

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

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: 001-38090

**SOLARIS OILFIELD INFRASTRUCTURE, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)

**81-5223109**  
(I.R.S. Employer  
Identification No.)

**9811 Katy Freeway, Suite 700**  
**Houston, Texas**  
(Address of principal executive offices)

**77024**  
(Zip code)

**(281) 501-3070**  
(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
Class A Common Stock, \$0.01 par value	"SOI"	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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, 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 accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

Aggregate market value of the voting and non-voting common equity held by non-affiliates of Registrant as of June 30, 2021: \$301,698,167

As of February 18, 2022, the registrant had 31,993,107 shares of Class A common stock, \$0.01 par value per share, and 13,768,517 shares of Class B common stock, \$0.00 par value per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement relating to the Registrant's 2022 Annual Meeting of Shareholders are incorporated by reference into [Part III](#) of this Annual Report on Form 10-K.

**SOLARIS OILFIELD INFRASTRUCTURE, INC.**  
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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this “Annual Report”) includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words “believe,” “expect,” “anticipate,” “intend,” “estimate” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include statements about our business strategy, our industry, our future profitability, our expected capital expenditures and the impact of such expenditures on our performance, management changes, current and potential future long-term contracts, the costs of being a publicly traded corporation, our capital programs and our future business and financial performance. In addition, our forward-looking statements address the various risks and uncertainties associated with the extraordinary market environment and impacts resulting from both the coronavirus disease 2019 (“COVID-19”) pandemic and the continued volatility in global oil markets, and the expected impact of these events on our businesses, results of operations and earnings.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. You are cautioned not to place undue reliance on any forward-looking statements. You should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- the level of domestic capital spending by the oil and natural gas industry and uncertainty regarding the future actions of oil producers;
- developments in the global economy, including the ongoing COVID-19 pandemic, and the resulting impacts to the demand and supply for oil and natural gas or volatility of oil and natural gas prices;
- operational challenges relating to the COVID-19 pandemic;
- uncertainty regarding the timing, pace and extent of an economic recovery in the United States and elsewhere, which in turn will likely affect demand for crude oil and therefore the demand for the services we provide and the commercial opportunities available to us;
- consolidation amongst current or potential customers that could affect demand for our products and services;
- inflationary risk, including changes in market price and availability of materials;
- significant changes in the transportation industries or fluctuations in transportation costs or the availability or reliability of transportation that service our business;
- large or multiple customer defaults, including defaults resulting from actual or potential insolvencies;
- technological advancements in well completion technologies and our ability to expand our product and service offerings;
- competitive conditions in our industry;
- inability to fully protect our intellectual property rights;
- actions taken by our customers, competitors and third-party operators;

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- changes in the availability and cost of capital;
- our ability to successfully implement our business strategy;
- changes in our tax status;
- the effects of existing and future laws and governmental regulations (or the interpretation thereof) on us and our customers;
- cyber-attacks targeting systems and infrastructure used by the oil and natural gas industry;
- the effects of future litigation;
- credit markets;
- business acquisitions;
- natural or man-made disasters and other external events that may disrupt our manufacturing operations;
- uncertainty regarding our future operating results;
- the impact of current and future laws, rulings, governmental regulations, accounting standards and statements and related interpretations; and
- plans, objectives, expectations and intentions contained in this Annual Report that are not historical.

All forward-looking statements speak only as of the date of this Annual Report. You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs at the time they are made, forward-looking statements involve known and unknown risks, uncertainties and other factors, including the factors described under "Risk Factors," which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, unless required by law.

## PART I

*You should read this entire report carefully, including the risks described under Part I, Item 1A. Risk Factors and our consolidated financial statements and the notes to those consolidated financial statements included elsewhere in this Annual Report. Except as otherwise indicated or required by the context, all references in this Annual Report to the "Company," "Solaris," "we," "us" and "our" refer to (i) Solaris Oilfield Infrastructure, LLC ("Solaris LLC") and its consolidated subsidiaries prior to the completion of our initial public offering and (ii) Solaris Oilfield Infrastructure, Inc. ("Solaris Inc.") and its consolidated subsidiaries following the completion of our initial public offering, unless we state otherwise or the context otherwise requires.*

### Item 1. Business

#### Our Company

We are a Houston, Texas based business that designs and manufactures specialized, all-electric equipment, which combined with field technician support, logistics services and our software solutions, enables us to provide a service offering that helps oil and natural gas operators and their suppliers drive efficiencies, which in turn reduces development costs and environmental impact. Our equipment and services are deployed in most of the active oil and natural gas basins in the United States.

We believe our continual product innovation is one of our main competitive advantages. We specialize in developing all-electric equipment that automates the low pressure section of oil and gas well completion sites. We believe all-electric equipment operates more efficiently than traditional equipment, is more reliable, safer and lowers the environmental and operating footprint required to develop oil and gas. We also believe that automation improves operational efficiency by reducing errors, waste and headcount required on well sites, which lowers costs and improves safety.

We manage and report our operations as a single business. Our fleet has grown from consisting of our legacy mobile proppant management systems to multiple types of all-electric, automated equipment designed to efficiently store, move and blend sand and fluids on the low pressure side of well completion sites.

The number of our legacy mobile proppant management systems fully utilized and deployed has been our traditional measure of activity, as historically one mobile proppant management system would follow one hydraulic fracturing (frac) crew, on average. While we still use this metric as an important measure of our activity today, we have expanded our revenue sources through new technology and offerings that work in conjunction with our legacy systems, including our turnkey last mile logistics management services, our AutoBlend™ integrated electric blender, our proprietary top fill equipment to enable quick unloading from bottom drop trucks, our fluid management systems and our proprietary Solaris Lens® software.

#### Our Properties

We own or lease various facilities including our corporate headquarters in Houston, Texas, manufacturing facility in Early, Texas and a transloading facility in Kingfisher, Oklahoma.

#### Suppliers

We have built long-term relationships with third-party suppliers to both transport equipment and products and provide certain materials used in the manufacturing and maintenance of our systems. During the year ended December 31, 2021, no supplier accounted for more than 10% of our total spending, and during the year ended December 31, 2020, one supplier, Automatize Logistics, LLC, a provider of third party trucking services, accounted for approximately 24% of our total spending.

To date, we have been able to obtain the third party-trucking services necessary to support our operations on a timely basis. While we believe that we will be able to make satisfactory alternative arrangements in the event of any interruption in the supply of third-party trucking services by one or more of our suppliers, we may not always be able to

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do so. We do not currently have long-term agreements with third-party trucking suppliers and could experience shortages and price increases in the future.

### **Our Customers and Contracts**

Our primary customers are major E&P and oilfield service companies. We generally execute master service agreements ("MSAs") with our customers. Generally, the MSAs govern the relationship with our customers with specific work performed under individual work orders. For the year ended December 31, 2021, Liberty Oilfield Services, LLC accounted for approximately 26% of our total revenue. For the year ended December 31, 2020, Devon Energy Corporation accounted for approximately 14% of our total revenue.

### **Competition**

The oil and natural gas services industry is highly competitive. We have numerous competitors, including those with integrated offerings. Our main competitors include U.S. Silica, Liberty Oilfield Services, LLC, and Hi-Crush Partners LP. Some of these companies may be customers of ours on certain jobs while also utilizing their own equipment on other jobs.

We believe that the principal competitive factors in the markets we serve are equipment reliability, technical expertise, patented-protected technology, unique services offerings, equipment capacity, transportation and storage, work force competency, efficiency, safety record, reputation, experience and price. We seek to differentiate ourselves from our competitors by delivering the highest-quality services and equipment possible, coupled with superior execution and operating efficiency in a safe working environment.

### **Seasonality**

Our business is not significantly impacted by seasonality, although our business may be impacted by holidays, inclement weather, and our clients' budget cycles, during which we may experience declines in our operating results.

For a discussion of the impact of weather on our operations, please see Item 1A. "Risk Factors—Seasonal weather conditions and natural disasters could severely disrupt normal operations and harm our business."

### **Human Capital**

We believe that our employees are the foundation to fostering our innovative culture, the safe operation of our assets and delivery of services to our customers. We foster a collaborative and inclusive work environment, focused on working safely every day. We seek to identify qualified internal and external talent for our organization, enabling us to execute on our strategic objectives.

As of December 31, 2021, we employed 179 employees overall, who were employed pursuant to an administrative services agreement that primarily supports our operations. None of our employees are subject to collective bargaining agreements. We consider our employee relations to be good.

### **Diversity and Inclusion**

We are committed to fostering a work environment in which all employees treat each other with dignity and respect and are continually striving to attract a diverse workforce. Our employee demographic profile allows us to promote inclusion of thought, skill, knowledge, and culture across our operations to achieve our social obligations, commitments and to drive enhanced decision making and execution for the business. We are proud of the diversity of our workforce and promote inclusion at all levels of our organization. As of December 31, 2021:

- (1) Females represented approximately 15% of our organization and 25% of supervisory or managerial roles.
- (2) Minorities represented 35% of our organization and 23% of supervisory or managerial roles.

*Health and Safety*

Safety is a core value of ours and begins with the protection of our employees. We value people above all else and remain committed to making their safety and health our top priority. To protect our employees, contractors, and surrounding community from workplace hazards and risks, we implement and maintain an integrated system of policies, practices, and controls, including requirements to complete detailed safety and regulatory compliance training on a regularly scheduled basis for all applicable individuals.

With respect to COVID-19, the safety of our employees is our top priority, and we will continue to operate in accordance with federal and state health guidelines and safety protocols. We implemented several policies and provided employee training to help maintain the health and safety of our workforce. Working remotely and under our revised policies has not impacted our ability to maintain operations or caused us to incur significant additional expenses; however, we are unable to predict the duration or ultimate impact of COVID-19 on our business or operations.

*Recruiting and Turnover*

In order to recruit and maintain a workforce that is high-quality and diverse, we have personnel devoted to recruiting and retention, online job postings and recruiting programs, such as job fairs and other recruiting events, which we have established at academic and professional institutions for roles at all levels.

**Environmental and Occupational Health and Safety Regulations**

Our business operations are subject to stringent federal, tribal, state and local laws and regulations governing occupational health and safety, the discharge of materials into the environment and environmental protection. Numerous governmental entities, including the U.S. Environmental Protection Agency (“EPA”), the U.S. Occupational Safety and Health Administration (“OSHA”) and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly actions, including the incurrence of potentially significant capital or operating expenditures to mitigate or prevent releases of materials from our equipment, facilities or from customer locations where we provide products and services. These laws and regulations may, among other things require the acquisition of permits to conduct regulated activities; restrict the types, quantities and concentration of various substances that can be released into the environment; require remedial measures to mitigate pollution from former and ongoing operations; impose specific safety and health criteria addressing worker protection; and impose substantial liabilities for pollution resulting from operations and support services.

The more significant of these existing environmental and occupational health and safety laws and regulations include the following U.S. legal standards, as amended from time to time:

- (1) the Clean Air Act (“CAA”), which restricts the emission of air pollutants from many sources and imposes various pre-construction, operational, monitoring, and reporting requirements, and that the EPA has relied upon as authority for adopting climate change regulatory initiatives relating to greenhouse gas (“GHG”) emissions;
- (2) the Federal Water Pollution Control Act, also known as the Clean Water Act, which regulates discharges of pollutants from facilities to state and federal waters, including wetlands, and establishes the extent to which waterways are subject to federal jurisdiction and rulemaking as protected waters of the United States;
- (3) the Oil Pollution Act of 1990, which, among other things, subjects owners and operators of onshore facilities to liability for removal costs and damages arising from an oil spill in waters of the United States;
- (4) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (“CERCLA”), which imposes liability on generators, transporters, disposers and arrangers of hazardous substances at sites where hazardous substance releases have occurred or are threatening to occur;
- (5) the Resource Conservation and Recovery Act (“RCRA”), which governs the generation, treatment, storage, transport, and disposal of solid wastes, including hazardous wastes;

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- (6) the Safe Drinking Water Act (“SDWA”), which ensures the quality of the nation’s public drinking water through adoption of drinking water standards and controlling the injection of waste fluids into below-ground formations that may adversely affect drinking water sources;
- (7) the Occupational Safety and Health Act, which establishes workplace standards for the protection of the health and safety of employees, including the implementation of hazard communications programs designed to inform employees about hazardous substances in the workplace, potential harmful effects of these substances, and appropriate control measures;
- (8) the Endangered Species Act, which restricts activities that may affect existing or previously unidentified federally listed endangered and threatened species or their habitats by the implementation of new or existing operating restrictions or a temporary, seasonal, or permanent ban in affected areas; and
- (9) the U.S. Department of Transportation (“DOT”) regulations, which relate to advancing the safe transportation of energy and hazardous materials and emergency response preparedness.

