# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**
# Form 10-Q

**(Mark One)**

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

**For the quarterly period ended March 31, 2022**

**OR**

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

**For the transition period from __________ to __________ .**

**Commission File Number 001-33147**

# Evolve Transition Infrastructure LP
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **Delaware**<br>**(State or Other Jurisdiction of Incorporation or Organization)** | **11-3742489**<br>**(I.R.S. Employer Identification No.)** |
| **1360 Post Oak Blvd, Suite 2400**<br>**Houston, Texas**<br>**(Address of Principal Executive Offices)** | **77056**<br>**(Zip Code)** |

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

**(Former name, former address and former fiscal year, if changed since last report)**

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

Common units outstanding as of May 10, 2022: approximately 148,951,002 common units.

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## COMMONLY USED DEFINED TERMS

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

- "Bankruptcy Court" means that United States Bankruptcy Court for the Southern District of Texas, Houston Division.
- "Bbl" means one barrel of 42 U.S. gallons of oil.
- "Class C Preferred Units" means our Class C Preferred Units representing limited partner interests in Evolve Transition Infrastructure.
- "common units" means our common units representing limited partner interests in Evolve Transition Infrastructure.
- "Credit Agreement" means collectively, the Third Amended and Restated Credit Agreement, dated as of March 31, 2015, among the Partnership, Royal Bank of Canada, as administrative agent and collateral agent, and the lenders party thereto, as amended by (i) Amendment and Waiver of Third Amended and Restated Credit Agreement, dated as of August 12, 2015, (ii) Joinder, Assignment and Second Amendment to Third Amended and Restated Credit Agreement, dated as of October 14, 2015, (iii) Third Amendment to Third Amended and Restated Credit Agreement, dated as of November 12, 2015, (iv) Fourth Amendment to Third Amended and Restated Credit Agreement, dated as of July 5, 2016, (v) Fifth Amendment to Third Amended and Restated Credit Agreement, dated as of April 17, 2017, (vi) Sixth Amendment to Third Amended and Restated Credit Agreement, dated as of November 7, 2017, (vii) Seventh Amendment to Third Amended and Restated Credit Agreement, dated as of February 5, 2018, (viii) Eighth Amendment to Third Amended and Restated Credit Agreement, dated as of May 7, 2018, (ix) Ninth Amendment to Third Amended and Restated Credit Agreement, dated as of November 22, 2019, (x) Tenth Amendment to Third Amended and Restated Credit Agreement, dated as of November 6, 2020, (xi) Eleventh Amendment to Third Amended and Restated Credit Agreement, dated as of July 28, 2021, and (xii) Twelfth Amendment to Third Amended and Restated Credit Agreement, dated as of August 20, 2021.
- "Evolve Transition Infrastructure," "the Partnership," "we," "us," "our" or like terms refer collectively to Evolve Transition Infrastructure LP, its consolidated subsidiaries and, where the context provides, the entities in which we have a 50% ownership interest.
- "Gathering Agreement" means the Firm Gathering and Processing Agreement, dated as of October 14, 2015, by and between Catarina Midstream, LLC and SN Catarina LLC, as amended by Amendment No. 1 thereto, dated June 30, 2017.
- "MBbl" means one thousand Bbls.
- "MBbl/d" means one thousand barrels of oil or other liquid hydrocarbons per day.
- "Mesquite" means (i) at all times prior to June 30, 2020, Sanchez Energy Corporation and its consolidated subsidiaries, and (ii) at all times after and including June 30, 2020, Mesquite Energy, Inc. and its consolidated subsidiaries.
- "MMBtu" means one million British thermal units.
- "MMcf/d" means one million cubic feet of natural gas per day.
- "NGLs" means the combination of ethane, propane, butane, natural gasolines and other components that when removed from natural gas become liquid under various levels of higher pressure and lower temperature.
- "NYSE American" means NYSE American LLC.
- "our general partner" means Evolve Transition Infrastructure GP LLC, our general partner.
- "our partnership agreement" means the Third Amended and Restated Agreement of Limited Partnership of the Partnership, dated as of August 2, 2019, as amended by the Stonepeak Letter Agreement, as amended by Amendment No. 1 thereto, effective as of February 26, 2021.
- "SEC" means the United States Securities and Exchange Commission.
- "Settlement Agreement" means the Settlement Agreement, dated June 6, 2020, as amended by that certain Amendment Agreement, dated as of June 14, 2020 and effective as of June 6, 2020, in each case, by and among the Partnership, our general

partner, Catarina Midstream, LLC, Seco Pipeline, LLC, the SN Debtors, SP Holdings, Carnero G&P LLC and TPL SouthTex Processing Company LP.

- “Shared Services Agreement” means the Amended and Restated Shared Services Agreement between SP Holdings and the Partnership, dated as of March 6, 2015.

- “SN Debtors” means collectively, Mesquite, SN Palmetto, LLC, SN Marquis LLC, SN Cotulla Assets, LLC, SN Operating, LLC, SN TMS, LLC, SN Catarina, LLC, Rockin L Ranch Company, LLC, SN Payables, LLC, SN EF Maverick, LLC and SN UR Holdings, LLC.

- “SNMP Services” means SNMP Services Inc., our wholly owned subsidiary which provides payroll, human resources, employee benefits and other consulting services to us and our subsidiaries.

- “SP Holdings” means SP Holdings, LLC, the sole member of our general partner.

- “Stonepeak” means Stonepeak Catarina and its subsidiaries, other than the Partnership.

- “Stonepeak Catarina” means Stonepeak Catarina Holdings, LLC.

- “Stonepeak Letter Agreement” means that certain letter agreement, dated as of November 16, 2020, by and between the Partnership and Stonepeak Catarina, wherein the parties agreed that Stonepeak Catarina will be able to elect to receive distributions on the Class C Preferred Units in common units for any quarter following the third quarter of 2020 by providing written noticed to the Partnership no later than the last day of the calendar month following the end of such quarter.

- “Stonepeak Warrant” means (i) at all times prior to February 24, 2021, that certain Warrant Exercisable for Junior Securities, issued to Stonepeak Catarina on August 2, 2019 (the “Original Warrant”); (ii) at all times from February 24, 2021 to May 4, 2021, the Original Warrant, as amended by Amendment No. 1 thereto, dated February 24, 2021 (“Warrant Amendment 1”); (iii) at all times from May 4, 2021 to August 2, 2021, the Original Warrant, as amended by Warrant Amendment 1, and Amendment No. 2 thereto, dated May 4, 2021 (“Warrant Amendment 2”); (iv) at all times from August 2, 2021 through November 5, 2021, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2 and Amendment No. 3 thereto, dated August 2, 2021 (“Warrant Amendment 3”); (v) at all times from November 5, 2021 through November 9, 2021, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3 and Amendment No. 4 thereto, dated November 5, 2021 (“Warrant Amendment 4”); (vi) at all times from November 9, 2021 through February 1, 2022, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3, Warrant Amendment 4 and Amendment No. 5 thereto, dated November 9, 2021 (“Warrant Amendment 5”); and (vii) at all times from February 1, 2022 to March 31, 2022, the Original Warrant, as amended by Warrant Amendment 1, Warrant Amendment 2, Warrant Amendment 3, Warrant Amendment 4, Warrant Amendment 5, and Amendment No. 6 thereto, dated February 1, 2022.

