unit, a common unitholder will become bound by the provisions of our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** , including the provisions described above. Our **GP** ~~general partner~~ and its affiliates have conflicts of interest with us and limited fiduciary duties to our unitholders, and they may favor their own interests to the detriment of us and our unitholders. The NGL Energy GP Investor Group owns and controls our **GP** ~~general partner~~ and its 0. 1 % **GP** ~~general partner~~ interest in us. Although our **GP** ~~general partner~~ has certain fiduciary duties to manage us in a manner beneficial to us and our unitholders, the executive officers and directors of our **GP** ~~general partner~~ have a fiduciary duty to manage our **GP** ~~general partner~~ in a manner beneficial to its owners. Furthermore, since certain executive officers and directors of our **GP** ~~general partner~~ are executive officers or directors of affiliates of our **GP** ~~general partner~~ , conflicts of interest may arise between the NGL Energy GP Investor Group and its affiliates, including our **GP** ~~general partner~~ , on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our **GP** ~~general partner~~ may favor its own interests and the interests of its affiliates over the interests of our unitholders (see " – Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** limits the fiduciary duties of our **GP** ~~general partner~~ to our unitholders and restricts the remedies available to our unitholders for actions taken by our **GP** ~~general partner~~ that might otherwise be breaches of fiduciary duty, " above). The risk to our unitholders due to such conflicts may arise because of the following factors, among others: • our **GP** ~~general partner~~ is allowed to take into account the interests of parties other than us, such as members of the NGL Energy GP Investor Group, in resolving conflicts of interest; • neither our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** nor any other agreement requires owners of our **GP** ~~general partner~~ to pursue a business strategy that favors us; • except in limited circumstances, our **GP** ~~general partner~~ has the power and authority to conduct our business without unitholder approval; • our **GP** ~~general partner~~ determines the amount and timing of asset purchases and sales, borrowings, issuance of additional partnership securities and the creation, reduction or increase of reserves, each of which can affect the amount of cash that is distributed to our unitholders; • our **GP** ~~general partner~~ determines the amount and timing of any capital expenditures and whether a capital expenditure is classified as a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus. This determination can affect the amount of cash that is distributed to our unitholders and to our **GP** ~~general partner~~ ; • our **GP** ~~general partner~~ determines which costs incurred by it are reimbursable by us; • our **GP** ~~general partner~~ may cause us to borrow funds to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make incentive distributions; • our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** permits us to classify up to $ 20. 0 million as operating surplus, even if it is generated from asset sales, non- working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions to our **GP** ~~general partner~~ in respect of the **GP** ~~general partner~~ interest or the incentive distribution rights (" IDRs "); • our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** does not restrict our **GP** ~~general partner~~ from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf; • our **GP** ~~general partner~~ intends to limit its liability regarding our contractual and other obligations; • our **GP** ~~general partner~~ may exercise its right to call and purchase all of the common units not owned by it and its affiliates if they own more than 80 % of the common units; • our **GP** ~~general partner~~ controls the enforcement of the obligations that it and its affiliates owe to us; • our **GP** ~~general partner~~ decides whether to retain separate counsel, accountants or others to perform services for us; and • our **GP** ~~general partner~~ may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to our **GP** ~~general partner~~ ' s IDRs without the approval of the conflicts committee of the board of directors of our **GP** ~~general partner~~ or our unitholders. This election may result in lower distributions to our common unitholders in certain situations. In addition, certain members of the NGL Energy GP Investor Group and their affiliates currently hold interests in other companies in the energy and natural resource sectors. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** provides that our **GP** ~~general partner~~ will be restricted from engaging in any business activities other than acting as our **GP** ~~general partner~~ and those activities incidental to its ownership interest in us. However, members of the NGL Energy GP Investor Group are not prohibited from engaging in other businesses or activities, including those that might be in direct competition with us. As a result, they could potentially compete with us for acquisition opportunities and for new business or extensions of the existing services provided by us. Pursuant to the terms of our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** , the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our **GP** ~~general partner~~ or any of its affiliates, including its executive officers, directors and owners. Any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our **GP** ~~general partner~~ and result in less than favorable treatment of us and our unitholders. Even if our unitholders are dissatisfied, they have limited voting rights and are not entitled to elect our **GP** ~~general partner~~ or its directors. Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management' s decisions regarding our business. Unitholders will have no right on an annual or ongoing basis to elect our **GP** ~~general partner~~ or its board of directors. The board of directors of our **GP** ~~general partner~~ is chosen entirely by its members and not by our unitholders. Unlike publicly traded corporations, we will not conduct annual meetings of our unitholders to elect directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations. Furthermore, if our unitholders are dissatisfied with the performance of our **GP** ~~general partner~~ , they will have limited ability to remove our **GP** ~~general partner~~ . As a result of these limitations, the price at which the common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** also contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting our unitholders' ability to influence the manner or direction of management. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** restricts the voting rights of unitholders owning 20 % or more of our common units. Unitholders' voting rights are further restricted by a provision of our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** providing that any units held by a person that owns 20 % or more of any class of units then outstanding, other than our **GP** ~~general partner~~ , its affiliates, their direct transferees and their indirect transferees approved by our **GP** ~~general partner~~ (which approval may be granted in its sole discretion) and persons who acquired such units with the prior approval of our **GP** ~~general partner~~ , cannot vote on any matter. Our **GP** ~~general partner~~ interest or the control of our **GP** ~~general partner~~ may be transferred to a third party without the consent of our unitholders. Our **GP** ~~general partner~~ may transfer its **GP** ~~general partner~~ interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** does not restrict the ability of the members of the NGL Energy GP Investor Group to transfer all or a portion of their ownership interest in our **GP** ~~general partner~~ to a third party. The new owner of our **GP** ~~general partner~~ would then be in a position to replace the board of directors and officers of our **GP** ~~general partner~~ with its own designees and thereby exert significant control over the decisions made by the board of directors and officers. The IDRs of our **GP** ~~general partner~~ may be transferred to a third party. Our **GP** ~~general partner~~ may transfer its IDRs to a third party at any time without the consent of our unitholders. If our **GP** ~~general partner~~ transfers its IDRs to a third party but retains its **GP** ~~general partner~~ interest, our **GP** ~~general partner~~ may not have the same incentive to grow our partnership and increase quarterly distributions to unitholders over time as it would if it had retained ownership of its IDRs. If at any time our **GP** ~~general partner~~ and its affiliates own more than 80 % of the common units, our **GP** ~~general partner~~ will have the right, which it may assign to any of its affiliates or to us, but not the obligation, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price that is not less than their then- current market price, as calculated pursuant to the terms of our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** . As a result, our unitholders may be required to sell their common units at an undesirable time or price and may not receive any return or may receive a negative return on their investment. Our unitholders may also incur a tax liability upon a sale of their units. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** requires that we distribute all of our available cash, which could limit our ability to grow and make acquisitions. We expect that we will distribute all of our available cash to our unitholders and will rely primarily on external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, as well as reserves we have established to fund our acquisitions and expansion capital expenditures. As a result, to the extent we are unable to finance growth externally, our cash distribution policy will significantly impair our ability to grow. In addition, because we distribute all of our available cash, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. There are no limitations in our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** or the agreements governing our indebtedness on our ability to issue additional units, including units ranking senior to the common units. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may impact the available cash that we have to distribute to our unitholders. We may issue additional units without the approval of our unitholders, which would dilute the interests of existing unitholders. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** does not limit the number of additional limited partner interests that we may issue at any time without the approval of our unitholders. Our issuance of additional common units or other equity securities of equal or senior rank will have the following effects: • our existing unitholders' proportionate ownership interest in us will decrease; • the amount of available cash for distribution on each unit may decrease; • the ratio of taxable income to distributions may increase; • the relative voting strength of each previously outstanding unit may be diminished; and • the market price of the common units may decline. Our **GP** ~~general partner~~ , without the approval of our unitholders, may elect to cause us to issue common units while also maintaining its **GP** ~~general partner~~ interest in connection with a resetting of the target distribution levels related to its IDRs. This could result in lower distributions to our unitholders. Our **GP** ~~general partner~~ has the right to reset the initial target distribution levels at higher levels based on our distributions at the time of the exercise of the reset election. Following a reset election by our **GP** ~~general partner~~ , the minimum quarterly distribution will be adjusted to equal the reset minimum quarterly distribution and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution. If our **GP** ~~general partner~~ elects to reset the target distribution levels, it will be entitled to receive a number of common units. The number of common units to be issued to our **GP** ~~general partner~~ will be equal to that number of common units that would have entitled their holder to an average aggregate quarterly cash distribution in the prior two quarters equal to the average of the distributions to our **GP** ~~general partner~~ on the IDRs in the prior two quarters. We anticipate that our **GP** ~~general partner~~ would exercise this reset right to facilitate acquisitions or organic growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that our **GP** ~~general partner~~ could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its IDRs and may, therefore, desire to be issued common units rather than retain the right to receive distributions on its IDRs based on the initial target distribution levels. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that our common unitholders would have otherwise received had we not issued new common units and **GP** ~~general partner~~ interests to our **GP** ~~general partner~~ in connection with resetting the target distribution levels. Our unitholders' liability may not be limited if a court finds that unitholder action constitutes control of our business. A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our Partnership is organized under Delaware law, and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. You could be liable for any and all of our obligations as if you were a general partner if a court or government agency were to determine that: • we were conducting business in a state but had not complied with that particular state' s partnership statute; or • a unitholder' s right to act with other unitholders to remove or replace our **GP** ~~general partner~~ , to approve some amendments to our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** or to take other actions under our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** constitute " control " of our business. Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17- 607 of the Delaware LP Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Substituted limited partners are liable both for the obligations of the assignor to make contributions to the partnership that were known to the substituted limited partner at the time it became a limited partner and for those obligations that were unknown if the liabilities could have been determined from the partnership agreement. Neither liabilities to partners on account of their partnership interests nor liabilities that are nonrecourse to the partnership are counted for purposes of determining whether a distribution is permitted. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware LP Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Preferred Units give the holders thereof liquidation and distribution preferences over our common unitholders. We currently have three series of Preferred Units outstanding. All of these units rank senior to the common units with respect to distribution rights and rights upon liquidation. Subject to certain exceptions, as long as any Preferred Units remain outstanding, we may not declare any distribution on our common units unless all accumulated and unpaid distributions have been declared and paid on the Preferred Units. In the event of our liquidation, winding- up or dissolution, the holders of the Preferred Units would have the right to receive proceeds from any such transaction before the holders of the common units. The payment of the liquidation preference could result in common unitholders not receiving any consideration if we were to liquidate, dissolve or wind up, either voluntarily or involuntarily. Additionally, the existence of the liquidation preference may reduce the value of the common units, make it harder for us to sell common units in offerings in the future, or prevent or delay a change of control. The issuance of common units upon exercise of certain warrants would cause dilution to existing common unitholders and may place downward pressure on the trading price of our common units. We currently have outstanding exercisable warrants to purchase 25, 500, 000 common units at exercise prices ranging from $ 13. 56 per unit to $ 17. 45 per unit. Any exercise of these warrants would cause dilution to existing common unitholders and may place downward pressure on the trading price of our common units. The warrants may be exercised from and after the first anniversary of the date of issuance. Unexercised warrants will expire on the tenth anniversary of the date of issuance. The warrants will not participate in cash distributions. Our tax treatment depends on our status as a partnership for federal income tax purposes. We could lose our status as a partnership for a number of reasons, including not having enough " qualifying income. " If the Internal Revenue Service (" IRS ") were to treat us as a corporation for federal income tax purposes, our cash available for distribution to our unitholders would be substantially reduced. The anticipated after- tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes. Despite the fact that we are a limited partnership under Delaware law, a publicly traded partnership such as us will be treated as a corporation for federal income tax purposes unless, for each taxable year, 90 % or more of its gross income is " qualifying income " under Section 7704 of the Internal Revenue Code of 1986, as amended (the " Internal Revenue Code "). " Qualifying income " includes income and gains derived from the exploration, development, production, processing, transportation, storage and marketing of natural gas, natural gas products, and crude oil or other passive types of income such as certain interest and dividends and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. Although we do not believe, based upon our current operations, that we are treated as a corporation, we could be treated as a corporation for federal income tax purposes or otherwise subject to taxation as an entity if our gross income is not properly classified as qualifying income, there is a change in our business or there is a change in current law. If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently 21 % (changed from 35 % under the recently enacted tax reform law), and would likely pay state and local income tax at varying rates. Distributions to our unitholders would generally be taxed again as corporate dividends (to the extent of our current and accumulated earnings and profits), and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after- tax return to our unitholders, likely causing a substantial reduction in the market value of our common units. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity- level taxation for federal income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us. In general, our unitholders are entitled to a deduction for the interest we have paid or accrued on indebtedness properly allocable to our business during our taxable year. However, under the Tax Cuts and Jobs Act of 2017 (the " Act ") signed into law by the President of the United States on December 22, 2017, beginning in tax year 2018, the deductibility of net interest expense is limited to 30 % of our adjusted taxable income. For tax years beginning after December 31, 2017 and before January 1, 2022, the Act calculates adjusted taxable income using an EBITDA- based calculation. For tax years beginning January 1, 2022 and thereafter, the calculation of adjusted taxable income will not add back depreciation or amortization. Any disallowed business interest expense is then generally carried forward as a deduction in a succeeding taxable year at the partner level. These limitations might cause interest expense to be deducted by our unitholders in a later period than recognized in the GAAP financial statements. If we were subjected to a material amount of additional entity- level taxation by individual states, it would reduce our cash available for distribution to our unitholders. Changes in current state law may subject us to additional entity- level taxation by individual states. Because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity- level taxation through the imposition of state income, franchise and other forms of taxation. Imposition of any such taxes may substantially reduce the cash available for distribution to our unitholders. Our ~~partnership~~ **Partnership** ~~agreement~~ **Agreement** provides that, if a law is enacted or existing law is modified or interpreted in a manner that subjects us to entity- level taxation, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us. The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis. The present income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial interpretation at any time. For example, from time to time, members of Congress propose and consider substantive changes to the existing ~~United States~~ federal income tax laws that affect the tax treatment of publicly traded partnerships, including as a result of any fundamental tax reform. We are unable to predict whether any such change or other proposals will ultimately be enacted or will affect our tax treatment. Any modification to the income tax laws and interpretations thereof may or may not be applied retroactively and could, among other things, cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity- level taxation. Moreover, such modifications and change in interpretations may affect or cause us to change our business activities, affect the tax considerations of an investment in us, change the character or treatment of portions of our income and adversely affect an investment in our common units. Although we are unable to predict whether any of these changes, or other proposals, will ultimately be enacted, any such changes could negatively impact the value of an investment in our common units. Changes in tax laws could adversely affect our performance. We are subject to extensive tax laws and regulations, with respect to federal, state and foreign income taxes and transactional taxes such as excise, sales / use, payroll, franchise and ad valorem taxes. New tax laws and regulations and changes in existing tax laws and regulations are continuously being enacted that could result in increased tax expenditures in the future. If the IRS contests the federal income tax positions we take, the market for our common units may be adversely impacted and the cost of any IRS contest will reduce our cash available for distribution to our unitholders. We have not requested a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take and such positions may not ultimately be sustained. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders and our **GP** ~~general partner~~ because the costs will reduce our cash available for distribution. If the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from us, in which case our cash available for distribution to our unitholders could be substantially reduced. Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from us. We will generally have the ability to shift any such tax liability to our **GP** ~~general partner~~ and our unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to do so under all circumstances. If we are required to make payments of taxes, penalties and interest resulting from audit adjustments, our cash available for distribution to our unitholders could be substantially reduced. Because we expect to be treated as a partnership for ~~United States~~ federal income tax purposes, our unitholders will be treated as partners to whom we will allocate taxable income that could be different in amount than the cash we distribute, our unitholders will be required to pay any federal income taxes and, in some cases, state and local income taxes on their share of our taxable income even if they receive no cash distributions from us. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, our unitholders may be allocated taxable income and gain resulting from the sale and may not receive a common unit distribution. Similarly, taking advantage of opportunities to reduce our existing debt, such as debt exchanges, debt repurchases, or modifications of our existing debt could result in " cancellation of indebtedness income " being allocated to our unitholders as taxable income without any common unit distribution. Our unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that results from that income. Certain actions that we may take, such as issuing additional units, may increase the federal income tax liability of unitholders. In the event we issue additional units or engage in certain other transactions in the future, the allocable share of nonrecourse liabilities allocated to the unitholders will be recalculated to take into account our issuance of any additional units. Any reduction in a unitholder' s share of our nonrecourse liabilities will be treated as a distribution of cash to that unitholder and will result in a corresponding tax basis reduction in a unitholder' s units. A deemed cash distribution may, under certain circumstances, result in the recognition of taxable gain by a unitholder, to the extent that the deemed cash distribution exceeds such unitholder' s tax basis in its units. In addition, the federal income tax liability of a unitholder could be increased if we dispose of assets or make a future offering of units and use the proceeds in a manner that does not produce substantial additional deductions, such as to repay indebtedness currently outstanding or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate currently applicable to our assets. If unitholders sell their common units, they will recognize a gain or loss equal to the difference between the amount realized and their tax basis in those common units. Because distributions in excess of the unitholder' s allocable share of our net taxable income decrease the unitholder' s tax basis in their common units, the amount, if any, of such prior excess distributions with respect to the units the unitholder sells will, in effect, become taxable income to the unitholder if they sell such units at a price greater than their tax basis in those units, even if the price they receive is less than their original cost. Furthermore, a substantial portion of the amount realized on any sale of common units, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depreciation recapture. In addition, because the amount realized includes a unitholder' s share of our nonrecourse liabilities, if a unitholder sells units, they may incur a tax liability in excess of the amount of cash they receive from the sale. Tax exempt entities and non- United States persons face unique tax issues from owning our common units that may result in adverse tax consequences to them. Investment in common units by tax exempt entities, such as employee benefit plans, individual retirement accounts (" IRAs "), Keogh plans and other retirement plans and non- United States persons raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non- United States persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non- United States persons will be required to file ~~United States~~ federal income tax returns and pay tax on their share of our taxable income. If you are a tax exempt entity or a non- United States person, you should consult your tax advisor before investing in our common units. We treat each purchaser of common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the market value of the common units. Because we cannot match transferors and transferees of common units and because of other reasons, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. Any position we take that is inconsistent with applicable Treasury Regulations may have to be disclosed on our federal income tax return. This disclosure increases the likelihood that the IRS will challenge our positions and propose adjustments to some or all of our unitholders. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units and could have a negative impact on the market value of our common units or result in audit adjustments to tax returns of unitholders. We conduct a portion of our operations through subsidiaries that are corporations for federal income tax purposes. We may elect to conduct additional operations in corporate form in the future. Our corporate subsidiaries will be subject to corporate level tax, which will reduce the cash available for distribution to us and, in turn, to our unitholders. If the IRS or other state or local jurisdictions were to successfully assert that our corporate subsidiaries have more tax liability than we anticipate or legislation was enacted that increased the corporate tax rate, our cash available for distribution to our unitholders would be further reduced. We prorate our items of income, gain, loss and deduction for ~~United States~~ federal income tax purposes between transferors and transferees of our units each month based on the ownership of our units on the first business day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders. We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based on the ownership of our units on the first business day of each month, instead of on the basis of the date a particular unit is transferred. The United States Department of the Treasury ~~recently~~ adopted final Treasury Regulations allowing a similar monthly simplifying convention for taxable years beginning on or after August 3, 2015. However, such regulations do not specifically authorize all aspects of the proration method we have adopted. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders. A unitholder whose **common** units are loaned to a " short seller " to effect a short sale of units may be considered as having disposed of those common units. If so, such unitholder would no longer be treated for federal income tax purposes as a partner with respect to those common units during the period of the loan and may recognize a gain or loss from the disposition. Because a unitholder whose **common** units are loaned to a " short seller " to effect a short sale of units may be considered as having disposed of those common units, the unitholder would no longer be treated for federal income tax purposes as a partner with respect to those **common** units during the period of the loan to the short seller and the unitholder may recognize a gain or loss from the disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those **common** units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those **common** units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their **common** units. We have adopted certain valuation methodologies and monthly conventions for ~~United States~~ federal income tax purposes that may result in a shift of income, gain, loss and deduction between our **GP** ~~general partner~~ and our unitholders. The IRS may challenge this treatment, which could adversely affect the value of our common units. When we issue additional units or engage in certain other transactions, we will determine the fair market value of our assets and allocate any unrealized gain or loss attributable to our assets to the capital accounts of our unitholders and our **GP** ~~general partner~~. Our methodology may be viewed as understating the value of our assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and the **GP** ~~general partner~~, which may be unfavorable to such unitholders. Moreover, under our current valuation methods, subsequent purchasers of common units may have a greater portion of their Internal Revenue Code Section 743 (b) adjustment allocated to our tangible assets and a lesser portion allocated to our intangible assets. The IRS may challenge our valuation methods, or our allocation of the Internal Revenue Code Section 743 (b) adjustment attributable to our tangible and intangible assets, and allocations of taxable income, gain, loss and deduction between the **GP** ~~general partner~~ and certain of our unitholders. A successful IRS challenge to these methods or allocations could adversely affect the amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of taxable gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions. There are a number of limitations that may prevent unitholders from using their allocable share of our losses as a deduction against unrelated income. In cases where our unitholders are subject to the passive loss rules (generally, individuals and closely held corporations), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Unused losses may be deducted when the unitholder disposes of its entire investment in us in a fully taxable transaction with an unrelated party. A unitholder' s share of our net passive income may be offset by unused losses from us carried over from prior years but not by losses from other passive activities, including losses from other publicly traded partnerships. Other limitations that may further restrict the deductibility of our losses by a unitholder include the at- risk rules and the prohibition against loss allocations in excess of the unitholder' s tax basis in its units. In addition to federal income taxes, holders of our common units are subject to other taxes, including foreign, state and local income taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own or control property now or in the future. Holders of our common units are required to file foreign, state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions and may be subject to penalties for failure to comply with those requirements. We own assets and conduct business in a number of states, most of which impose a personal income tax on individuals. Most of these states also impose an income tax on corporations and other entities. As we make acquisitions or expand our business, we may own or control assets or conduct business in additional states that impose a personal income tax. Treatment of distributions on our Preferred Units as guaranteed payments for the use of capital creates a different tax treatment for the holders of Preferred Units than the holders of our common units and such distributions will likely not be eligible for the 20 % deduction for qualified publicly traded partnership income. The tax treatment of distributions on our Preferred Units is uncertain. We will treat the holders of Preferred Units as partners for tax purposes and will treat distributions on the Preferred Units as guaranteed payments for the use of capital that will generally be taxable to the holders of Preferred Units as ordinary income. A holder of our Preferred Units could recognize taxable income from the accrual of such a guaranteed payment even in the absence of a contemporaneous distribution. Otherwise, the holders of Preferred Units are generally not anticipated to share in our items of income, gain, loss or deduction, nor will we allocate any share of our nonrecourse liabilities to the holders of Preferred Units. If the Preferred Units were treated as indebtedness for tax purposes, rather than as guaranteed payments for the use of capital, distributions likely would be treated as payments of interest by us to the holders of Preferred Units. Although we expect that much of the income we earn is generally eligible for the 20 % deduction for qualified publicly traded partnership income, recently issued Treasury Regulations, which are effective for our taxable years beginning on or after January 1, 2020, provide that a guaranteed payment for the use of capital is not eligible for the 20 % deduction for qualified publicly traded partnership income. As a result, income attributable to a guaranteed payment for the use of capital recognized by holders of Preferred Units is not eligible for the 20 % deduction for qualified publicly traded partnership income. All holders of our Preferred Units are urged to consult a tax advisor to determine whether they are eligible to receive the 20 % deduction for qualified publicly traded partnership income with respect to their Preferred Units. A holder of Preferred Units will be required to recognize gain or loss on a sale of Preferred Units equal to the difference between the amount realized by such holder and such holder' s tax basis in the Preferred Units sold. The amount realized generally will equal the sum of the cash and the fair market value of other property such holder receives in exchange for such Preferred Units. Subject to general rules requiring a blended basis among multiple partnership interests, the tax basis of a Preferred Unit will generally be equal to the sum of the cash and the fair market value of other property paid by the holder of Preferred Units to acquire such Preferred Unit. Gain or loss