Certain of these federal environmental laws such as CERCLA and the RCRA, as well as analogous state laws impose joint and several strict liability for costs required to clean up and restore properties where pollutants have been released regardless of whom may have caused the harm or whether the activity was performed in compliance with all applicable laws. States also adopt and implement their own environmental laws and regulations, which may be more stringent than federal requirements. Many of the properties owned or leased by us were previously operated by third parties whose management, disposal or release of materials and wastes was not under our control. Private parties, including the owners of properties that we lease or upon which we conduct our services for our customers as well as facilities where our materials or wastes are taken for recycling or disposal, may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non-compliance with environmental laws and regulations or for personal injury or property or natural resource damages. We have incurred and will continue to incur operating and capital expenditures, some of which may be material, to comply with environmental and occupational health and safety laws and regulations and such costs may have a material adverse effect on our business and operational results in the future.

The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment and we or our customers may be required to make significant, unanticipated capital and operating expenditures. Examples of regulatory initiatives to which we are subject to include the following:

- (1) Hydraulic Fracturing. At the federal level, the EPA has asserted federal regulatory authority under the SDWA over certain hydraulic fracturing activities involving the use of diesel fuels and published permitting guidance for such activities. Additionally, the EPA issued a final regulation under the Clean Water Act prohibiting discharges to publicly owned treatment works of wastewater from onshore unconventional oil and gas extraction facilities and released its final report on the potential impacts of hydraulic fracturing on drinking water resources, concluding that "water cycle" activities associated with hydraulic fracturing may impact drinking water resources under certain circumstances. Notwithstanding these recent legal developments, further administrative and regulatory restrictions may be adopted by the Biden Administration that could restrict hydraulic fracturing activities on federal lands and waters. At the state level, many states have adopted legal requirements that have imposed new or more stringent permitting, public disclosure or well construction requirements on hydraulic fracturing activities, including states where our customers operate. States could also elect to place prohibitions on hydraulic fracturing and local governments may seek to adopt ordinances within their jurisdictions regulating the time, place or manner of hydraulic fracturing activities. Finally, water is an essential component of shale oil and natural gas production during both the drilling and hydraulic fracturing processes. Our customers' access to water to be used in these processes may be adversely affected due to reasons such as periods of extended drought, private, third party competition for water in localized areas or the implementation of local or state governmental programs to monitor or restrict the beneficial use of water subject to their jurisdiction for hydraulic fracturing to assure adequate local water supplies.
- (2) Induced Seismicity. In recent years, wells used for the disposal by injection of flowback water or certain other oilfield fluids below ground into non-producing formations have been associated with an increased



number of seismic events, with research suggesting that the link between seismic events and wastewater disposal may vary by region and local geology. In response to these concerns, regulators in some of the states in which our customers operate have adopted additional requirements related to seismicity and its potential association with hydraulic fracturing. Moreover, states may issue orders to temporarily shut down or to curtail the injection depth of existing wells in the vicinity of seismic events, as was the case in the latter half of 2021 in the Permian Basin of Texas and has been the case over the past several years in central Oklahoma. Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighboring properties or otherwise violated state and federal rules regulating waste disposal.

- (3) Ground-Level Ozone Standards. In 2015, the EPA issued a final rule under the CAA, making the National Ambient Air Quality Standard ("NAAQS") for ground-level ozone and, in December 2020, published notice of a final action, upon conducting a periodic review of the ozone standard, electing to retain the 2015 ozone NAAQS in 2020 without revision on a going-forward basis. However, several groups have filed litigation over this December 2020 decision, and the Biden Administration has announced plans to reconsider the December 2020 final action in favor of a more stringent ground-level ozone NAAQS. State implementation of the revised NAAQS could, among other things, require installation of new emission controls on some of our or our customers' equipment, result in longer permitting timelines, and significantly increase our or our customers' capital expenditures and operating costs.
- (4) Climate Change. In the United States, no comprehensive climate change legislation has been implemented at the federal level, but President Biden has made the combat of climate change a priority in his Administration and has issued, and may continue to issue, executive orders or other regulatory initiatives in pursuit of his regulatory agenda. Federal regulatory initiatives have focused on establishing rules impacting the oil and gas sector and relating to permitting, monitoring, reporting or restricting GHG emissions, such as methane. Since 2016, there has been considerable uncertainty surrounding regulation of the emissions of methane, with the Obama, Trump and Biden Administrations each implementing or, in the case of the Biden Administration, proposing to implement, versions of performance standards with varying restrictions on methane emissions from sources in the oil and gas industry. Most recently, in January 2021, President Biden issued an executive order calling on the EPA to revisit federal regulations regarding methane and establish new or more stringent standards for existing or new sources in the oil and gas sector. U.S. Congress also passed, and President Biden signed into law, a revocation of the Trump Administration's 2020 rulemaking in respect of these standards and effectively reinstating the Obama Administration's 2016 standards. In response to President Biden's executive order, in November 2021, the EPA issued a proposed rule that, if finalized, would establish Quad Ob new source and Quad Oc first-time existing source standards of performance for methane and volatile organic compound emissions in the crude oil and natural gas source category. This proposed rule would apply to upstream and midstream facilities at oil and natural gas well sites, natural gas gathering and boosting compressor stations, natural gas processing plants, and transmission and storage facilities. The EPA plans to issue a supplemental proposal enhancing this proposed rulemaking in 2022 that will contain additional requirements that were not included in the November 2021 proposed rule. The EPA anticipates issuing a final rule before end-of-year 2022. Separately, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions.

At the international level, there exists the United Nations-sponsored "Paris Agreement," which is a non-binding agreement among participating nations to limit their GHG emissions through individually-determined reduction goals every five years after 2020. President Biden announced in April 2021 a new, more rigorous nationally determined emissions reduction level of 50%-52% reduction from 2005 levels in economy-wide net GHG emissions by 2030. Moreover, the international community gathered again in Glasgow in November 2021 at the 26th Conference of the Parties ("COP26"), during which multiple announcements (not having the effect of law) were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non-CO2 GHGs. Relatedly, the United States and European Union jointly announced at COP26 the launch of a Global Methane Pledge, an initiative which over 100 countries joined, committing to a collective goal of reducing global methane emissions by at least

30 percent from 2020 levels by 2030, including “all feasible reductions” in the energy sector. The impacts of these orders, pledges, agreements and any legislation or regulation promulgated to fulfill the United States’ commitments under the Paris Agreement, COP26, or other international conventions cannot be predicted at this time. In other political actions, President Biden issued an executive order in January 2021 suspending new leasing activities for oil and gas exploration and production on non-Indian federal lands and offshore waters pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices that take into consideration potential climate and other impacts associated with oil and gas activities on such lands and waters. The suspension of the federal leasing activities prompted legal action by several states against the Biden Administration, resulting in issuance of a nationwide preliminary injunction by a federal district judge in Louisiana in June 2021, effectively halting implementation of the leasing suspension. The federal government is appealing the district court decision. Litigation risks are also increasing, as a number of states, municipalities and other plaintiffs have sought to bring suit against the largest oil and natural gas exploration and production companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to global warming effects and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors by failing to adequately disclose those impacts.

Moreover, our and our customers’ access to capital may be impacted by climate change policies. Stockholders and bondholders currently invested in fossil fuel energy companies but concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non-fossil fuel energy-related sectors. Institutional investors who provide financing to fossil fuel energy companies also have become more attentive to sustainability lending practices that favor “clean” power sources such as wind and solar and some of them may elect not to provide funding for fossil fuel energy companies. Many of the largest U.S. banks have made “net zero” carbon emission commitments and have announced that they will be assessing financed emissions across their portfolios and taking steps to quantify and reduce those emissions. At COP26, the Glasgow Financial Alliance for Net Zero (“GFANZ”) announced that commitments from over 450 firms across 45 countries had resulted in over \$130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short-term, sector-specific targets to transition their financing, investing, and/or underwriting activities to net zero emissions by 2050. These and other developments in the financial sector could lead to some lenders restricting or eliminating access to capital for or divesting from certain industries or companies, including the oil and natural gas sector, or requiring that borrowers take additional steps to reduce their GHG emissions. Additionally, there is the possibility that financial institutions will be pressured or required to adopt policies that limit funding to the fossil fuel sector. In late 2020, the Federal Reserve announced that it had joined the Network for Greening the Financial System (“NGFS”), a consortium of financial regulators focused on addressing climate-related risks in the financial sector. More recently, in November 2021, the Federal Reserve issued a statement in support of the efforts of the NGFS to identify key issues and potential solutions for the climate-related challenges most relevant to central banks and supervisory authorities. While we cannot predict what policies may result from this, a material reduction in the capital available to the fossil fuel industry could make it more difficult to secure funding for acquisition, exploration, development, production, transportation, and processing activities, which could impact our service-related business and operations. To the extent the rules impose additional reporting obligations, we and our customers could incur increased costs. Furthermore, the SEC has announced that it will propose rules that, amongst other matters, will establish a framework for the reporting of climate risks. However, no such rules have been proposed to date and we cannot predict what any such rules may require. To the extent the rules impose additional reporting obligations, we and our customers could incur increased costs. Separately, the U.S. Securities and Exchange Commission (the “SEC”) has also announced that it is scrutinizing existing climate-change related disclosures in public filings, increasing the potential for enforcement if the SEC was to allege that an issuer’s existing climate disclosures were misleading or deficient.

Finally, increasing concentrations of GHG in the earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods, rising sea levels and other climatic events, as well as chronic shifts in temperature and precipitation

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patterns. These climatic developments have the potential to cause physical damage to our assets and thus could have an adverse effect on our exploration and production operations. Additionally, changing meteorological conditions, particularly temperature, may result in changes to the amount, timing, or location of demand for energy or our production. While our consideration of changing climatic conditions and inclusion of safety factors in design is intended to reduce the uncertainties that climate change and other events may potentially introduce, our ability to mitigate the adverse impacts of these events depends in part on the effectiveness of our facilities and our disaster preparedness and response and business continuity planning, which may not have considered or be prepared for every eventuality.

We are also subject to the requirements of the federal Occupational Safety and Health Act and comparable state statutes whose purpose is to protect the health and safety of workers. The OSHA's hazard communication standard, the EPA's Emergency Planning and Community Right-to-Know Act and comparable state regulations and any implementing regulations require that we organize and/or disclose information about hazardous materials used or produced in our operations and that this information be provided to employees, state and local governmental authorities and citizens. We have an internal program of inspection designed to monitor and enforce compliance with worker safety requirements. Additionally, there are legal requirements relating to human exposure to crystalline silica that are applicable to certain of our operations. For example, OSHA has implemented rules establishing a more stringent permissible exposure limit for exposure to respirable crystalline silica as well as other regulatory initiatives protective of our employees, including in connection with hydraulic fracturing-related activities. These workplace legal requirements remain subject to future change, including in respect of permissible exposure limits, required controls and personal protective equipment. Further, the inhalation of respirable crystalline silica is associated with health risks including, for example, the lung disease silicosis and these health risks have been, and may continue to be, a significant issue confronting the hydraulic fracturing industry. Concerns over silicosis and other potential adverse health effects, as well as concerns regarding potential liability from the use of hydraulic fracture sand, may have the effect of discouraging our customers' use of hydraulic fracture sand. The actual or perceived health risks of handling hydraulic fracture sand could materially and adversely affect hydraulic fracturing service providers, including us, through reduced use of hydraulic fracture sand, the threat of product liability or the filing of lawsuits naming us as a defendant, increased scrutiny by federal, state and local regulatory authorities of us and our customers or reduced financing sources available to the hydraulic fracturing industry.