## Cautionary Note Regarding Forward-Looking Statements

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

The forward-looking statements contained in this Form 10-Q are largely based on our current expectations, which reflect estimates and assumptions made by the management of our general partner. Although we believe such estimates and assumptions to be reasonable, statements made regarding future results are not guarantees of future performance and are subject to numerous assumptions, uncertainties and risks that are beyond our control. Actual outcomes and results may be materially different from the results stated or implied in such forward-looking statements included in this report. You should not put any undue reliance on any forward-looking statement. All forward-looking information in this Form 10-Q and subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

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

- our ability to successfully execute our business, acquisition and financing strategies, including our business strategy to focus on the ongoing energy transition in the industries in which we operate;
- our ability to successfully meet our future funding obligations in connection with HOBO Renewable Diesel LLC's initial project and in connection with the Levo JV (as defined in Note 6 "Derivative and Financial Instruments");
- changes in general economic conditions, including market and macro-economic disruptions resulting from the ongoing pandemic caused by a novel strain of coronavirus ("COVID-19"), including resurgences and variants of the virus, and related governmental and consumer responses thereto;
- the ability of our customers to meet their drilling and development plans on a timely basis, or at all, and perform under gathering, processing and other agreements;
- the creditworthiness and performance of our counterparties, including financial institutions, operating partners, customers and other counterparties;
- our ability to grow enterprise value;
- the ability of our partners to perform under our joint ventures;
- the availability, proximity and capacity of, and costs associated with, gathering, processing, compression and transportation facilities;
- our ability to access the credit and capital markets to obtain financing on terms we deem acceptable, if at all, and to otherwise satisfy our capital expenditure requirements;
- the timing and extent of changes in prices for, and demand for, natural gas, NGLs and oil;
- competition in the oil and natural gas industry for employees and other personnel, equipment, materials and services and, related thereto, the availability and cost of employees and other personnel, equipment, materials and services;
- the extent to which our assets operated by others are operated successfully and economically;
- our ability to compete with other companies in the oil and natural gas and energy transition infrastructure industries;
- the impact of, and changes in, government policies, laws and regulations, including tax laws and regulations, environmental laws and regulations relating to air emissions, waste disposal, hydraulic fracturing and access to and use of water, laws and regulations imposing conditions and restrictions on drilling and completion operations;
- unexpected results of litigation filed against us or other legal proceedings we are involved in;
- disruptions due to extreme weather conditions, such as extreme cold, rainfall, hurricanes or tornadoes;

- the extent to which we incur uninsured losses and liabilities or losses and liabilities in excess of our insurance coverage; and
- the other factors described under “Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Part II, Item 1A. Risk Factors” and elsewhere in this Form 10-Q and in our other public filings with the SEC.

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

## PART I—FINANCIAL INFORMATION

**Item 1. Financial Statements**

**EVOLVE TRANSITION INFRASTRUCTURE LP and SUBSIDIARIES**

**Condensed Consolidated Statements of Operations**

**(In thousands, except unit data)**

**(Unaudited)**

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| **Revenues** | | |
| Gathering and transportation lease revenues | $ 15,100 | $ 9,294 |
| **Total revenues** | 15,100 | 9,294 |
| **Expenses** | | |
| **Operating expenses** | | |
| Transportation operating expenses | 2,107 | 2,261 |
| General and administrative expenses | 2,380 | 6,933 |
| Unit-based compensation expense | 53 | 337 |
| Loss on sale of assets | 2,208 | — |
| Depreciation and amortization | 5,139 | 5,144 |
| Accretion expense | 102 | 93 |
| **Total operating expenses** | 11,989 | 14,768 |
| **Other (income) expense** | | |
| Interest expense, net | 15,511 | 30,447 |
| Earnings from equity investment | (3,391) | (599) |
| Other (income) expense | 657 | — |
| **Total other expenses** | 12,777 | 29,848 |
| **Total expenses** | 24,766 | 44,616 |
| **Loss before income taxes** | (9,666) | (35,322) |
| **Income tax expense (benefit)** | 66 | 32 |
| **Loss from continuing operations** | (9,732) | (35,354) |
| Income from discontinued operations | — | 549 |
| **Net loss** | $ (9,732) | $ (34,805) |
| **Net loss per unit** | | |
| Common units - Basic and Diluted | $ (0.08) | $ (0.89) |
| **Weighted Average Units Outstanding** | | |
| Common units - Basic and Diluted | 116,440,129 | 38,921,661 |

See accompanying notes to condensed consolidated financial statements.

**EVOLVE TRANSITION INFRASTRUCTURE LP and SUBSIDIARIES**

**Condensed Consolidated Balance Sheets**

**(In thousands, except unit data)**

**(Unaudited)**

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash and cash equivalents | $ 1,396 | $ 1,675 |
| Accounts receivable | 27,893 | 19,466 |
| Prepaid expenses | 961 | 629 |
| Fair value of warrants | — | 664 |
| **Total current assets** | 30,250 | 22,434 |
| Gathering and transportation assets, net | 94,106 | 98,235 |
| Intangible assets, net | 114,964 | 118,329 |
| Equity investments | 22,326 | 20,198 |
| Right of use assets, net | 5,605 | 1,428 |
| Other non-current assets | 75 | 75 |
| **Total assets** | $ 267,326 | $ 260,699 |
| **LIABILITIES AND PARTNERS' CAPITAL** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ 2,737 | $ 3,225 |
| Accounts payable and accrued liabilities - related entities | 14,413 | 12,869 |
| Royalties payable | 359 | 359 |
| Short-term debt, net of debt issuance costs | 7,874 | 8,841 |
| Class C Preferred Units | 397,387 | 397,387 |
| Short term lease liabilities | 1,626 | 391 |
| Current liabilities from discontinued operations | 79 | 79 |
| **Total current liabilities** | 424,475 | 423,151 |
| **Other liabilities** | | |
| Long term accrued liabilities - related entities | 9,862 | 10,215 |
| Asset retirement obligation | 4,802 | 4,700 |
| Long-term debt, net of discount and debt issuance costs | 39,075 | 39,488 |
| Long-term lease liabilities | 2,988 | 782 |
| Other liabilities | 8,031 | 7,483 |
| **Total other liabilities** | 64,758 | 62,668 |
| **Total liabilities** | 489,233 | 485,819 |
| **Commitments and contingencies (See Note 12)** | | |
| **Partners' deficit** | | |
| Common units, 148,951,002 and 124,448,646 units issued and outstanding as of March 31, 2022 and December 31, 2021, respectively | (221,907) | (225,120) |
| **Total partners' deficit** | (221,907) | (225,120) |
| **Total liabilities and partners' capital** | $ 267,326 | $ 260,699 |