recognized by a holder of Preferred Units on the sale or exchange of a Preferred Unit held for more than one year generally will be taxable as long- term capital gain or loss. Because holders of Preferred Units will generally not be allocated a share of our items of depreciation, depletion or amortization, it is not anticipated that such holders would be required to recharacterize any portion of their gain as ordinary income as a result of the recapture rules. Investment in the Preferred Units by tax- exempt investors, such as employee benefit plans and IRAs, and non- U. S. persons raises issues unique to them. Distributions to non- U. S. holders of Preferred Units will be subject to withholding taxes. If the amount of withholding exceeds the amount of U. S. federal income tax actually due, non- U. S. holders of Preferred Units may be required to file U. S. federal income tax returns in order to seek a refund of such excess. The treatment of guaranteed payments for the use of capital to tax- exempt investors is not certain and such payments may be treated as unrelated business taxable income for U. S. federal income tax purposes. If you are a tax- exempt entity or a non- U. S. person, you should consult your tax advisor with respect to the consequences of owning our Preferred Units. All holders of our Preferred Units are urged to consult a tax advisor with respect to the consequences of owning our Preferred Units. The default by significant customers and counterparties or loss of one or more significant customers could materially or adversely affect our business, financial condition, results of operations and cash flows. The deterioration in the financial condition of one or more of our significant customers or counterparties could result in their failure to perform under the terms of their agreement with us or default in the payment owed to us. Our customers and counterparties include industrial customers, local distribution companies, crude oil and natural gas producers, financial institutions and marketers whose creditworthiness may be suddenly and disparately impacted by, among other factors, commodity price volatility, deteriorating energy market conditions, and public and regulatory opposition to energy producing activities. While we manage our credit risk exposure through credit analysis, credit approvals, establishing credit limits, requiring prepayments (partially or wholly) or other surety, requiring product deliveries over defined time periods, and credit monitoring, we are unable to completely eliminate the performance and credit risk to us associated with doing business with these parties. In a low commodity price environment, certain of our customers have been or could be negatively impacted, causing them significant economic stress resulting, in some cases, in a customer bankruptcy filing or an effort to renegotiate our contracts. The deterioration in the creditworthiness of our customers and the resulting increase in nonpayment and / or nonperformance by them could cause us to write down or write off accounts receivables or tangible and intangible assets. Such write- downs or write- offs could negatively affect our operating results in the periods in which they occur, and, if significant, could materially or adversely affect our business, financial condition, results of operations, and cash flows. We expect to continue to depend on key customers to support our revenues for the foreseeable future. The loss of key customers, failure to renew contracts upon expiration, or a sustained decrease in demand by key customers could result in a substantial loss of revenues and could have a material and adverse effect on our consolidated results of operations. Additionally, certain key customers of the Grand Mesa Pipeline contribute significantly to the cash flows and profitability of that asset. Any loss of those customers or their contracts could have an adverse impact on our financial results. To the extent one or more of our key customers commences bankruptcy proceedings, our contracts with the customers may be subject to rejection under applicable provisions of the United States Bankruptcy Code or, if we so agree, may be renegotiated. Further, during any such bankruptcy proceeding, prior to assumption, rejection or renegotiation of such contracts, the bankruptcy court may temporarily authorize the payment of value for our services less than contractually required, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. The resolution of our outstanding claims against such a customer or counterparty is dependent on the terms of the plan of reorganization but may include our claims being converted to equity in the reorganized entity and in addition to impacting our business, financial condition and results of operations could require us to incur impairment charges against the associated assets or the write down of our goodwill. The counterparties to our commodity derivative and physical purchase and sale contracts may not be able to perform their obligations to us, which could materially affect our cash flows and results of operations. We encounter risk of counterparty nonperformance in our businesses. Disruptions in the supply of product and in the crude oil and natural gas liquids commodities sector overall for an extended or near term period of time could result in counterparty defaults on our derivative and physical purchase and sale contracts. This could impair our ability to obtain supply to fulfill our sales delivery commitments or obtain supply at reasonable prices, which could result in decreased gross margins and profitability, thereby impairing our ability to make payments on our debt obligations or distributions to our unitholders. If we fail to maintain an effective system of internal control, including internal control over financial reporting, we may be unable to report our financial results accurately or prevent fraud, which would likely have a negative impact on the market price of our common units. We are subject to the public reporting requirements of the Securities Exchange Act of 1934, as amended. We are also subject to the obligation under Section 404 (a) of the