Additionally, as part of the services we provide, we engage third parties that operate as motor carriers and therefore, are subject to regulation by the DOT and analogous state agencies. These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations, regulatory safety, equipment testing, driver requirements and specifications, and insurance requirements. The trucking industry is subject to possible regulatory and legislative changes that may impact our operations, including increased costs, such as changes in fuel emissions limits, hours of service regulations that govern the amount of time a driver may drive or work in any specific period and limits on vehicle weight and size. We cannot predict whether, or in what form, any legislative or regulatory changes or municipal ordinances applicable to our logistics operations will be enacted and to what extent any such legislation or regulations could increase our costs or otherwise adversely affect our business or operations.

### **Intellectual Property**

We continuously seek to innovate our product and service offerings to improve our operations and deliver increased value to our customers and our software team is constantly designing and building increased software capabilities to enable efficient supply chain planning and management for our customers. As such, we seek patent and trademark protections for our technology when we deem it prudent, and we aggressively pursue protection of these rights. We believe our patents, trademarks, and other protections for our proprietary technologies are adequate for the conduct of our business and that no single patent or trademark is critical to our business. In addition, we rely to a great extent on the technical expertise and know-how of our personnel to maintain our competitive position, and we take commercially reasonable measures to protect trade secrets and other confidential and/or proprietary information relating to the technologies we develop.

As of December 31, 2021, we had six issued patents in the United States, five corollary patents issued in Canada and two corollary patents issued in Mexico; two utility patent applications in the United States, two in Canada, and one in Mexico. Each patent and patent application relates to our systems and services and other technologies. Our issued

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patents expire, if all of the maintenance fees are paid, between 2032 and 2039. We cannot assure you that any of our patent applications will result in the issuance of a patent, or whether the examination process will require us to narrow our claims. In addition, any patents may be contested, circumvented, found unenforceable or invalid, and we may not be able to prevent third parties from infringing them.

**Available Information**

We are required to file any annual, quarterly and current reports, proxy statements and certain other information with the SEC.

The SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. Any documents filed by us with the SEC, including this Annual Report, can be downloaded from the SEC's website.

Our principal executive offices are located at 9811 Katy Freeway, Suite 700, Houston, Texas 77024, and our telephone number is (281) 501-3070. Our website is at [www.solarisoilfield.com](http://www.solarisoilfield.com). Our periodic reports and other information filed with or furnished to the SEC, pursuant to Section 13(a) or 15(d) of the Exchange Act, including Annual Reports on Form 10-K and 10-K/A, quarterly reports on Form 10-Q and Form 10-Q/A, current reports on Form 8-K, and amendments to those reports are available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this Annual Report and does not constitute a part of this Annual Report.

**Item 1A. Risk Factors**

*The following are certain risk factors that affect our business, financial condition, results of operations and cash flows. Many of these risks are beyond our control. These risk factors should be considered in connection with evaluating the forward-looking statements contained in this Annual Report. The risks and uncertainties described below are not the only ones that we face. If any of the events described below were to actually occur, our business, financial condition, results of operations and cash flows could be adversely affected and our results could differ materially from expected and historical results, any of which may also adversely affect the holders of our stock.*

**Risks Related to Our Operations and Industry:**

*The volatility of oil and natural gas prices may adversely affect the demand for our systems, products and services, and negatively impact our results of operations.*

The demand for our products and services is primarily determined by current and anticipated oil and natural gas prices and the related levels of capital spending and drilling activity in the areas in which we have operations. Among other factors, increased production from major oil producing nations and decreasing availability of crude oil storage and geopolitical issues can contribute to volatility or weakness in oil prices or natural gas prices (or the perception that oil prices or natural gas prices will decrease or remain stagnant) and affect the spending patterns of our customers resulting in the drilling of fewer new wells. As a result, demand for proppants or chemicals may decrease, which could, in turn, lead to lower demand for our products and services and may cause lower prices and lower utilization of our assets. We have, and may in the future, experienced significant fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices.

***Events outside of our control, including a pandemic or outbreak of an infectious disease, political unrest and economic recessions occurring around the globe, could materially adversely affect our business, liquidity, results of operations and financial condition.***

We face risks that are outside of our control which could significantly disrupt the demand for oil and natural gas and our products and services, and adversely impact our operations and financial condition. These risks include, but are not limited to:

- (i) the ongoing COVID-19 pandemic and the extent to which it has caused business disruptions, disrupted the oil and gas industry and global supply chains, negatively impacted the global economy, reduced global demand for oil and gas and created significant volatility and disruption of financial and commodity markets;
- (ii) the occurrence or threat of terrorist attacks in the United States or other countries, anti-terrorist efforts and other armed conflicts involving the United States or other countries, including continued hostilities around the globe, including in the Middle East

The degree to which events outside of our control adversely impact our results will also depend on future developments, which are highly uncertain and cannot be predicted.

These and other factors can, individually or collectively contribute to unprecedented negative global economic impacts, including a significant decrease in demand. While we expect these matters discussed above will continue to disrupt our operations in some way, the degree of the adverse financial impact cannot be reasonably estimated at this time.

***We face significant competition that may impede our ability to gain market share or cause us to lose market share, or that could make adoption of new product offerings or services difficult.***

The market for supply chain management and well site logistic services is becoming increasingly competitive. We face competition from proppant producers, pressure pumping companies and proppant transporters who also offer solutions for unloading, storing and delivering proppant at well sites and also from competitors who, like us, are focused on developing more efficient last mile logistics management solutions. Some of these solutions utilize containers for on-site proppant storage and handling delivery, while others use silo-based storage as we do. Some of our competitors have greater financial and other resources than we do and may develop technology superior to ours or more cost-effective than ours. Competition in our industry and for our products is thus based on price, consistency and quality of products, distribution capability, customer service, reliability, breadth of product offering and technical support. If our competitors are able to respond to industry conditions or trends more rapidly or effectively or resort to price competition, or if we are unable to gain market acceptance of new product offerings, we may be unable to gain or maintain our market share or may lose market share or operating profit, which could have an adverse effect on our business, results of operations and financial condition.

***Changes in the transportation industry, including the availability or reliability of transportation to supply our products and services, fluctuations in transportation costs, or changes in the way in which proppant or chemicals are transported to the well site, could impair the ability of our customers to take delivery of proppant or chemicals or make our products and services less attractive and thereby adversely impact our business.***

The transportation industry is subject to possible legislative and regulatory changes that may affect the economics of the industry by requiring changes in operating practices or by changing the demand for common or contract carrier services or the cost of providing truckload services, whether due in part to insufficient availability of workers to provide adequate levels of staffing, insufficient replacement vehicles, parts or other commodities from our third-party vendors in the supply chain, or otherwise. Disruption of transportation services due to factors outside of our control, including shortages of rail cars or trucks, insufficient available workforce or supply chain-provided commodities, increased costs associated with transportation services, extreme weather-related events, accidents, strikes, lockouts, increased regulation, more stringent railcar or safety regulatory initiatives, or other events could temporarily impair the ability of our customers to take delivery of our systems and proppant or chemicals at the well site or affect the provision of last mile

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services. Accordingly, if there are disruptions of the products or services utilized by our customers (whether these products or services are provided by us or a third party vendor), and they are unable to find alternative transportation providers, our business could be adversely affected. Additionally, alternative transportation methods for transporting and delivering proppant or chemicals to the well site could make our product offerings and services less attractive than those of our competitors and affect our results of operations.

***Our business is subject to inherent risks some of which are beyond our control such as disasters and extreme or seasonal weather events. These risks may be self-insured or may not be fully covered under our insurance policies.***

Our assets and operations may be affected by natural or man-made disasters and other external events such as extreme weather events associated with tornados, extreme periods of drought or otherwise that may disrupt our business, including manufacturing and field operations. Further, because our operations are located in different regions of the United States, there exists variability in seasonal weather events, which may include periods of heavy snow, ice or rain. These hazards can also cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage, and suspension or cancellation of operations by us or our customers, thereby reducing the demand for our systems and services and our ability to generate revenues. In addition, our operations are subject to, and exposed to, employee/employer liabilities and risks such as wrongful termination, discrimination, labor organizing, retaliation claims and general human resource related matters.

We do not have insurance against all foreseeable risks and we may not be able to maintain adequate insurance in the future at rates we consider reasonable. The occurrence of a significant event or adverse claim in excess of the insurance coverage that we maintain or that is not covered by insurance could have a material adverse effect on our liquidity, results of operations and financial condition.

***Reliance upon a few large customers may adversely affect our revenue and operating results.***

We derive, and may continue to derive, a significant portion of our revenue from a relatively small number of customers and the operations of our customers have and may continue to experience delays or disruptions and temporary suspensions of operations. We typically do not enter into long-term contractual agreements with our customers and if we were to lose any material customer, we may not be able to redeploy our equipment at similar utilization or pricing levels or within a short period of time and such loss could have a material adverse effect on our business until the equipment is redeployed at similar utilization or pricing levels.

***We may grow through acquisitions and our failure to properly plan and manage those acquisitions may adversely affect our performance.***

We have completed and may, in the future, pursue asset acquisitions or acquisitions of businesses. We must plan and manage any acquisitions and integrations effectively to achieve revenue growth and maintain profitability in our evolving market. If we fail to manage acquisitions and integrations effectively, our results of operations could be adversely affected.

***We engage in transactions with related parties and such transactions present possible conflicts of interest that could have an adverse effect on us.***

We have entered into transactions with related parties. The details of certain of these transactions are set forth in Note 13. "Related Party Transactions" under Part II, Item 8. "Financial Statements and Supplementary Data." Related party transactions create the possibility of conflicts of interest with regard to our management or directors. Such a conflict could cause an individual in our management or on our board of directors to seek to advance his or her economic interests above ours. Further, the appearance of conflicts of interest created by related party transactions could impair the confidence of our investors. Our board of directors, or a committee thereof, regularly reviews these transactions. Notwithstanding this, it is possible that a conflict of interest could have a material adverse effect on our liquidity, results of operations and financial condition.

***Our failure to protect our proprietary information and intellectual property rights, or any successful intellectual property challenges or infringement proceedings against us, could result in a loss in our competitive advantage or market share.***

Because of the technical nature of our business, we rely on a combination of patent, copyright, trademark and trade secret laws, and restrictions on disclosure to protect our intellectual property. We also rely on third-party intellectual property licenses in connection with our business. We may not be able to successfully preserve these intellectual property rights in the future or they may be invalidated. Third parties may knowingly or unknowingly infringe our patents or other proprietary rights, third parties may challenge patents or proprietary rights held by us, and pending and future trademark and patent applications may not be approved. It is possible that our competitors or others could independently develop the same or similar technologies or otherwise obtain access to our unpatented technologies. Policing unauthorized use of intellectual property rights can be difficult and expensive, and adequate remedies may not be available. Alternatively, third parties may initiate litigation against us by asserting that the conduct of our business infringes, misappropriates or otherwise violates intellectual property rights and we may be required to obtain necessary licenses or substantially re-engineer our products in order to avoid infringement. Failure to protect, monitor and control the use of our existing intellectual property rights or any successful intellectual property challenges or infringement proceedings against us could materially and adversely affect our competitive advantage and result in us being enjoined from using or offering such products or technology and cause us to incur significant expenses.

***Technological advancements in well service products and technologies, including those that reduce the amount of proppant or chemicals required for hydraulic fracturing operations, could have a material adverse effect on our business, financial condition and results of operations.***

Our industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As competitors and others use or develop new technologies, or technologies comparable to ours, in the future, we may lose market share or be placed at a competitive disadvantage. Further, we may face competitive pressure to implement or acquire certain new technologies at a substantial cost. Some of our competitors may have greater financial, technical and personnel resources than we do, which may allow them to gain technological advantages or implement new technologies more rapidly than us. Limits on our ability to effectively use, implement or adapt to new technologies may have a material adverse effect on our business, financial condition and results of operations.