See accompanying notes to condensed consolidated financial statements.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| **Cash flows from operating activities:** | | |
| Net loss | $ (9,732) | $ (34,805) |
| Adjustments to reconcile net loss to cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 1,774 | 2,098 |
| Amortization of debt issuance costs | 123 | 209 |
| Accretion of Class C discount | — | 11,650 |
| Accretion expense | 102 | 148 |
| Distributions from equity investments | 1,263 | 2,564 |
| Equity earnings in affiliate | (3,391) | (599) |
| Gain on sale of assets | 2,208 | — |
| Mark-to-market on Stonepeak Warrant | 563 | 4,792 |
| Net cash settlements received on commodity derivative contracts | — | 101 |
| Gain on Nuvve Holding Warrants | 664 | — |
| Unit-based compensation | 76 | 1,879 |
| Amortization of intangible assets | 3,365 | 3,363 |
| **Changes in Operating Assets and Liabilities:** | | |
| Accounts receivable | (8,429) | (835) |
| Prepaid expenses | (332) | (419) |
| Other assets | — | 10 |
| Accounts payable and accrued liabilities | 12,381 | 24,673 |
| Accounts payable and accrued liabilities- related entities | 1,191 | (8,421) |
| Other long-term liabilities | (14) | — |
| Net cash provided by operating activities | 1,812 | 6,408 |
| **Cash flows from investing activities:** | | |
| Initial direct costs of right of use assets | (764) | — |
| Proceeds from sale of gathering and transportation assets | 250 | — |
| Construction of gathering and transportation assets | (74) | — |
| Net cash used in investing activities | (588) | — |
| **Cash flows from financing activities:** | | |
| Repayment of debt | (4,500) | (12,000) |
| Proceeds from issuance of debt | 3,000 | 5,500 |
| Debt issuance costs | (3) | — |
| Net cash used in financing activities | (1,503) | (6,500) |
| Net decrease in cash and cash equivalents | (279) | (92) |
| Cash and cash equivalents, beginning of period | 1,675 | 1,718 |
| Cash and cash equivalents, end of period | $ 1,396 | $ 1,626 |
| **Supplemental disclosures of cash flow information:** | | |
| Cash paid during the period for income tax | $ 3 | $ — |
| Cash paid during the period for interest | $ 418 | $ 781 |

See accompanying notes to condensed consolidated financial statements.

**EVOLVE TRANSITION INFRASTRUCTURE LP and SUBSIDIARIES**

**Condensed Consolidated Statements of Changes in Partners' Capital**

**(In thousands, except unit data)**

**(Unaudited)**

| | Common Units | | Total |
|---|---|---|---|
| | Units | Amount | Capital |
| **Partners' Deficit, December 31, 2021** | 124,448,646 | $ (225,120) | $ (225,120) |
| Unit-based compensation programs | — | 76 | 76 |
| Common units issued as Class C Preferred distributions | 24,502,356 | 12,869 | 12,869 |
| Net loss | — | (9,732) | (9,732) |
| **Partners' Deficit, March 31, 2022** | 148,951,002 | $ (221,907) | $ (221,907) |

| | Common Units | | Total |
|---|---|---|---|
| | Units | Amount | Capital |
| **Partners' Deficit, December 31, 2020** | 19,953,880 | $ (153,544) | $ (153,544) |
| Unit-based compensation programs | 1,511,138 | 1,879 | 1,879 |
| Common units issued as Class C Preferred distributions | 34,720,360 | 25,685 | 25,685 |
| Net loss | - | (34,805) | (34,805) |
| **Partners' Deficit, March 31, 2021** | 56,185,378 | $ (160,785) | $ (160,785) |

See accompanying notes to condensed consolidated financial statements.

## 1. ORGANIZATION AND BUSINESS

***Organization***

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

On February 26, 2021, in connection with our management team’s focus on expanding our business strategy to focus on the ongoing energy transition in the industries in which we operate, we changed our name from Sanchez Midstream Partners to Evolve Transition Infrastructure LP and our general partner changed its name to Evolve Transition Infrastructure GP LLC.

## 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation***

Accounting policies used by us conform to accounting principles generally accepted in the United States of America (“GAAP”). The accompanying financial statements include the accounts of us and our wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

These unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the SEC. Certain information and footnote disclosures, normally included in annual financial statements prepared in accordance with GAAP, have been condensed or omitted pursuant to those rules and regulations. We believe that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the financial position, results of operations and cash flows with respect to the interim condensed consolidated financial statements have been included. The results of operations for the interim periods are not necessarily indicative of the results for the entire year.

These unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021, which was filed with the SEC on March 30, 2022.

***Recent Accounting Pronouncements***

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

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” This ASU modifies the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology, which will result in more timely recognition of losses. Additionally, in November 2019, the FASB issued ASU 2019-10, “Financial Instruments – Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates,” which changed the effective date for certain issuers to annual and interim periods in fiscal years beginning after December 15, 2022, and earlier adoption is permitted. We are currently in the process of evaluating the impact of adoption of this guidance on our condensed consolidated financial statements.

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

***Use of Estimates***

The condensed consolidated financial statements are prepared in conformity with GAAP, which requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes.

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

**3. DISCONTINUED OPERATIONS**

*Kodiak Sale*

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

*Palmetto Divestiture*

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

*Maverick Divestitures*

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

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

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

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

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

| | Three Months Ended March 31, 2021 |
|---|---|
| **Revenues** | |
| Natural gas sales | $ 75 |
| Oil sales | 2,306 |
| Natural gas liquid sales | 135 |
| **Total revenues** | 2,516 |
| **Expenses** | |
| **Operating expenses** | |
| Lease operating expenses | 1,482 |
| Production taxes | 105 |
| Depreciation, depletion and amortization | 317 |
| Accretion expense | 55 |
| **Total operating expenses** | 1,959 |
| **Income before income taxes** | 557 |
| **Income tax expense (benefit)** | 8 |
| **Income from discontinued operations** | $ 549 |

## 4. REVENUE RECOGNITION

### *Revenue from Contracts with Customers*

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

*Disaggregation of Revenue*

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

During the three months ended March 31, 2022 and 2021, we recognized revenue of approximately $15.1 million and $9.3 million, respectively, under ASC 842. Mesquite accounted for 100% and 79% of total revenue for the three months ended March 31, 2022, and 2021, respectively. We are highly dependent upon Mesquite as our most significant customer.