Sarbanes Oxley Act of 2002 (the “ Sarbanes- Oxley Act ”) to annually review and report on our internal control over financial reporting, and to the obligation under Section 404 (b) of the Sarbanes Oxley Act to engage our independent registered public accounting firm to attest to the effectiveness of our internal control over financial reporting. The Sarbanes- Oxley Act requires public companies to have and maintain effective disclosure controls and procedures to ensure timely disclosures of material information and to have management review the effectiveness of those controls on a quarterly basis. The Sarbanes- Oxley Act also requires public companies to have and maintain effective internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements and to have management review the effectiveness of those controls on an annual basis (and have the company’ s independent auditors attest to the effectiveness of such internal controls). Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud, and operate successfully as a publicly traded partnership. Our efforts to maintain our internal controls may be unsuccessful, and we may be unable to maintain effective internal control over financial reporting, including our disclosure controls. Any failure to maintain effective internal control over financial reporting and disclosure controls could harm our operating results or cause us to fail to meet our reporting obligations. These risks may be heightened after a business combination, during the phase when we are implementing our internal control structure over the recently acquired business. Given the difficulties inherent in the design and operation of internal control over financial reporting, as well as future growth of our businesses, we can provide no assurance as to either our or our independent registered public accounting firm’ s conclusions about the effectiveness of internal controls in the future, and we may incur significant costs in our efforts to comply with Section 404. Ineffective internal controls could subject us to regulatory scrutiny and a loss of confidence in our reported financial information, which could have an adverse effect on our business and would likely have a negative effect on the market price of our common units. The risk of terrorism and political unrest in various energy producing regions may adversely affect the economy and the price and availability of products. An act of terror, or political unrest, in any of the major energy producing regions of the world could potentially result in disruptions in the supply of crude oil and natural gas, which could have a material impact on both availability and price. Since Russia’ s military invasion of Ukraine in late February 2022, prices for commodities produced in those countries, including crude oil and natural gas, have risen sharply and have been volatile due to market concerns of worldwide supply constraints. Terrorist attacks in the areas of our operations could negatively impact our ability to transport ~~propane~~ **crude oil, natural gas liquids and refined and renewables products** to our locations. These risks could potentially negatively impact our consolidated results of operations. Product liability claims and litigation could adversely affect our business and results of operations. Our operations are subject to all operating hazards and risks incident to handling, storing, transporting and providing customers with combustible liquids. As a result, we are subject to product liability claims and litigation, including potential class actions, in the ordinary course of business. Any product liability claim brought against us, with or without merit, could be costly to defend and could result in an increase of our insurance premiums. Some claims brought against us might not be covered by our insurance policies. In addition, we have self- insured retention amounts which we would have to pay in full before obtaining any insurance proceeds to satisfy a judgment or settlement and we may have insufficient reserves on our balance sheet to satisfy such self- retention obligations. Furthermore, even where the claim is covered by our insurance, our insurance coverage might be inadequate and we would have to pay the amount of any settlement or judgment that is in excess of our policy limits. Our failure to maintain adequate insurance coverage or successfully defend against product liability claims could materially and adversely affect our business, consolidated results of operations, financial position and cash flows. A failure in our operational systems or cyber security attacks on any of our facilities, or those of third parties, may adversely affect our financial results. Our business is dependent upon our operational systems to process a large amount of data and complex transactions. If any of our financial or operational systems fail or have other significant shortcomings, our financial results could be adversely affected. Our financial results could also be adversely affected if an employee causes our systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our systems. In addition, dependence upon automated systems may further increase the risk related to operational system flaws, and employee tampering or manipulation of those systems will result in losses that are difficult to detect. Due to increased technology advances, we have become more reliant on technology to increase efficiency in our business. We use various systems in our financial and operations sectors, and this may subject our business to increased risks. Any future cyber security attacks that affect our facilities, our customers and any financial data could have a material adverse effect on our business. In addition, cyber security attacks on our customer and employee data may result in a financial loss, including potential fines for failure to safeguard data, and may negatively impact our reputation. Third- party systems on which we rely could also suffer operational system failure. Any of these occurrences could disrupt our business, resulting in potential liability or reputational damage or otherwise have an adverse effect on our financial results.