***We are subject to cyber security risks and potential interruptions or failures in our information technology systems, the occurrence of which could result in information theft, data corruption, operational disruption and/or financial loss.***

We depend on digital and information technologies and infrastructure to support our business, deliver our systems and perform many of our services and to process and record financial and operating data. Additionally, in the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and personally identifiable information of our employees. Our technologies, systems and networks, and those of our customers, vendors, suppliers and other business partners, may become the target of cyberattacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or other disruption of business operations. This could result in significant losses, loss of customers and business opportunities, reputation damage, litigation, regulatory fines, penalties or intervention, reimbursement or other compensatory costs, or otherwise adversely affect our business, financial condition or results of operations. Our systems and controls for protecting against cyber security risks, and those used by our business partners, may not be sufficient. As cyber incidents continue to evolve, we will likely be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any vulnerability to cyber incidents. Our systems may also be susceptible to outages due to fire, floods, power loss, usage errors by employees, computer viruses or other breaches. Any material disruption in our information technology systems or systems that affect our business operations, delays or difficulties in implementing or integrating new systems or enhancing current systems, or any vulnerabilities rendering data or systems unusable following any mandated remote work situations, could have an adverse effect on our business and results of operations.

***We rely on a few key employees whose absence or loss could adversely affect our business.***

Many key responsibilities within our business have been assigned to a small number of employees. The loss of their services, whether permanently or temporarily could adversely affect our business. We do not have any written employment agreements with our executives at this time. Further, we do not maintain "key person" life insurance policies on any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

***If we are unable to access the services of a sufficient number of skilled and qualified workers, or are required to significantly increase wages to attract or retain such workers, our capacity and profitability could be diminished and our growth potential could be impaired.***

The manufacture and delivery of our products and performance of our services requires skilled and qualified workers with specialized skills and experience who can perform physically demanding work. As a result of the volatility of the oilfield services industry and the demanding nature of the work, workers may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive. Increased competition for their services could result in a loss of available, skilled workers or at a price that is not as advantageous to our business, both of which could negatively affect our operating results. Though our historical turnover rates have been significantly lower than those of our competitors, if we are unable to retain or meet growing demand for skilled technical personnel, our operating results and our ability to execute our growth strategies may be adversely affected.

***Unsatisfactory safety performance may negatively affect our customer relationships and, to the extent we fail to retain existing customers or attract new customers, adversely impact our revenues.***

Our ability to retain existing customers and attract new business is dependent on many factors, including our ability to demonstrate that we can reliably and safely operate our business in a manner that is consistent with applicable laws, rules and permits, which legal requirements are subject to change. Multiple or particularly severe accidents and high employee turnover, can contribute to a deterioration of our safety record. If one or more accidents were to occur in connection with the use of our systems or performance of our services, the affected customer may seek to terminate or cancel its use of our services which could cause us to lose substantial revenues. Furthermore, our ability to attract new customers may be impaired if they elect not to engage us because they view our safety record as unacceptable.

#### **Risks Related to Financial Condition:**

***Our business depends on domestic capital spending by the oil and natural gas industry, and reductions in capital spending could have a material adverse effect on our liquidity, results of operations and financial condition.***

Our business is directly affected by capital spending to explore for, develop and produce oil and natural gas in the United States. The oil and natural gas industry is cyclical and historically has experienced periodic downturns in activity. If oil and natural gas prices decline below current levels for an extended period of time, certain of our customers may be unable to pay their vendors and service providers, including us, as a result of the decline in commodity prices. Reduced activity in our areas of operation as a result of decreased capital spending may also have a negative long-term impact on our business, even in an environment of stronger oil and natural gas prices. Any of these conditions or events could adversely affect our operating results.

Industry conditions are influenced by numerous factors over which we have no control, including:

- expected economic returns to E&P companies of new well completions;
- global political and economic conditions and supply of and demand for oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the level of global oil and natural gas exploration and production, and inventories;
- the supply of and demand for hydraulic fracturing equipment and consumables in the United States, including the supply and demand for lower emissions hydraulic fracturing equipment;
- the supply of consumables used in hydraulic fracturing, including proppant and water;
- federal, state and local regulation of hydraulic fracturing and exploration and production activities;



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- United States federal, tribal, state and local and non-United States governmental laws, regulations and taxes, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves;
- changes in the transportation industry that services our business, including the price and availability of transportation;
- the supply and demand dynamics for crude oil and natural gas, which may be impacted by actions of global hydrocarbon producers, including members of OPEC;
- global or national health concerns including health epidemics;
- political or civil unrest in the United States or elsewhere;
- stockholder activism or activities by non-governmental organizations to limit certain sources of funding for the energy sector or restrict the exploration, development and production of oil and natural gas;
- advances in exploration, development and production technologies or in technologies affecting energy consumption; and
- the potential acceleration of development of alternative fuels or sources of energy.

***We may be adversely affected by uncertainty in the global financial markets or the deterioration of the financial condition, and resulting credit risk, of our customers.***

Our future results may be impacted by the uncertainty caused by an economic downturn, weak economic conditions and widespread financial distress, volatility or deterioration in the debt and equity capital markets, inflation, deflation or other adverse economic conditions that may negatively affect us or parties with whom we do business resulting in a reduction in our customers' spending and their non-payment or inability to perform obligations owed to us, such as the failure of customers to honor their commitments or the failure of major suppliers to complete orders. Additionally, during times when the natural gas or crude oil markets weaken, our customers are more likely to experience financial difficulties, including being unable to access debt or equity financing, which could result in a reduction in our customers' spending for our systems and services. Our credit procedures and policies may not be adequate to fully reduce customer credit risk. If we are unable to adequately assess the creditworthiness of existing or future customers or unanticipated deterioration in their creditworthiness, any resulting bankruptcy or increase in nonpayment or nonperformance by them and our inability to re-market or otherwise use our equipment could have a material adverse effect on our business, financial condition, prospects or results of operations.

***Our Credit Agreement subjects us to various financial and other restrictive covenants. These restrictions may limit our operational or financial flexibility and could subject us to potential defaults under our Credit Agreement.***

Our Credit Agreement subjects us to significant financial and other restrictive covenants, including, but not limited to, restrictions on incurring additional debt and certain distributions. Our Credit Agreement contains certain financial covenants, including a certain leverage ratio and a certain minimum fixed charge coverage ratio we must maintain. Please see Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operation—Debt Agreements." Our ability to comply with these financial condition tests can be affected by events beyond our control. If we are unable to remain in compliance with the financial covenants of our Credit Agreement, then amounts outstanding thereunder may be accelerated and become due immediately or we may be unable to access the funds available. Any such acceleration could have a material adverse effect on our financial condition and results of operations.

***Our ability to use net operating loss ("NOL") carryovers may be limited.***

As of December 31, 2021, the Company had approximately \$223.7 million of federal net operating loss carryovers and \$49.9 million of state net operating loss carryovers. \$157.9 million of such federal net operating loss carryovers have no expiration date and the remaining federal and net operating loss carryovers expire in 2037. \$26.0 million of such state net operating loss carryovers will expire in varying amounts beginning in 2037. Utilization of our NOLs depends on many factors, including our future income, which cannot be assured. In addition, Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), generally imposes an annual limitation on the amount of NOLs that may be used to offset taxable income when a corporation has undergone an "ownership change" (as determined under Section 382 of the Code). An ownership change generally occurs if one or more stockholders (or groups of stockholders) who are each deemed to own at least 5% of the relevant corporation's stock change their ownership by more than

50 percentage points over their lowest ownership percentage within a rolling three-year period. In the event that an ownership change has occurred, or were to occur, utilization of the NOLs would be subject to an annual limitation under Section 382 of the Code, determined by multiplying the value of the relevant corporation's stock at the time of the ownership change by the applicable long-term tax-exempt rate as defined in Section 382 of the Code, and potentially increased for certain gains recognized within five years after the ownership change if we have a net built-in gain in our assets at the time of the ownership change. Any unused annual limitation may be carried over to later years until they expire. As a result, some or all of our U.S. federal, state or foreign NOLs could expire before they can be used. In addition, future ownership changes or changes to the U.S. tax laws could limit our ability to utilize our NOLs. To the extent we are not able to offset our future income with our NOLs, this would adversely affect our operating results and cash flows if we attain profitability.

### **Risks Related to Regulatory Matters**

***Laws, regulations, executive orders and other regulatory initiatives relating to hydraulic fracturing could increase our and our customers costs of doing business and result in restrictions, delays or cancellations that may serve to limit future oil and natural gas exploration and production activities and could have a material adverse effect on our business, results of operations and financial condition.***

Although we do not directly engage in hydraulic fracturing, our operational services support our E&P customers in such activities. The practice continues to be controversial, resulting in increased scrutiny and regulation of the hydraulic fracturing process, including by federal and state agencies and local municipalities. Additionally, with concerns about seismic activity being triggered by the injection of produced wastewaters into underground disposal wells, certain regulators are also considering additional requirements related to seismic safety for hydraulic fracturing activities. Our customers' inability to locate or contractually acquire and sustain the receipt of sufficient amounts of water could also adversely impact their exploration and production operations and result in a corresponding reduction in demand for our services. See Part I, Item 1. "Business – Environmental and Occupational Health and Safety Regulations" for more discussion on these hydraulic fracturing, seismicity and water availability matters. The adoption of any federal, state or local laws or the implementation of regulations or issuance of executive orders regarding hydraulic fracturing, seismic activities, or leasing activities on federal properties, or the inability of our customers to maintain adequate water supplies could potentially cause a decrease in the completion of new oil and gas wells and an associated decrease in demand for our services and increased compliance costs and time, which could have a material adverse effect on our business, results of operations, and financial condition.

***We are subject to environmental and occupational health and safety laws and regulations that may expose us to significant costs and liabilities.***

Our operations and the operations of our customers are subject to stringent federal, tribal, state and local laws and regulations governing worker health and safety, protection of the environment, including natural resources, endangered or threatened species or their habitat and migratory birds, and the management, transportation and disposal of wastes and other materials. In addition, our business activities present risks of incurring significant environmental costs and liabilities, including costs and liabilities resulting from our management, transportation and disposal of regulated materials, such as oilfield and other wastes, because of air emissions and wastewater discharges related to our operations, and due to historical oilfield industry operations and waste disposal practices. Additionally, our operations are subject to legal requirements whose purpose is to protect the health and safety of our workers including, for example, standards relating to human exposure to crystalline silica as a result of hydraulic fracturing-related activities. Failure to comply with environmental and occupational safety laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of investigatory, remedial and curative requirements or the occurrence of restrictions, delays or cancellations in the permitting, development or expansion of projects and the issuance of orders enjoining future operations in affected areas. See Part I, Item 1. "Business – Environmental and Occupational Health and Safety Regulations" for more discussion on these matters.

Our costs to comply with existing or any new environmental or occupational health and safety laws, regulations and executive actions could impact us and our customers, increase the costs associated with our business or reduce demand

for our services, any of which could have a material adverse effect on our business, results of operations and financial condition.

***Our and our customers' operations are subject to a number of risks arising out of the threat of climate change, energy conservation measures or initiatives that stimulate demand for alternative forms of energy that could result in increased operating and capital costs for our customers and reduced demand for the products and services we provide.***

The threat of climate change continues to attract considerable attention in the United States and foreign countries. As a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of GHGs as well as to eliminate such future emissions. As a result, our operations as well as the operations of our E&P customers are subject to a series of regulatory, political, litigation and financial risks associated with the production and processing of fossil fuels and emission of GHGs. Moreover, climate change-related regulatory initiatives to reduce carbon-based emissions may result in fuel conservation measures, alternative fuel requirements and increasing consumer demand for alternatives to oil and natural gas, which could reduce demand for the oil and natural gas our customers produce and reduce the demand for our products and services. See Part I, Item 1. "Business – Environmental and Occupational Health and Safety Regulations" for more discussion on the threat of climate and restriction of GHG emissions. The adoption and implementation of any international, federal, regional or state legislation, executive actions, regulations or other regulatory initiatives that impose more stringent standards that restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased compliance costs or costs of consuming fossil fuels, which could reduce demand for our products and services and could have a material adverse effect on our business, financial condition, results of operations and cash flows and revenues.