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

We account for income from our unconsolidated equity method investments as earnings from equity investments in our condensed consolidated statements of operations. Earnings from these equity method investments are further discussed in Note 11 “Investments.”

*Contract Balances*

At March 31, 2022 and December 31, 2021, our accounts receivable from contracts with customers were approximately $27.8 million and $19.1 million, respectively, under ASC 842. The gathering and transportation lease revenues utilized to determine net loss for the three months ended March 31, 2022 do not net out the approximately $9.6 million of such revenues that have not been collected from Mesquite. As previously disclosed, on June 24, 2021, we increased the tariff rate for interruptible throughput volumes from Eastern Catarina. Despite the increase, Mesquite continues to short-pay invoices and is currently paying the fees being charged for throughput volumes from Western Catarina for all throughput volumes from Eastern Catarina. At March 31, 2022 and December 31, 2021, the amount Mesquite continues to short-pay invoices is approximately $25.8 million and $16.2 million, respectively. As previously disclosed, on August 30, 2021, Catarina Midstream, LLC, our wholly owned subsidiary (“Catarina Midstream”) initiated a non-administered arbitration against SN Catarina, LLC pursuant to the International Institute for Conflict Prevention & Resolution Non-Administered Arbitration Rules (the “Catarina Arbitration”). The Catarina Arbitration seeks to bring commercial resolution to the tariff rate on Eastern Catarina and all disputed amounts are being held in accounts receivable during the pendency of the Catarina Arbitration. We continue to evaluate the collectability of the amounts being held in accounts receivable. Additionally, we are also involved in adversary proceeding 21-03931 (MI), which Mesquite and SN Catarina, LLC initiated against us and Catarina Midstream in the Bankruptcy Court (the “Mesquite Adversary”). There can be no guarantee that we are able to reach any commercial resolution and our failure to do so could adversely affect our business, financial condition, cash flows and results of operations.

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

## 5. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

| | Fair Value Measurements at March 31, 2022 | | | |
|---|---|---|---|---|
| | Active Markets for Identical Assets (Level 1) | Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | Fair Value |
| Fair value of warrants | | | | |
| Nuvve Holding Warrants | $ — | $ — | $ — | $ — |
| Other liabilities | | | | |
| Stonepeak Warrant | — | (7,760) | — | (7,760) |
| Total | $ — | $ (7,760) | $ — | $ (7,760) |

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

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

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

*Fair Value on a Non-Recurring Basis*

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

A reconciliation of the beginning and ending balances of the Partnership’s asset retirement obligations is presented in Note 9 “Asset Retirement Obligation.”

*Fair Value of Financial Instruments*

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

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

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

*Stonepeak Warrant* – As part of the Exchange (as defined in Note 15 “Partners’ Capital”), the Partnership issued to Stonepeak Catarina the Stonepeak Warrant which entitles the holder to receive junior securities of the Partnership representing ten percent of junior securities deemed outstanding when exercised. The Stonepeak Warrant is valued using ten percent of the Partnership’s junior securities deemed outstanding and the common unit price as of the balance sheet date. We have therefore classified the fair value measurement of the Stonepeak Warrant as Level 2 and is presented within other liabilities on the condensed consolidated balance sheets.

*Earnout Derivative* – As part of the Carnero Gathering Transaction (as defined in Note 11 "Investments"), we are required to pay Mesquite an earnout based on natural gas received above a threshold volume and tariff at designated delivery points from Mesquite and other producers. The earnout derivative was valued through the use of a Monte Carlo simulation model which utilized observable inputs such as the earnout price and volume commitment, as well as unobservable inputs related to the weighted probabilities of various throughput scenarios. We have therefore classified the fair value measurements of the earnout derivative as Level 3 inputs. As of March 31, 2022, and December 31, 2021, the fair value of the earnout was determined to be zero.

## 6. DERIVATIVE AND FINANCIAL INSTRUMENTS

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

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

| | Three Months Ended March 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|
| Beginning fair value of warrants | $ 664 | $ — |
| Net gain (loss) on warrants | (664) | 664 |
| Ending fair value of warrants | $ — | $ 664 |

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

*Earnout Derivative*

Refer to Note 5 "Fair Value Measurements."

## 7. DEBT

### Credit Agreement

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

Borrowings under the Credit Agreement are available for limited direct investment in midstream properties, acquisitions, and working capital and general business purposes. The Credit Agreement has a sub-limit of up to $2.5 million which may be used for the issuance of letters of credit. As of March 31, 2022, we had approximately $47.7 million of debt outstanding, consisting of approximately $46.2 million under the Term Loan and approximately $1.5 million under the Revolving Loan. We are required to make mandatory amortizing payments of outstanding principal on the Term Loan of (i) $3.0 million per fiscal quarter commencing with the quarter ending December 31, 2021, and (ii) $2.0 million per fiscal quarter commencing with the quarter ending March 31, 2023. As of March 31, 2022, we have met our mandatory amortizing payments of outstanding principal on the Term Loan through June 30, 2022. The maximum revolving credit amount is $5.0 million, leaving us with approximately $3.5 million in unused borrowing capacity. There were no letters of credit outstanding under our Credit Agreement as of March 31, 2022.

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

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

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

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

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

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

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

*Debt Issuance Costs*

As of March 31, 2022 and December 31, 2021, our unamortized debt issuance costs were approximately $0.7 million and $0.6 million, respectively. These costs are amortized to interest expense in our consolidated statements of operations over the life of our Credit Agreement. Amortization of debt issuance costs recorded during the three months ended March 31, 2022 and 2021 was approximately $0.1 million and $0.2 million, respectively.

## 8. GATHERING AND TRANSPORTATION ASSETS

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| **Gathering and transportation assets** | | |
| Midstream assets | $ 185,181 | $ 188,952 |
| Less: Accumulated depreciation and impairment | (91,075) | (90,717) |
| **Total gathering and transportation assets, net** | $ 94,106 | $ 98,235 |

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

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2022 | 2021 |
| Depreciation and amortization of gathering and transportation related assets | $ 1,774 | $ 1,781 |
| Amortization of intangible assets | 3,365 | 3,363 |
| Total depreciation and amortization | $ 5,139 | $ 5,144 |

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

## 9. ASSET RETIREMENT OBLIGATION

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

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

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

| | Three Months Ended March 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|
| Asset retirement obligation, beginning balance | $ 4,700 | $ 4,313 |
| Accretion expense | 102 | 387 |
| Asset retirement obligation, ending balance | $ 4,802 | $ 4,700 |

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

## 10. INTANGIBLE ASSETS

Intangible assets are comprised of customer and marketing contracts. The intangible assets balance as of March 31, 2022, is related to the Gathering Agreement with Mesquite that was entered into as part of the acquisition of the Western Catarina gathering system. The Western Catarina gathering system ("Western Catarina Midstream") is located on the western portion of Mesquite's acreage position in Dimmit, La Salle and Webb counties, Texas (the western portion of such acreage, "Western Catarina"). Pursuant to the 15-year agreement, Mesquite tenders all of its crude oil, natural gas and other hydrocarbon-based product volumes produced in the Western Catarina of the Eagle Ford Shale in Texas for processing and transportation through Western Catarina Midstream, with a right to tender additional volumes outside of the dedicated acreage. These intangible assets are being amortized using the straight-line method over the 15-year life of the agreement.

Amortization expense for each of the three months ended March 31, 2022 and 2021 was approximately $3.4 million. These costs are amortized to depreciation, depletion, and amortization expense in our condensed consolidated statements of operations. The following table is a reconciliation of changes in intangible assets (in thousands):

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Beginning balance | $ 118,329 | $ 131,786 |
| Amortization | (3,365) | (13,457) |
| Ending balance | $ 114,964 | $ 118,329 |

## 11. INVESTMENTS

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

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

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

As of March 31, 2022, the Partnership had paid approximately $124.4 million for its investment in the Carnero JV related to the initial payments and contributed capital. The Partnership has accounted for this investment using the equity method. Targa is the operator of the Carnero JV and has significant influence with respect to the normal day-to-day capital and operating decisions. We have included the investment balance in the equity investments caption on the condensed consolidated balance sheets. For the three months ended March 31, 2022, the Partnership recorded earnings in equity investments from the Carnero JV of approximately $3.7 million, which was offset by approximately $0.3 million related to the amortization of the contractual customer intangible asset. We have included these equity method earnings in the earnings from equity investments line within the condensed consolidated statements of operations. Cash distributions of approximately $1.3 million were received during the three months ended March 31, 2022. As of December 31, 2021, an impairment of approximately $173.2 million was recorded at the JV level with approximately $55.0 million allocated to our net loss based on the Partnership's proportionate share of aggregate capital contributions. At March 31, 2022, the carrying value of our investment in the Carnero JV was approximately $22.3 million.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | **2022** | **2021** |
| Sales | $ 34,772 | $ 22,829 |
| Total expenses | 28,028 | 19,578 |
| Net income | $ 6,744 | $ 3,251 |

## 12. COMMITMENTS AND CONTINGENCIES

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

## 13. RELATED PARTY TRANSACTIONS

Please read the disclosure under the headings "Relationship with Stonepeak," "Relationship with Mesquite," "Relationship with SP Holdings" and "Shared Services Agreement" in Note 14 "Related Party Transactions" of our Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2021 for a more complete description of certain related party transactions that were entered into prior to 2022. Indirect costs billed by SP Holdings in connection with the Shared Services Agreement are recorded as general and administrative expenses. For the three months ended March, 31, 2022 indirect costs were recorded as a credit of approximately $0.5 million and a expense of approximately $4.4 million for the three months ended March, 31, 2021.

## 14. UNIT-BASED COMPENSATION

The Sanchez Production Partners LP Long-Term Incentive Plan (the "LTIP") allows for grants of restricted common units. As of March 31, 2022, and December 31, 2021, there were 4,254,082 unvested restricted units outstanding with a $1.24 weighted average grant date fair value per unit.

As of March 31, 2022, 12,523,764 common units remained available for future issuance to participants under the LTIP.

## 15. PARTNERS' CAPITAL

*Outstanding Units*

As of March 31, 2022, we had 36,474,436 Class C Preferred Units outstanding and 148,951,002 common units outstanding which included 4,254,082 unvested restricted common units issued under the LTIP.

*Common Unit Issuances*

We entered into a letter agreement with SP Holdings providing that during the period beginning with the fiscal quarter ended September 30, 2019 and continuing until the end of the fiscal quarter after the fiscal quarter in which we redeem all of our issued and outstanding Class C Preferred Units, SP Holdings agrees to delay receipt of its fees, not including reimbursement of costs, as a result, we have not issued any common units to SP Holdings in connection with providing services under the Shared Services Agreement for any quarter following the quarter ended June 30, 2019. As of March 31, 2022, the number of units to be issued under the Shared Services Agreement is 15,993,892.

*Class C Preferred Units*

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

The holders of the Class C Preferred Units receive a quarterly distribution of 14.0% per annum payable in cash. To the extent that Available Cash (as defined in our partnership agreement) is insufficient to pay the distribution in cash, all or a portion of the distribution may be paid in Class C Preferred PIK Units (as defined in our partnership agreement). Distributions are to be paid on or about the last day of each of February, May, August and November following the end of each quarter and are charged to interest expense in our condensed consolidated statements of operations. Beginning January 1, 2022, Adjusted Available Cash (as defined in our partnership agreement) will be distributed to holders of the Class C Preferred Units to redeem a number of Class C Preferred Units to be determined based on the amount of Adjusted Available Cash.

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Class C Preferred Units, beginning balance | $ 397,387 | $ 345,205 |
| Accretion of discount | — | 52,182 |
| Class C Preferred Units, ending balance | $ 397,387 | $ 397,387 |

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

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

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

*Stonepeak Warrant*

On August 2, 2019, in connection with the Exchange, the Partnership issued to Stonepeak the Stonepeak Warrant, which entitles the holder to receive junior securities representing ten percent of junior securities deemed outstanding when exercised. The Stonepeak Warrant expires on the later of August 2, 2026 or 30 days following the full redemption of the Class C Preferred Units. There is no strike price associated with the exercise of the Stonepeak Warrant. The Stonepeak Warrant is accounted for as a liability in accordance with ASC 480 and is presented within other liabilities on the condensed consolidated balance sheet. Changes in the fair value of the Stonepeak Warrant are charged to interest expense in our condensed consolidated statements of operations. During the three months ended March 31, 2022 and 2021, we recorded interest expense related to the Class C Preferred distributions of approximately $14.4 million and $12.9 million, respectively, which are recorded in interest expense on the income statement. These are non-cash interest expense items.

*Earnings per Unit*

Net income (loss) per common unit for the period is based on any distributions that are made to the unitholders (common units) plus an allocation of undistributed net income (loss) based on provisions of our partnership agreement, divided by the weighted average number of common units outstanding. The two-class method dictates that net income (loss) for a period be reduced by the amount of distributions and that any residual amount representing undistributed net income (loss) be allocated to common unitholders and other participating unitholders to the extent that each unit may share in net income (loss) as if all of the net income for the period had been distributed in accordance with our partnership agreement. Unit-based awards granted but unvested are eligible to receive distributions.