***Increasing attention to environmental, social and governance ("ESG") matters may impact our business.***

Increasing attention to climate change, increasing societal expectations on companies to address climate change, and potential consumer use of substitutes to fossil-fuel energy commodities may result in increased costs, reduced demand for our customers' hydrocarbon products and our products and services, reduced profits, increased governmental investigations and private litigation against us, and negative impacts on our stock price and access to capital markets. Increasing attention to climate change and environmental conservation, for example, may result in demand shifts for our customers' hydrocarbon products and additional governmental investigations and private litigation against those customers. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed without regard to our causation of or contribution to the asserted damage, or to other mitigating factors.

As part of our ongoing effort to enhance our ESG practices, management regularly reports to our Board of Directors regarding our ESG policies. The goal is to integrate actions taken currently by us regarding ESG issues, to assure corporate governance for a complex assessment of the environmental impact of our products and activities, and to set a framework for the identification of sustainable development risks. While we may elect to seek out various voluntary ESG targets now or in the future, such targets are aspirational. We may not be able to meet such targets in the manner or on such a timeline as initially contemplated, including as a result of unforeseen costs or technical difficulties associated with achieving such results. To the extent we elected to pursue such targets and were able to achieve the desired target levels, such achievement may have been accomplished as a result of entering into various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate our ESG impact instead of actual changes in our ESG performance. Notwithstanding our election to pursue aspirational targets now or in the future, we may receive pressure from investors, lenders or other groups to adopt more aggressive climate or other ESG-related goals, but we cannot guarantee that we will be able to implement such goals because of potential costs or technical or operational obstacles.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Such ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us or our customers and to the diversion of investment to other industries which could have a negative impact on our stock price and/or our access to and costs of capital. Also, institutional lenders may decide not to

provide funding for fossil fuel energy companies or the corresponding infrastructure projects based on climate change related concerns, which could affect our or our customers' access to capital for potential growth projects, which can adversely affect our business. Further, while we may participate in various voluntary frameworks and certification programs to improve the ESG profile of our operations and products, we cannot guarantee that such participation or certification will have the intended results on our or our products' ESG profile. Such ESG matters may also impact our customers, which may adversely impact our business, financial condition or results of operations.

***Anti-indemnity provisions enacted by many states may restrict or prohibit a party's indemnification of us.***

We typically enter into agreements with our customers governing the use and operation of our systems and services, which usually include certain indemnification provisions for losses resulting from operations. Such agreements may require each party to indemnify the other against certain claims regardless of the negligence or other fault of the indemnified party; however, many states place limitations on contractual indemnity agreements, particularly agreements that indemnify a party against the consequences of its own negligence. Furthermore, certain states, including Louisiana, New Mexico, Texas and Wyoming have enacted statutes generally referred to as "oilfield anti-indemnity acts" expressly prohibiting certain indemnity agreements contained in or related to oilfield services agreements. Such anti-indemnity acts may restrict or void a party's indemnification of us, which could have a material adverse effect on our business, financial condition, prospects and results of operations.

**Risks Related to Our Class A Common Stock**

***Solaris Inc. is a holding company. Solaris Inc.'s sole material asset is its equity interest in Solaris LLC and Solaris Inc. is accordingly dependent upon distributions from Solaris LLC to pay taxes, make payments under the Tax Receivable Agreement and cover its corporate and other overhead expenses.***

Solaris Inc. is a holding company and has no material assets other than its equity interest in Solaris LLC. Solaris Inc. has no independent means of generating revenue. To the extent that Solaris Inc. needs funds, including making payments under the Tax Receivable Agreement, and Solaris LLC or its subsidiaries are restricted from making such distributions or payments under applicable law or regulation or under the terms of the Credit Agreement or any future financing arrangements, or are otherwise unable to provide such funds, Solaris Inc.'s liquidity and financial condition could be materially adversely affected.

***Our stock price could be volatile, and you may not be able to resell shares of your Class A common stock at or above the price you paid.***

The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our Class A common stock. In addition, the market price of our Class A common stock may fluctuate significantly in response to a number of factors outside of our control, including public reaction to our releases and filings, actions by our competitors and actions by our stockholders. Additionally, if our results fail to meet analyst expectations or if analysts cease coverage of our Company, fail to publish reports on us regularly, or downgrade our Class A common stock, our stock price or trading volume could decline. Volatility in the market price of our Class A common stock may prevent you from being able to sell your Class A common stock at or above the price at which you purchased the stock. As a result, you may suffer a loss on your investment. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in substantial costs, divert our management's attention and resources and harm our business, operating results and financial condition.

***Future sales of our Class A common stock in the public market, or the perception that such sales may occur, could reduce our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us.***

We may sell additional shares of our Class A common stock in subsequent offerings. In addition, subject to certain limitations and exceptions, the Original Investors may redeem their Solaris LLC Units (together with a corresponding number of shares of Class B common stock) for shares of Class A common stock (on a one-for-one basis, subject to

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conversion rate adjustments for stock splits, stock dividends and reclassification and other similar transactions) and then sell those shares of Class A common stock. Sales of substantial amounts of our Class A common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our Class A common stock.

***Holders of our Class A common stock may not receive dividends on our Class A common stock.***

We declared our first dividend to Class A stockholders in the fourth quarter of 2018 and have continued to declare dividends on a quarterly basis. See Part II, Item 5. “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities” of this Annual Report. We are not required to declare future dividends and holders of our Class A common stock are entitled to receive only such dividends as our board of directors may declare out of funds legally available for such payments. Any determination to pay dividends and other distributions in cash, stock or property by us in the future will be at the discretion of our board of directors and will be dependent on then-existing conditions, including business conditions, our financial condition, results of operations, liquidity, capital requirements, contractual restrictions including restrictive covenants contained in debt agreements and other factors.

***Our principal stockholders collectively hold a significant amount of the voting power of our common stock.***

Holders of Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law or our certificate of incorporation, and the members of Solaris LLC immediately prior to the IPO (collectively, the “Original Investors”) own a substantial majority of our Class B common stock, which represents approximately 31% of our combined economic interest and voting power.

Although the Original Investors are entitled to act separately in their own respective interests with respect to their ownership in us, if the Original Investors choose to act in concert, they will together have the ability to strongly influence the election of the members of our board of directors, and thereby our management and affairs. In addition, they will be able to strongly influence the outcome of all matters requiring stockholder approval, including mergers and other material transactions. The existence of significant stockholders may also have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of our company. Moreover, this concentration of stock ownership may also adversely affect the trading price of our Class A common stock to the extent investors perceive a disadvantage in owning stock of a company with a controlling stockholder.

***Certain Designated Parties are not limited in their ability to compete with us, and the corporate opportunity provisions in our amended and restated certificate of incorporation could enable such Designated Parties and their respective affiliates to benefit from corporate opportunities that might otherwise be available to us.***

Our governing documents provide that Yorktown, Wells Fargo Central Pacific Holdings, Inc. and our directors who are not also our officers, including William A. Zartler, our Chief Executive Officer and the Chairman of our board of directors, and their respective portfolio investments and affiliates (collectively, the “Designated Parties”) are not restricted from owning assets or engaging in businesses that compete directly or indirectly with us.

In particular, subject to the limitations of applicable law, our amended and restated certificate of incorporation, among other things:

- permits such Designated Parties to conduct business that competes with us and to make investments in any kind of property in which we may make investments; and
- provides that if such Designated Parties, or any employee, partner, member, manager, officer or director of such Designated Parties who is also one of our directors, becomes aware of a potential business opportunity, transaction or other matter, they will have no duty to communicate or offer that opportunity to us.

The Designated Parties may become aware, from time to time, of certain business opportunities (such as acquisition opportunities) and may direct such opportunities to other businesses in which they have invested, in which case we may not become aware of or otherwise have the ability to pursue such opportunity. Furthermore, such businesses may choose to compete with us for these opportunities, possibly causing these opportunities to not be available to us or causing them to be more expensive for us to pursue. In addition, the Designated Parties may dispose of oil and natural gas service assets in the future, without any obligation to offer us the opportunity to purchase any of those assets. As a result, our renouncing our interest and expectancy in any business opportunity that may be from time to time presented to the Designated Parties could adversely impact our business or prospects if attractive business opportunities are procured by such parties for their own benefit rather than for ours or become more expensive for us to pursue.

***Certain of our directors, including our Chairman and Chief Executive Officer, have significant duties with, and spend significant time serving, entities that may or may not compete with us and, accordingly, may have conflicts of interest in allocating time or pursuing business opportunities.***

Certain of our executive officers and directors, who are responsible for managing the direction of our operations, hold positions of responsibility with other entities (including affiliated entities) that are in the oil and natural gas industry. These executive officers and directors may have conflicts of interest in allocating their time between these entities or whether to present potential business opportunities to other entities prior to presenting them to us, which could cause additional conflicts of interest. They may also decide that certain opportunities are more appropriate for other entities with which they are affiliated, and as a result, they may elect not to present those opportunities to us. These conflicts may not be resolved in our favor. For additional discussion of our directors' business affiliations and the potential conflicts of interest of which our stockholders should be aware, see Note 13. "Related Party Transactions" under Part II, Item 8. "Financial Statements and Supplementary Data."

***Our amended and restated certificate of incorporation and amended and restated bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our Class A common stock and could deprive our investors of the opportunity to receive a premium for their shares.***

Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations and relative rights, including preferences over our Class A common stock respecting dividends, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our Class A common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of the Class A common stock.

If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders. These provisions include, among other things: a staggered, or classified, board of directors; permitting the majority of directors then in office, even if less than a majority, the right to fill vacancies; restricting the ability of stockholders to act by written consent or call special meetings of stockholders; supermajority requirements (75%) to

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remove directors from office; prohibitions on cumulative voting of directors; advance notice requirements for stockholders proposals; and express power to our board of directors to adopt, or alter or repeal our bylaws.

In addition, certain change of control events have the effect of accelerating the payments due under the Tax Receivable Agreement, which could be substantial and accordingly serve as a disincentive to a potential acquirer of our company. Please see "—In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, Solaris Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement."

***Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.***

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our bylaws, or (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations promulgated thereunder. As a result, the exclusive forum provision will not apply to actions arising under the Exchange Act or the rules and regulations promulgated thereunder. However, Section 22 of the Securities Act provides for concurrent federal and state court jurisdiction over actions under the Securities Act and the rules and regulations promulgated thereunder, subject to a limited exception for certain "covered class actions" as defined in Section 16 of the Securities Act and interpreted by the courts. Accordingly, we believe that the exclusive forum provision would apply to actions arising under the Securities Act or the rules and regulations promulgated thereunder, except to the extent a particular action fell within the exception for covered class actions or the exception in the certificate of incorporation described above otherwise applied to such action, which could occur if, for example, the action also involved claims under the Exchange Act. Stockholders will not be deemed, by operation of Article 14 of the certificate of incorporation alone, to have waived claims arising under the federal securities laws and the rules and regulations promulgated thereunder.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of, and consented to, the provisions of our amended and restated certificate of incorporation. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our amended and restated certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

***Solaris Inc. will be required to make payments under the Tax Receivable Agreement for certain tax benefits that it may claim, and the amounts of such payments could be significant.***

In connection with the closing of the IPO, Solaris Inc. entered into a Tax Receivable Agreement with the TRA Holders (as defined herein). For additional information, see "Payables Related to the Tax Receivable Agreement" in Note 10. "Income Taxes" and Note 13 "Related Party Transactions" under Part II, Item 8. "Financial Statements and Supplementary Data." The term of the Tax Receivable Agreement will continue until all tax benefits that are subject to the Tax Receivable Agreement have been utilized or expired, unless Solaris Inc. exercises its right to terminate the Tax Receivable Agreement (or the Tax Receivable Agreement is terminated due to other circumstances, including Solaris Inc.'s breach of a material obligation thereunder or certain mergers, asset sales or other forms of business combinations or other changes of control), and Solaris Inc. makes the termination payment specified in the Tax Receivable Agreement.