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

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

## 16. VARIABLE INTEREST ENTITIES

The Partnership's investment in the Carnero JV represents a variable interest entity ("VIE") that could expose the Partnership to losses. The amount of losses the Partnership could be exposed to from the Carnero JV is limited to the capital investment of approximately $22.3 million.

As of March 31, 2022, the Partnership had invested approximately $124.4 million in the Carnero JV and no debt has been incurred by the Carnero JV. We have included this VIE in equity investments on our condensed consolidated balance sheet.

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

| | March 31, 2022 | December 31, 2021 |
|---|---|---|
| Acquisitions, earnout and capital investments | $ 128,483 | $ 128,483 |
| Earnings in equity investments | (20,227) | (23,618) |
| Distributions received | (85,930) | (84,667) |
| Maximum exposure to loss | $ 22,326 | $ 20,198 |

## 17. LEASES

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

## 18. SUBSEQUENT EVENTS

On April 28, 2022, the Partnership received written notice of Stonepeak's election to receive distributions on the Class C Preferred Units for the quarter ended March 31, 2022 in common units. The aggregate distribution of 24,721,910 common units will be made to Stonepeak Catarina on May 20, 2022, following the satisfaction of certain issuance conditions.

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

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

### Overview

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

On February 26, 2021, in connection with our management team's focus on expanding our business strategy to focus on the ongoing energy transition in the industries in which we operate, we changed our name from Sanchez Midstream Partners LP to Evolve Transition Infrastructure LP and our general partner changed its name from Sanchez Midstream Partners GP LLC to Evolve Transition Infrastructure GP LLC.

### Developments during the Quarter Ended March 31, 2022

On January 31, 2022, we received written notice of Stonepeak's election to receive distributions on the Class C Preferred Units for the quarter ended December 31, 2021 in common units. The aggregate distribution of 24,502,356 common units was made to Stonepeak Catarina on February 22, 2022.

### How We Evaluate Our Operations

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

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

### Throughput Volumes

Our management analyzes our performance based on the aggregate amount of throughput volumes on the gathering system. We must connect additional wells or well pads within the western portion of Mesquite's acreage position in Dimmit, La Salle and Webb counties in Texas (such net acreage is collectively referred to herein as "Mesquite's Catarina Asset," and the western portion of such net acreage is individually referred to herein as "Western Catarina"), in order to maintain or increase throughput volumes on Western Catarina Midstream. Our success in connecting additional wells is impacted by successful drilling activity by Mesquite on the acreage dedicated to Western Catarina Midstream, our ability to secure volumes from Mesquite or third parties from new wells drilled on non-dedicated acreage, our ability to attract hydrocarbon volumes currently gathered by our competitors and our ability to cost-effectively construct or acquire new infrastructure. We own and operate a 30-mile natural gas pipeline with 400 MMcf/d capacity that is designed to transport dry gas to multiple markets in South Texas (the "Seco Pipeline"). Currently there are not any commercial volumes transported on the Seco Pipeline. Future throughput volumes on the pipeline are dependent on execution of a new transportation agreement with Mesquite or execution of an agreement with a third party.

**Operating Expenses**

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

**Non-GAAP Financial Measures—Adjusted EBITDA**

To supplement our financial results presented in accordance with GAAP, we use Adjusted EBITDA, a non-GAAP financial measure, in this Form 10-Q. We believe that non-GAAP financial measures are helpful in understanding our past financial performance and potential future results, particularly in light of the effect of various transactions effected by us. We define Adjusted EBITDA as net income (loss) adjusted by: (i) interest (income) expense, net, which includes interest expense, interest expense net (gain) loss on interest rate derivative contracts, and interest (income); (ii) income tax expense (benefit); (iii) depreciation, depletion and amortization; (iv) asset impairments; (v) accretion expense; (vi) (gain) loss on sale of assets; (vii) unit-based compensation expense; (viii) unit-based asset management fees; (ix) distributions in excess of equity earnings; (x) (gain) loss on mark-to-market activities; (xi) commodity derivatives settled early; (xii) (gain) loss on embedded derivatives; and (xiii) acquisition and divestiture costs. Please note that the gathering and transportation lease revenues utilized to determine net loss for the three months ended March 31, 2022 do not net out the approximately $9.6 million of such revenues that have not been collected from Mesquite.

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

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

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

| | Three Months Ended | |
|---|---|---|
| | March 31, 2022 | December 31, 2021 |
| Net loss | $ (9,732) | $ (63,481) |
| Adjusted by: | | |
| Interest expense, net | 15,511 | 23,444 |
| Income tax expense (benefit) | 66 | (47) |
| Depreciation, depletion and amortization | 5,139 | 5,568 |
| Accretion expense | 102 | 173 |
| Loss on sale of assets | 2,208 | 470 |
| Unit-based compensation expense | 53 | 206 |
| Unit-based asset management fees | (455) | (6,716) |
| Distributions in excess of equity earnings | (3,095) | 53,930 |
| (Gain) loss on mark-to-market activities | 664 | (504) |
| Adjusted EBITDA | $ 10,461 | $ 13,043 |

***Significant Operational Factors***

*Throughput*

The following table sets forth selected throughput data pertaining to the periods indicated:

| | Three Months Ended | |
|---|---|---|
| | **March 31, 2022** | **December 31, 2021** |
| Western Catarina Midstream: | | |
| Oil (MBbl/d) | 5.2 | 5.3 |
| Natural gas (MMcf/d) | 67.1 | 70.0 |
| Water (MBbl/d) | 1.9 | 2.0 |

***Subsequent Events***

On April 28, 2022, the Partnership received written notice of Stonepeak's election to receive distributions on the Class C Preferred Units for the quarter ended March 31, 2022 in common units. The aggregate distribution of 24,721,910 common units will be made to Stonepeak Catarina on May 20, 2022, following the satisfaction of certain issuance conditions.

**Results of Operations**

***Three months ended March 31, 2022 compared to three months ended December 31, 2021***

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

| | Three Months Ended | | | |
|---|---|---|---|---|
| | **March 31, 2022** | **December 31, 2021** | **Variance** | |
| **Revenues:** | | | | |
| Gathering and transportation lease revenues | $ 15,100 | $ 16,178 | $ (1,078) | (7%) |
| **Total revenues** | 15,100 | 16,178 | (1,078) | (7%) |
| **Expenses** | | | | |
| **Operating expenses** | | | | |
| Transportation operating expenses | 2,107 | 2,080 | 27 | 1% |
| General and administrative expenses | 2,380 | (3,861) | 6,241 | NM [(a)] |
| Unit-based compensation expense | 53 | 206 | (153) | (74%) |
| Loss on sale of assets | 2,208 | — | 2,208 | NM [(a)] |
| Depreciation and amortization | 5,139 | 5,129 | 10 | 0% |
| Accretion expense | 102 | 100 | 2 | 2% |
| **Total operating expenses** | 11,989 | 3,654 | 8,335 | NM [(a)] |
| **Other (income) expense** | | | | |
| Interest expense, net | 15,511 | 23,444 | (7,933) | (34%) |
| (Income) loss from equity investment | (3,391) | 52,667 | (56,058) | NM [(a)] |
| Other (income) expense | 657 | (529) | 1,186 | NM [(a)] |
| **Total other expenses** | 12,777 | 75,582 | (62,805) | (83%) |
| **Total expenses** | 24,766 | 79,236 | (54,470) | (69%) |
| **Loss before income taxes** | (9,666) | (63,058) | 53,392 | (85%) |
| **Income tax expense** | 66 | 12 | 54 | NM [(a)] |
| **Loss from continuing operations** | (9,732) | (63,070) | 53,338 | (85%) |
| Income (loss) from discontinued operations | — | (411) | 411 | (100%) |
| **Net loss** | $ (9,732) | $ (63,481) | $ 53,749 | (85%) |