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The payment obligations under the Tax Receivable Agreement are Solaris Inc.'s obligations and not obligations of Solaris LLC, and Solaris Inc. expects that the payments it will be required to make under the Tax Receivable Agreement will be substantial. Estimating the amount and timing of payments that may become due under the Tax Receivable Agreement is by its nature imprecise. For purposes of the Tax Receivable Agreement, cash savings in tax generally are calculated by comparing Solaris Inc.'s actual tax liability (determined by using the actual applicable United States federal income tax rate and an assumed combined state and local income and franchise tax rate) to the amount Solaris Inc. would have been required to pay had it not been able to utilize any of the tax benefits subject to the Tax Receivable Agreement. The actual increase in tax basis, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of any redemption of Solaris LLC Units, the price of Solaris Inc.'s Class A common stock at the time of each redemption, the extent to which such redemptions are taxable transactions, the amount and timing of the taxable income Solaris Inc. generates in the future, the United States federal income tax rates then applicable, and the portion of Solaris Inc.'s payments under the Tax Receivable Agreement that constitute imputed interest or give rise to depreciable or amortizable tax basis.

The payments under the Tax Receivable Agreement are not conditioned upon a holder of rights under the Tax Receivable Agreement having a continued ownership interest in Solaris Inc. or Solaris LLC. For additional information regarding the Tax Receivable Agreement, see Note 10. "Income Taxes" under Part II, Item 8. "Financial Statements and Supplementary Data."

***In certain cases, payments under the Tax Receivable Agreement may be accelerated and/or significantly exceed the actual benefits, if any, Solaris Inc. realizes in respect of the tax attributes subject to the Tax Receivable Agreement.***

If we experience a change of control (as defined in the Tax Receivable Agreement), which includes certain mergers, asset sales and other forms of business combinations, or the Tax Receivable Agreement terminates early, we would be required to make a substantial, immediate lump-sum payment. This payment would equal the present value of hypothetical future payments that could be required to be paid under the Tax Receivable Agreement (determined by applying a discount rate of one year London Interbank Offered Rate ("LIBOR") plus 100 basis points). The calculation of hypothetical future payments will be based upon certain assumptions and deemed events set forth in the Tax Receivable Agreement, including that (i) Solaris Inc. has sufficient taxable income to fully utilize the tax benefits covered by the Tax Receivable Agreement (including having sufficient taxable income to currently utilize any accumulated net operating loss carryforwards) and (ii) any Solaris LLC Units (other than those held by Solaris Inc.) outstanding on the termination date are deemed to be redeemed on the termination date. Any early termination payment may be made significantly in advance of, and may materially exceed, the actual realization, if any, of the future tax benefits to which the termination payment relates. If we experience a change of control, such potential termination payment could have a substantial negative impact on Solaris Inc.'s liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales or other forms of business combinations or changes of control.

For example, if the Tax Receivable Agreement were terminated immediately after the filing of this Annual Report the estimated termination payments would, in the aggregate, be approximately \$82.8 million (calculated using a discount rate equal to one year LIBOR plus 100 basis points, applied against an undiscounted liability of \$87.2 million, based upon the last reported closing sale price of our Class A common stock on December 31, 2021). The foregoing number is merely an estimate and the actual payment could differ materially. There can be no assurance that we will be able to finance our obligations under the Tax Receivable Agreement. Please read Note 10. "Income Taxes" under Part II, Item 8. "Financial Statements and Supplementary Data" for additional information.

Additionally, holders of our Class A common stock could receive substantially less consideration in connection with a change of control transaction than they would receive in the absence of such obligation. Further, Solaris Inc.'s payment obligations under the Tax Receivable Agreement will not be conditioned upon the TRA Holders having a continued interest in Solaris Inc. or Solaris LLC. Accordingly, the TRA Holders' interests may conflict with those of the holders of our Class A common stock.



Finally, payments under the Tax Receivable Agreement will be based on the tax reporting positions that we will determine. The TRA Holders will not reimburse us for any payments previously made under the Tax Receivable Agreement if any tax benefits that have given rise to payments under the Tax Receivable Agreement are subsequently disallowed. As a result, in such circumstances, we could make payments that are greater than our actual cash tax savings, if any, and may not be able to recoup those payments, which could adversely affect our liquidity.

***The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act, and the requirements of the Sarbanes-Oxley Act, may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.***

As a public company, we need to comply with laws, regulations and requirements, certain corporate governance provisions of the Sarbanes-Oxley Act and related regulations of the SEC and the requirements of the New York Stock Exchange (the “NYSE”). Complying with these statutes, regulations and requirements occupies a significant amount of time of our board of directors and management and significantly increases our costs and expenses.

Furthermore, while we must comply with Section 404 of the Sarbanes-Oxley Act, we are not required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until our first annual report subsequent to our ceasing to be an “emerging growth company” within the meaning of Section 2(a)(19) of the Securities Act. Accordingly, we may not be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until as late as our annual report for the fiscal year ending December 31, 2022. Once it is required to do so, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed, operated or reviewed. Compliance with these requirements may strain our resources, increase our costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

In addition, being a public company subject to these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as executive officers.

***For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements, including those relating to internal controls, accounting standards and disclosure about our executive compensation, that apply to other public companies.***

Under Section 404(a) of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) our management is required to assess and report annually on the effectiveness of our internal control over financial reporting and identify any material weaknesses in our internal control over financial reporting. Once we are no longer an emerging growth company, Section 404(b) of the Sarbanes-Oxley Act will require our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal control over financial reporting. If material weaknesses are discovered in the future, the Company’s financial statements could contain additional errors which, in turn, could lead to errors in our financial reports and/or delays in our financial reporting, which could require us to further restate our operating results. As a result, investors may lose confidence in our operating results, the price of our Class A common stock could decline and we may be subject to litigation or regulatory enforcement actions, including delisting from the NYSE.

Additionally, for as long as we are an emerging growth company, unlike other public companies, we will not be required to, among other things: (i) comply with any new requirements if adopted by the Public Company Accounting Oversight Board (United States) requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer; (ii) provide certain disclosures regarding executive compensation required of larger public companies; or (iii) hold nonbinding advisory votes on executive compensation.

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To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our Class A common stock to be less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

***Changes to applicable tax laws and regulations or exposure to additional income tax liabilities could affect our business and future profitability.***

We are subject to various and evolving U.S. federal, state and local taxes. U.S. federal, state and local tax laws, policies, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us, in each case, possibly with retroactive effect, and may have an adverse effect on our business and future profitability. For example, several tax proposals have been set forth that would, if enacted, make significant changes to U.S. tax laws. Such proposals include an increase in the U.S. income tax rate applicable to corporations (such as us) from 21%, the imposition of a minimum tax on book income for certain corporations and the imposition of an excise tax on certain corporate stock repurchases that would be borne by the corporation repurchasing such stock. The U.S. Congress may consider, and could include, some or all of these proposals in connection with tax reform that may be undertaken. It is unclear whether these or similar changes will be enacted and, if enacted, how soon any such changes could take effect. The passage of any legislation as a result of these proposals and other similar changes in U.S. federal income tax laws could adversely affect our business and future profitability.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Our principal properties are described in Item 1. “Business” under the caption “—Our Properties.”

**Item 3. Legal Proceedings**

Disclosure concerning legal proceedings is incorporated by reference to “Part II. Item 8. “Financial Statements and Supplementary Data—Note 3. Legal Proceedings” in this Annual Report.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Part II**

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Market Information**

Shares of our Class A common stock trade on the NYSE under the symbol “SOI.”

As of February 18, 2022, we had approximately 4 holders of record of our Class A common stock. This number excludes owners for whom Class A common stock may be held in "street" name.

There is no market for our Class B common stock. As of February 18, 2022, we had 15 holders of record of our Class B common stock.

**Dividend Policy**

During the year ended December 31, 2021, the Company paid quarterly cash dividends of \$0.105 per share of Class A common stock. We currently intend to continue paying the quarterly dividend while retaining the balance of future earnings, if any, to finance the growth of our business. However, our future dividend policy is within the discretion of our board of directors and will depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, statutory restrictions on our ability to pay dividends and other factors our board of directors may deem relevant. In addition, our Credit Agreement contains certain restrictions on our ability to pay cash dividends to holders of our Class A common stock.

**Stock Performance Graph**

The graph below compares the cumulative total shareholder return on our common stock with the cumulative total return on the Standard & Poor’s 500 Stock Index and the Oilfield Service Index since May 12, 2017, the first day our Class A common stock traded on the NYSE.

The graph assumes \$100 was invested in our common stock on May 12, 2017 and in each of the indexes and further assumes the reinvestment of dividends. We elected to include the Oilfield Service Index as our published industry or line-of-business index as we believe it is an appropriate benchmark for our line of business/industry.



Source: Bloomberg. Assumes dividend reinvestment on pay date.

**Securities Authorized for Issuance under Equity Compensation Plans**

The information relating to our equity compensation plans required by Item 5 is incorporated by reference to such information as set forth in Item 12. “Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters” contained herein.

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### Issuer Purchases of Equity Securities

The following table presents the total number of shares of our Class A common stock that we purchased during the year ended December 31, 2021 and the average price paid per share:

Period	Total Number of Shares Purchased	Average Price Paid Per Share
	January 1 - January 31	—
February 1 - February 28	—	—
March 1 - March 31	57,026 (1)	11.78
April 1 - April 30	504 (1)	12.82
May 1 - May 31	—	—
June 1 - June 30	1,820 (1)	11.67
July 1 - July 31	—	—
August 1 - August 31	11,253 (1)	7.46
September 1 - September 30	—	—
October 1 - October 31	—	—
November 1 - November 30	—	—
December 1 - December 31	—	—
Total	70,603	\$ 11.10

(1) Represents shares of stock withheld for the payment of withholding taxes upon the vesting of restricted stock.

### Sales of Unregistered Equity Securities

None.

### Item 6. Reserved

Reserved.

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*Unless the context requires otherwise, references in this Annual Report to the "Company," "Solaris," "we," "us" and "our" refer to (i) Solaris Oilfield Infrastructure, LLC ("Solaris LLC") and its consolidated subsidiaries prior to the completion of our initial public offering and (ii) Solaris Oilfield Infrastructure, Inc. ("Solaris Inc.") and its consolidated subsidiaries following the completion of our initial public offering. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the accompanying financial statements and related notes. This section of this Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. Discussions of 2019 items and year-to-year comparisons between 2020 and 2019 that are not included in this Form 10-K can be found in "Part II, Item 7. "Management's Discussion and Analysis of Financial Conditions and Results of Operations" of our [Annual Report on Form 10-K for the fiscal year ended December 31, 2020](#). The following discussion contains "forward-looking statements" that reflect our plans, estimates, beliefs and expected performance. Our actual results may differ materially from those anticipated as discussed in these forward-looking statements as a result of a variety of risks and uncertainties, including those described above in "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" included elsewhere in this Annual Report, all of which are difficult to predict. In light of these risks, uncertainties and assumptions, the forward-looking events discussed may not occur. We assume no obligation to update any of these forward-looking statements except as otherwise required by law.*

## Overview

We design and manufacture specialized equipment, which combined with field technician support, logistics services and our software solutions, enables us to provide a service offering that helps oil and natural gas operators and their suppliers to drive efficiencies and reduce oil and gas development costs and environmental impact. The majority of our revenue is currently derived from providing equipment and services related to our mobile proppant and fluid management systems and our last mile logistics management services. We also generate revenue from new technology and offerings that work in conjunction with our mobile proppant and fluid management systems, including our AutoBlend™ integrated electric blender and proprietary top fill equipment. Our systems and equipment are deployed in most of the active oil and natural gas basins in the United States.

## Recent Trends and Outlook

The oil and natural gas industry is continuing its broad recovery since 2020, as global supply and demand dynamics are improving. Tightening supply fundamentals, together with growing global demand, drove WTI oil prices to a high of over \$90 per barrel in February 2022 from \$52 in January 2021. While the improvement in commodity prices has driven an increase in drilling and completion activity in North America, overall activity levels in North America have been impacted by capital discipline among many operators.

North American land activity improved throughout 2021 as the Baker Hughes Land rig count increased 66% since the start of the year to 571 rigs at year-end, compared to a 49% increase in our fully utilized systems since the fourth quarter of 2020. Overall, demand for our offerings is predominantly influenced by the level of oil and natural gas well drilling and completion activity. While our fully utilized systems are highly correlated with US land rig count activity over longer periods, timing differences between drilling and completion activity can result in lags of one to two quarters or longer.

The sustainability of favorable supply-demand dynamics and a strong commodity environment will depend on multiple factors, including any further supply chain disruptions or potential regulatory changes. Recent consolidation amongst some of our E&P and oil service customers combined with financial discipline from publicly traded energy companies has reduced industry-wide capital spending, resulting in activity levels that remain below pre-pandemic levels despite the recovery in commodity prices. Additionally, consolidation can drive procurement strategy changes, which has historically resulted in both market share gains and losses for the Company. We expect both consolidation and financial discipline will likely continue to be important themes for the energy industry going forward.

**Results of Operations****Year Ended December 31, 2021 Compared to Year Ended December 31, 2020**

	Year Ended December 31,		Change
	2021	2020 (in thousands)	
Revenue	\$ 159,189	\$ 102,976	\$ 56,213
Operating costs and expenses:			
Cost of services (exclusive of depreciation)	115,459	65,764	49,695
Depreciation and amortization	27,210	27,021	189
Selling, general and administrative	19,264	16,481	2,783
Impairment losses	—	47,828	(47,828)
Other operating (income) expenses	(2,357)	5,782	(8,139)
Total operating costs and expenses	159,576	162,876	(3,300)
Operating loss	(387)	(59,900)	59,513
Interest expense, net	(247)	(162)	(85)
Total other expense	(247)	(162)	(85)
Loss before income tax expense	(634)	(60,062)	59,428
Benefit (provision) for income taxes	(626)	8,969	(9,595)
Net loss	(1,260)	(51,093)	49,833
Less: net loss related to non-controlling interests	392	21,752	(21,360)
Net loss attributable to Solaris	\$ (868)	\$ (29,341)	\$ 28,473

**Revenue**

Revenue increased \$56.2 million, or 55%, to \$159.2 million for the year ended December 31, 2021 compared to \$103.0 million for the year ended December 31, 2020. Revenue increased mainly due to an increase in demand for our products and services. Mobile proppant systems on a fully utilized basis increased from 45 systems for the year ended December 31, 2020 to 57 systems for the year ended December 31, 2021, in response to higher overall activity levels of our customers, driven primarily by stronger commodity prices.

**Cost of Services**

Cost of services, excluding depreciation and amortization expense increased \$49.7 million, or 76%, to \$115.5 million for the year ended December 31, 2021 compared to \$65.8 million for the year ended December 31, 2020. The increase was primarily due to operating costs related to an increase in demand for our products and services. Cost of services as a percentage of revenue was 73% and 64% for the year ended December 31, 2021 and 2020, respectively.

**Selling, General and Administrative Expenses**

Selling, general and administrative expenses, excluding depreciation and amortization increased \$2.8 million, or 17%, to \$19.3 million for the year ended December 31, 2021 compared to \$16.5 million for the year ended December 31, 2020. The increase is primarily due to increases in headcount and professional fees.

**Impairment Losses**

As a result of risks and uncertainties associated with volatility in global oil markets, which were exacerbated by COVID-19, and the expected impact on our business, results of operations and earnings, we recorded impairment losses and other charges of \$37.8 million, \$4.2 million, \$2.8 million, \$2.6 million and \$0.4 million in relation to property, plant and equipment, goodwill, right of use assets, and inventories and other assets, respectively, in the year ended December 31, 2020. We did not record impairment losses in the year ended December 31, 2021.

### **Other Operating (Income) Expense**

Other operating (income) expense decreased \$8.1 million, or 140% to income of \$2.4 million for the year ended December 31, 2021 compared to the expense of \$5.8 million for the year ended December 31, 2020. The Company qualified for federal government assistance through employee retention credit provisions of the Consolidated Appropriations Act of 2021. During the year ended December 31, 2021, the Company recorded \$3.1 million of employee retention credits in other income on its consolidated income statements. As of December 31, 2021, \$1.2 million of the credits have been received and \$1.9 million is included in prepaid expenses and other current assets on the consolidated balance sheet. The calculation of the credit is based on employees continued employment and represents a portion of the wages paid to them. For income tax purposes, the credit will result in decreased expense related to the wages it offsets in the period received. Other operating expenses in the year ended December 31, 2020 primarily relate to credit losses, loss on disposal of assets, severance costs and the write off of prepaid purchase orders that were not fulfilled.

### **Provision for Income Taxes**

During the year ended December 31, 2021, we recognized a combined United States federal and state expense for income taxes of \$0.6 million, an increase of \$9.6 million as compared to the \$9.0 million income tax benefit we recognized during the year ended December 31, 2020. This change was attributable to lower operating losses. The effective combined United States federal and state income tax rates were (98.7)% and 14.9% for the year ended December 31, 2021 and 2020, respectively. The effective tax rate differed from the statutory rate primarily due to Solaris LLC's treatment as a partnership for United States federal income tax purposes. The effective tax rate for 2021 was higher than the effective tax rate for 2020 primarily due to the impact of permanent differences on a smaller operating loss.

### **Comparison of Non-GAAP Financial Measures**

We view EBITDA and Adjusted EBITDA as important indicators of performance. We define EBITDA as net income, plus (i) depreciation and amortization expense, (ii) interest expense and (iii) income tax expense, including franchise taxes. We define Adjusted EBITDA as EBITDA plus (i) stock-based compensation expense and (ii) certain non-cash items and any extraordinary, unusual or non-recurring gains, losses or expenses.

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EBITDA and Adjusted EBITDA should not be considered in isolation or as substitutes for an analysis of our results of operation and financial condition as reported in accordance with accounting standards generally accepted in the United States (“GAAP”). Net income is the GAAP measure most directly comparable to EBITDA and Adjusted EBITDA. EBITDA and Adjusted EBITDA should not be considered alternatives to net income presented in accordance with GAAP. Because EBITDA and Adjusted EBITDA may be defined differently by other companies in our industry, our definitions of EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

The following table presents a reconciliation of Net income to EBITDA and Adjusted EBITDA for each of the periods indicated.

	Year ended December 31,		Change
	2021	2020 (in thousands)	
Net loss	\$ (1,260)	\$ (51,093)	\$ 49,833
Depreciation and amortization	27,210	27,021	189
Interest expense, net	247	162	85
Income taxes (1)	626	(8,969)	9,595
EBITDA	\$ 26,823	\$ (32,879)	\$ 59,702
Stock-based compensation expense (2)	5,210	4,735	475
Employee retention credit (3)	(2,957)	—	(2,957)
Loss on disposal of assets	125	1,428	(1,303)
Impairment loss	—	47,828	(47,828)
Severance	41	547	(506)
Credit losses	365	2,728	(2,363)
Other write-offs (4)	—	601	(601)
Transaction costs (5)	459	603	(144)
Adjusted EBITDA	\$ 30,066	\$ 25,591	\$ 4,475

- (1) Federal and state income taxes.
- (2) Represents stock-based compensation expense related to restricted stock.
- (3) Employee retention credit as part of the Consolidated Appropriations Act of 2021, net of administrative fees.
- (4) Write-off of prepaid and cancelled purchase orders in the year ended December 31, 2020.
- (5) Costs related to the evaluation of potential acquisitions.

**Year Ended December 31, 2021 Compared to Year Ended December 31, 2020: EBITDA and Adjusted EBITDA**

EBITDA increased \$59.7 million to \$26.9 million for the year ended December 31, 2021 compared to \$(32.9) million for the year ended December 31, 2020. Adjusted EBITDA increased \$4.5 million to \$30.1 million for the year ended December 31, 2021 compared to \$25.6 million for the year ended December 31, 2020. The increases in EBITDA and Adjusted EBITDA were primarily due to the changes in revenues and expenses, discussed above.



## Liquidity and Capital Resources

### Overview

Our primary sources of liquidity to date have been cash flows from operations, borrowings under our credit agreements and proceeds from equity offerings. Our primary uses of capital have been to fund ongoing operations, capital expenditures to support organic growth, including our fleet development and related maintenance and fleet upgrades, repurchase shares of Class A common stock in the open market, and pay dividends. Although no assurance can be given, depending upon market conditions and other factors, we may also have the ability to issue additional equity and debt if needed.

As of December 31, 2021, cash and cash equivalents totaled \$36.5 million. We have no borrowings outstanding under our Credit Agreement and have \$50.0 million of available borrowing capacity. We believe that our cash on hand, operating cash flow and available borrowings under our Credit Agreement will be sufficient to fund our operations for at least the next 12 months. See Note 8. “Senior Secured Credit Facility” under Item 8. “Financial Statements and Supplementary Data” for additional information regarding our Credit Facility.

### Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Year Ended December 31,		Change
	2021	2020	2021 vs. 2020
	(in thousands)		
Net cash provided by operating activities	\$ 16,473	\$ 43,853	\$ (27,380)
Net cash used in investing activities	(19,524)	(3,775)	(15,749)
Net cash used in financing activities	(20,818)	(46,594)	25,776
Net change in cash	\$ (23,869)	\$ (6,516)	\$ (17,353)

### Analysis of Cash Flow Changes for Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

**Operating Activities.** Net cash provided by operating activities was \$16.5 million for the year ended December 31, 2021, compared to net cash provided by operating activities of \$43.9 million for the year ended December 31, 2020. The decrease of \$27.4 million in operating cash flow was primarily attributable to changes in working capital, including an increase in accounts receivable and prepaid expenses.

**Investing Activities.** Net cash used in investing activities was \$19.5 million for the year ended December 31, 2021, compared to \$3.8 million for the year ended December 31, 2020. The increase in investing activities of \$15.7 million is primarily due to capital expenditures related to enhancements to our fleet and for new technologies.

**Financing Activities.** Net cash used in financing activities of \$20.8 million for the year ended December 31, 2021, was primarily related to quarterly dividends of \$19.2 million and \$0.8 million of payments related to vesting of stock-based compensation. Net cash used in financing activities of \$46.6 million for the year ended December 31, 2020 was primarily related to \$26.7 million of share repurchases and quarterly distributions and dividends of \$19.0 million.

### Future sources and uses of cash

Our material cash commitments consist primarily of obligations under our Credit Agreement, Tax Receivable Agreement, finance and operating leases for property and equipment, and purchase obligations as a part of normal operations. We have no material off balance sheet arrangements as of December 31, 2021, except for purchase commitments under supply agreements disclosed below.

In 2022, we expect to pay approximately \$0.2 million in commitment fees on our Credit Agreement, calculated based on the unused portion of lender commitments, at the applicable commitment fee rates of 0.25% and 0.375%.

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We currently expect to make payments of approximately \$1.2 million under the Tax Receivable Agreement within the next twelve months. Future amounts payable under the Tax Receivable Agreement are dependent upon future events. See Note 10. "Income Taxes" under Item 8. "Financial Statements and Supplementary Data" for additional information regarding the Tax Receivable Agreement.

See Note 7. "Leases" under Item 8. "Financial Statements and Supplementary Data" for additional information regarding scheduled maturities of finance and operating leases.