(a) Variances deemed to be Not Meaningful "NM."

*Gathering and transportation lease revenues.* Gathering and transportation lease revenues decreased approximately $1.1 million, or 7%, to approximately $15.1 million for the three months ended March 31, 2022, compared to approximately $16.2 million for the three months ended December 31, 2021. This decrease was primarily the results of a decrease in throughput. As discussed in "Part II, Item 1. Legal Proceedings," in our Annual Report of Form 10-K for the year ended December 31, 2021, SN Catarina has failed to pay the increased rate for the throughput outside the dedicated acreage. For the three months ended March 31, 2022 and December 31, 2021, approximately $9.6 million and $8.0 million, respectively, of the gathering and transportation lease revenues are associated with increased rates which are subject to arbitration.

*Transportation operating expenses.* Our transportation operating expenses generally consist of equipment rentals, chemicals, treating, metering fees, permit and regulatory fees, labor, minor maintenance, tools, supplies and pipeline integrity management expenses and ad valorem taxes. Our transportation operating expenses was consistent for the three months ended March 31, 2022 compared to the three months ended December 31, 2021.

*General and administrative expenses.* General and administrative expenses include indirect costs billed by SP Holdings in connection with the Shared Services Agreement, field office expenses, professional fees and other costs not directly associated with field operations. General and administrative expenses increased by approximately $6.2 million to approximately $2.4 million for the three months ended March 31, 2022 compared to a credit of approximately $3.9 million for the three months ended December 31, 2021. The increase was primarily the result of the mark-to-market impact on indirect costs billed in connection with the Shared Services Agreement of approximately $6.3 million due to the volatility in the market price of our common units during the period.

*Unit-based compensation expense.* Unit-based compensation expense decreased approximately $0.2 million, or 74%, to approximately $0.1 million for the three months ended March 31, 2022, compared to approximately $0.2 million for the three months ended December 31, 2021.

*Loss on sale of assets.* The loss on sale of assets during the three months ended March 31, 2022, was approximately $2.2 million. The loss was the result of the sale of certain gathering and transportation equipment which was replaced with leased equipment.

*Depreciation and amortization expense.* Gathering and transportation assets are stated at historical acquisition cost, net of any impairments, and are depreciated using the straight-line method over the useful lives of the assets, which range from five to 15 years for equipment and up to 36 years for gathering facilities. Our depreciation and amortization expense was consistent for the three months ended March 31, 2022 compared to the three months ended December 31, 2021.

*Interest expense, net.* Interest expense consists of distributions on the Class C Preferred Units, non-cash accretion of the discount on the Class C Preferred Units, the non-cash change in fair value of the Stonepeak Warrant and cash interest expense from borrowings under the Credit Agreement. Interest expense decreased approximately $7.9 million, or 34%, to approximately $15.5 million for the three months ended March 31, 2022 compared to approximately $23.4 million for the three months ended December 31, 2021. This decrease was the result of the Class C Preferred Units discount becoming fully accreted at December 31, 2021. Cash interest expense for the three months ended March 31, 2022 was approximately $0.4 million which was consistent with the three months ended December 31, 2021.

*(Income) loss from equity investment.* Income from equity investment was approximately $3.4 million for the three months ended March 31, 2022, compared to a loss of approximately $52.7 million for the three months ended December 31, 2021. During the three months ended December 31, 2021, an impairment of approximately $55.0 million was recorded as a result of lower expectations regarding volumes and rates associated with the renewal of future expiring contracts and negotiation of new contracts.

*Other (income) expense.* Other (income) expense includes the mark-to-market impact of the Nuvve Holding Warrants as well as other expenses and income not associated with our operations. Other expense for the three months ended March 31, 2022 was approximately $0.7 million compared to other income of approximately $0.5 million during the three months ended December 31, 2021. The primary loss for the three months ended March 31, 2022 relates to the mark-to-market impact of the Nuvve Holding Warrants from a decrease in the Nuvve Holding stock price compared to an increase in the Nuvve Holding stock price during the three months ended December, 31, 2021.

*Income tax expense*. Income tax expense was approximately $65.9 thousand for the three months ended March 31, 2022, compared to an expense of approximately $12.0 thousand for the three months ended December 31, 2021. The increase in income tax expense resulted from an increase in taxable margin over the comparable periods.

**Liquidity and Capital Resources**

As of March 31, 2022, we had approximately $1.4 million in cash and cash equivalents and $3.5 million available for borrowing under the Credit Agreement, as discussed further below.

During the three months ended March 31, 2022, we paid approximately $0.4 in cash for interest on borrowings under our Credit Agreement.

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

While we cannot predict the duration or complete financial impact of the COVID-19 pandemic and volatile market conditions, we believe that our balances of cash, cash equivalents, cash generated from operations, borrowings under the Credit Agreement and potential issuances of securities will be sufficient to satisfy cash requirements over the next twelve months, including relating to working capital, amortizing debt payments on the Term Loan, and maintenance and expansion capital expenditures. However, there can be no assurance that operations and other capital resources will provide cash in sufficient amounts to maintain our current debt level, planned levels of capital expenditures, or operating expenses.

***Credit Agreement***

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

Borrowings under the Credit Agreement are available for limited direct investment in midstream properties, acquisitions, and working capital and general business purposes. The Credit Agreement has a sub-limit of up to $2.5 million which may be used for the issuance of letters of credit. As of March 31, 2022, we had approximately $47.7 million of debt outstanding, consisting of approximately $46.2 million under the Term Loan and approximately $1.5 million under the Revolving Loan. We are required to make mandatory amortizing payments of outstanding principal on the Term Loan of (i) $3.0 million per fiscal quarter commencing with the quarter ending December 31, 2021, and (ii) $2.0 million per fiscal quarter commencing with the quarter ending March 31, 2023. As of March 31, 2022, we have met our mandatory amortizing payments of outstanding principal on the Term Loan through June 2022. The maximum revolving credit amount is $5.0 million leaving us with approximately $3.5 million in unused borrowing capacity. There were no letters of credit outstanding under our Credit Agreement as of March 31, 2022.

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

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

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

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

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

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

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

*Sources of Debt and Equity Financing*

As of March 31, 2022, we had approximately $46.2 million of debt outstanding under the Term Loan and approximately $1.5 million of debt outstanding under the Revolving Loan, leaving us with approximately $3.5 million in unused borrowing capacity. There were no letters of credit outstanding under our Credit Agreement as of March 31, 2022. Our Credit Agreement matures on September 30, 2023.

**Operating Cash Flows**

We had net cash flows provided by operating activities for the three months ended March 31, 2022 of approximately $1.8 million, compared to net cash flows provided by operating activities of approximately $6.4 million for the same period in 2021.

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

**Investing Activities**

We had net cash flows used in investing activities for the three months ended March 31, 2022 of approximately $0.6 million, substantially all of which were related to midstream activities.

We had zero net cash flows used in investing activities for the three months ended March 31, 2021.

**Financing Activities**

Net cash flows used in financing activities was approximately $1.5 million for the three months ended March 31, 2022. During the three months ended March 31, 2022, we repaid approximately $1.5 million of borrowings under our Credit Agreement.

Net cash flows used in financing activities was approximately $6.5 million for the three months ended March 31, 2021. During the three months ended March 31, 2021, we repaid approximately $6.5 million of borrowings under the Credit Agreement.

**Credit Markets and Counterparty Risk**

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

**Critical Accounting Policies and Estimates**

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

As of March 31, 2022, there were no changes with regard to the critical accounting policies disclosed in our Annual Report on Form 10-K for the year ended December 31, 2021. The policies disclosed included the accounting for oil and natural gas properties, oil and natural gas reserve quantities, revenue recognition and hedging activities. Please read Note 2 “Basis of Presentation and Summary of Significant Accounting Policies” to our condensed consolidated financial statements for a discussion of additional accounting policies and estimates made by management.

**New Accounting Pronouncements**

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

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and are not required to provide the information required by this Item.

### Item 4. Controls and Procedures

***Evaluation of Disclosure Controls and Procedures***

The Principal Executive Officer and the Principal Financial Officer of the general partner of SNMP have evaluated the effectiveness of the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of March 31, 2022 (the "Evaluation Date"). Based on such evaluation, the Principal Executive Officer and the Principal Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including the Principal Executive Officer and the Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

***Changes in Internal Control over Financial Reporting***

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended March 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II—Other Information

### Item 1. Legal Proceedings

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

### Item 1A. Risk Factors

Carefully consider the risk factors under "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021. There have been no significant changes except as follows:

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

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

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

As previously discussed, on February 22, 2022, pursuant to the terms of the Stonepeak Letter Agreement, we issued 24,502,356 common units to Stonepeak Catarina in response to Stonepeak Catarina's election to receive distributions on the Class C Preferred Units for the quarter ended December 31, 2021. The issuance of these common units was exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) thereof as a transaction by an issuer not involving any public offering.

### Item 3. Defaults Upon Senior Securities

None.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

The exhibits required to be filed pursuant to the requirements of Item 601 of Regulation S-K are set forth in the exhibit index below and are incorporated herein by reference.

**EXHIBIT INDEX**

| Exhibit Number | Description |
|---|---|
| 10.1 | Amendment No. 6 to Warrant Exercisable for Junior Securities, dated February 1, 2022 (incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Evolve Transition Infrastructure LP on February 3, 2022, File No. 001-33147). |
| 31.1** | Certification of Principal Executive Officer of Evolve Transition Infrastructure GP LLC pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2** | Certification of Principal Financial Officer of Evolve Transition Infrastructure GP LLC pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1*** | Certification of Principal Executive Officer of Evolve Transition Infrastructure GP LLC pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2*** | Certification of Principal Financial Officer of Evolve Transition Infrastructure GP LLC pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS** | Inline XBRL Instance Document |
| 101.SCH** | Inline XBRL Schema Document |
| 101.CAL** | Inline XBRL Calculation Linkbase Document |
| 101.LAB** | Inline XBRL Label Linkbase Document |
| 101.PRE** | Inline XBRL Presentation Linkbase Document |
| 101.DEF** | Inline XBRL Definition Linkbase Document |
| EX 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

** Filed herewith.
*** Furnished herewith.

## SIGNATURES

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

Evolve Transition Infrastructure LP

By: Evolve Transition Infrastructure GP LLC, its general partner

| | | |
|---|---|---|
| Date: May 13, 2022 | By | /s/ Charles C. Ward |
| | | Charles C. Ward<br>Chief Financial Officer and Secretary<br>(Duly Authorized Officer and Principal Financial Officer) |

**Exhibit 31.1**

**EVOLVE TRANSITION INFRASTRUCTURE LP**
**CERTIFICATION**

I, Randall L. Gibbs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Evolve Transition Infrastructure LP;

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

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

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

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

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

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

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

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

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

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

Date: May 13, 2022

/s/ Randall L. Gibbs

Randall L. Gibbs

Chief Executive Officer

Evolve Transition Infrastructure GP, LLC, as general partner of Evolve Transition Infrastructure LP
(Principal Executive Officer)

**Exhibit 31.2**

**EVOLVE TRANSITION INFRASTRUCTURE LP**
**CERTIFICATION**

I, Charles C. Ward, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Evolve Transition Infrastructure LP;

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

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

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

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

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

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

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

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

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

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

Date: May 13, 2022

/s/ Charles C. Ward

Charles C. Ward

Chief Financial Officer and Secretary

Evolve Transition Infrastructure GP, LLC, as general partner of Evolve Transition Infrastructure LP
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Randall L. Gibbs, Chief Executive Officer of Evolve Transition Infrastructure GP, LLC, as general partner of Evolve Transition Infrastructure LP, certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(i) The accompanying Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Evolve Transition Infrastructure LP.

/s/ Randall L. Gibbs

Randall L. Gibbs
Chief Executive Officer
Evolve Transition Infrastructure GP, LLC, as general partner of Evolve Transition Infrastructure LP
(Principal Executive Officer)

Date: May 13, 2022

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Charles C. Ward, Chief Financial Officer and Secretary of Evolve Transition Infrastructure GP, LLC, as general partner of Evolve Transition Infrastructure LP, certify pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(i) The accompanying Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) The information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Evolve Transition Infrastructure LP.

/s/ Charles C. Ward

Charles C. Ward
Chief Financial Officer and Secretary
Evolve Transition Infrastructure GP, LLC, as general partner of Evolve Transition Infrastructure LP
(Principal Financial Officer)

Date: May 13, 2022