As of December 31, 2021, we had purchase obligations of approximately \$9.3 million payable within the next twelve months. See Note 12. "Commitments and Contingencies" under Item 8. "Financial Statements and Supplementary Data" for information regarding scheduled contractual obligations.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements requires the use of judgments and estimates. Our critical accounting policies are described below to provide a better understanding of how we develop our assumptions and judgments about future events and related estimates and how they can impact our financial statements. A critical accounting estimate is one that requires our most difficult, subjective or complex estimates and assessments and is fundamental to our results of operations.

We base our estimates on historical experience and on various other assumptions we believe to be reasonable according to the current facts and circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We believe the following are the critical accounting policies used in the preparation of our combined financial statements, as well as the significant estimates and judgments affecting the application of these policies. This discussion and analysis should be read in conjunction with our consolidated financial statements and related notes included in this report.

#### **Revenue Recognition**

Our revenue is derived from short-term contracts and consists of fees charged to customers for the use of our equipment and labor services, mobilization and transportation of our equipment, services coordinating the transportation of proppant delivery to our equipment, transloading services and for inventory software services, each of which are considered to be separate performance obligations.

The majority of our contracts contain multiple performance obligations, such as work orders containing a combination of equipment, transportation, and labor services. We allocate the transaction price to each performance obligation identified in the contract based on relative stand-alone selling prices, or estimates of such prices, and recognize the related revenue as control of each individual product or service is transferred to the customer, in satisfaction of the corresponding performance obligations. We measure progress using an input method based on resources consumed or expended relative to the total resources expected to be consumed or expended. We assess our customers' ability and intention to pay, which is based on a variety of factors including historical payment experience and financial condition and we typically charge our customers on a weekly or monthly basis.

Variable consideration typically may relate to discounts, price concessions and incentives. The Company estimates variable consideration based on the amount of consideration we expect to receive. The Company accrues revenue on an ongoing basis to reflect updated information for variable consideration as performance obligations are met.

#### **Value of Long-Lived Assets, Definite-Lived Intangible Assets and Goodwill**

We carry a variety of long-lived assets on our balance sheet including property, plant and equipment, goodwill and other intangibles. Impairment is the condition that exists when the carrying amount of a long-lived asset exceeds its fair value, and any impairment charge that we record reduces our operating income. Goodwill is the excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired and liabilities assumed. We conduct impairment tests on goodwill annually, on October 31, or more frequently whenever events or changes in circumstances indicate an

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impairment may exist. We conduct impairment tests on long-lived assets, other than goodwill, whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Key estimates relate to the fair value and recoverability of carrying values of long-lived assets, definite-lived intangible assets and goodwill. These estimates include management's short-term and long-term forecast of operating performance, including revenue growth rates and expected profitability margins, estimates of the remaining useful life and service potential of the assets, a discount rate based on our weighted average cost of capital, forecasted capital expenditures and the timing of expected future cash flows based on market conditions. Impairment assessments also incorporate inherent uncertainties, including projected commodity pricing, supply and demand for our services and future market conditions, which are difficult to predict in volatile economic and actual results could materially differ from the estimated assumptions utilized in our forecasts.

See Note 2. "Summary of Significant Accounting Policies — Recently Issued Accounting Standards" under Item 8. "Financial Statements and Supplementary Data" for impairments and other charges recorded during the year ended December 31, 2020. If market conditions further deteriorate, including crude oil prices significantly declining and remaining at low levels for a sustained period of time, we could be required to record additional impairments of the carrying value of our long-lived assets, definite-lived intangible assets or goodwill in the future which could have a material adverse impact on our operating results.

### **Income Taxes**

Solaris Inc. is a corporation and, as a result, is subject to United States federal, state and local income taxes. For the year ended December 31, 2021 we recognized a combined United States federal and state expense for income taxes of \$0.6 million. For the year ended December 31, 2020 we recognized an income tax benefit of \$9.0 million. Solaris LLC is treated as a partnership for United States federal income tax purposes and therefore does not pay federal income tax on its taxable income. Instead, the Solaris LLC members are liable for federal income tax on their respective shares of the Company's taxable income reported on the members' United States federal income tax returns.

We determine deferred tax assets and liabilities on the basis of the differences between the book value and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period in which the enactment date occurs.

We routinely evaluate the realizability of our deferred tax assets by assessing the likelihood that our deferred tax assets will be recovered based on all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, estimates of future taxable income, tax planning strategies and results of operations. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, we consider our historical results and incorporate certain assumptions, including revenue growth and operating margins, among others. As of December 31, 2021 and 2020, we had \$62.9 million and \$59.8 million of deferred tax assets, respectively.

See Note 10. "Income Taxes" under Part II, Item 8. "Financial Statements and Supplementary Data." for additional information.

### **Tax Receivable Agreement**

As described in Note 10. "Income Taxes" under Part II, Item 8. "Financial Statements and Supplementary Data", Solaris Inc. is a party to the Tax Receivable Agreement under which it is contractually committed to pay the TRA Holders 85% of the net cash savings, if any, in United States federal, state and local income tax and franchise tax that Solaris Inc. actually realizes or is deemed to realize in certain circumstances in periods after our initial public offering as a result of certain increases in tax basis, and certain tax benefits attributable to imputed interest as a result of Solaris Inc.'s acquisition (or deemed acquisition for United States federal income tax purposes) of Solaris LLC Units in connection with the IPO or pursuant to an exercise of the Redemption Right or the Call Right (each as defined in the Solaris LLC Agreement) and additional tax basis arising from any payments Solaris Inc. makes under the Tax Receivable Agreement.

The projection of future taxable income involves estimates which require significant judgment. Actual taxable income may differ from our estimates, which could significantly impact the liability relating to the Tax Receivable Agreement. The Company accounts for amounts payable under the Tax Receivable Agreement in accordance with Accounting Standard Codification (“ASC”) Topic 450, *Contingencies*.

#### **Recent Accounting Pronouncements**

See Note 2. “Summary of Significant Accounting Policies — Recently Issued Accounting Standards” under Item 8. “Financial Statements and Supplementary Data” for a discussion of recent accounting pronouncements.

Under the JOBS Act, we meet the definition of an “emerging growth company,” which allows us to have an extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act, however, we elected to opt out of such exemption (this election is irrevocable).

#### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

Market risk is the risk of loss arising from adverse changes in market rates and prices. Currently, our market risks relate to potential changes in the fair value of our long lived assets and long-term debt due to fluctuations in applicable market interest rates. Going forward our market risk exposure generally will be limited to those risks that arise in the normal course of business, as we do not engage in speculative, non-operating transactions, nor do we utilize financial instruments or derivative instruments for trading purposes. Please see Part I, Item 1A. “Risk Factors” for more information regarding market risks.

##### **Commodity Price Risk**

The market for our services is indirectly exposed to fluctuations in the price of crude oil and natural gas to the extent such fluctuations impact drilling and completion activity levels and thus impact the activity levels of our customers in the exploration and production and oilfield services industries. We do not currently intend to hedge our indirect exposure to commodity price risk.

##### **Interest Rate Risk**

We are subject to interest rate risk on a portion of our long-term debt under the Credit Agreement. As of December 31, 2021, however, we had no outstanding borrowings under our Credit Agreement and therefore a change in interest rates as of such date would not have resulted in increased or decreased interest expense.

##### **Credit Risk**

The majority of our accounts receivable have payment terms of 60 days or less. As of December 31, 2021, two customers collectively accounted for 42% of our total accounts receivable. A concentration of counterparties operating in the oil and natural gas industry may increase our overall exposure to credit risk in that the counterparties may be similarly affected by changes in economic, regulatory or other conditions. If a customer defaults, our gross profit and cash flows may be adversely affected. We mitigate the associated credit risk by performing credit evaluations, monitoring the payment patterns of our customers, and pursuing legal remedies, such as the filing of liens, when applicable.

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**Item 8. Financial Statements and Supplementary Data**

The following Consolidated Financial Statements are filed as part of this Annual Report on Form 10-K:

**Solaris Oilfield Infrastructure, Inc.**

<a href="#">Report of Independent Registered Public Accounting Firm</a> (PCAOB ID 243)	38
<a href="#">Consolidated Balance Sheets as of December 31, 2021 and 2020</a>	39
<a href="#">Consolidated Statements of Operations for the Years Ended December 31, 2021, 2020 and 2019</a>	40
<a href="#">Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2021, 2020 and 2019</a>	41
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2021, 2020 and 2019</a>	42
<a href="#">Notes to the Consolidated Financial Statements</a>	43

## **Report of Independent Registered Public Accounting Firm**

Shareholders and Board of Directors  
Solaris Oilfield Infrastructure, Inc.  
Houston, Texas

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated balance sheets of Solaris Oilfield Infrastructure, Inc. (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations, changes in stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP

We have served as the Company's auditor since 2017.

Houston, Texas  
February 24, 2022

**SOLARIS OILFIELD INFRASTRUCTURE, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in thousands except share and per share amounts)

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 36,497	\$ 60,366
Accounts receivable, net of allowances of \$746 and \$1,099, respectively	33,120	18,243
Prepaid expenses and other current assets	9,797	2,169
Inventories	1,654	954
Total current assets	81,068	81,732
Property, plant and equipment, net	240,091	245,884
Non-current inventories	2,676	3,318
Operating lease right-of-use assets	4,182	4,708
Goodwill	13,004	13,004
Intangible assets, net	2,203	2,982
Deferred tax assets, net	62,942	59,805
Other assets	57	463
Total assets	<u>\$ 406,223</u>	<u>\$ 411,896</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 9,927	\$ 6,863
Accrued liabilities	16,918	11,986
Current portion of payables related to Tax Receivable Agreement	1,210	606
Current portion of operating lease liabilities	717	647
Current portion of finance lease liabilities	31	30
Other current liabilities	496	75
Total current liabilities	29,299	20,207
Operating lease liabilities, net of current	6,702	7,419
Finance lease liabilities, net of current	70	100
Payables related to Tax Receivable Agreement	71,892	68,097
Other long-term liabilities	384	594
Total liabilities	108,347	96,417
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 50,000 shares authorized, none issued and outstanding	—	—
Class A common stock, \$0.01 par value, 600,000 shares authorized and 31,146 shares issued and outstanding as of December 31, 2021 and 28,943 shares issued and outstanding as of December 31, 2020	312	290
Class B common stock, \$0.00 par value, 180,000 shares authorized, 13,770 shares issued and outstanding as of December 31, 2021 and 15,685 shares issued and outstanding as of December 31, 2020	—	—
Additional paid-in capital	196,912	180,415
Retained earnings	5,925	20,549
Total stockholders' equity attributable to Solaris	203,149	201,254
Non-controlling interest	94,727	114,225
Total stockholders' equity	297,876	315,479
Total liabilities and stockholders' equity	<u>\$ 406,223</u>	<u>\$ 411,896</u>

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

**SOLARIS OILFIELD INFRASTRUCTURE, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(in thousands, except share and per share amount)**

	For the Years Ended December 31,		
	2021	2020	2019
Revenue	\$ 159,189	\$ 102,976	\$ 241,687
Operating costs and expenses:			
Cost of services (exclusive of depreciation)	115,459	65,764	87,661
Depreciation and amortization	27,210	27,021	26,925
Selling, general and administrative	19,264	16,481	18,586
Impairment losses	—	47,828	—
Other operating (income) expenses	(2,357)	5,782	585
Total operating costs and expenses	<u>159,576</u>	<u>162,876</u>	<u>133,757</u>
Operating income (loss)	(387)	(59,900)	107,930
Interest expense, net	(247)	(162)	(634)
Total other income (expense)	(247)	(162)	(634)
Income (loss) before income tax expense	(634)	(60,062)	107,296
(Provision) benefit for income taxes	(626)	8,969	(16,936)
Net income (loss)	(1,260)	(51,093)	90,360
Less: net (income) loss related to non-controlling interests	392	21,752	(38,353)
Net income (loss) attributable to Solaris	<u>\$ (868)</u>	<u>\$ (29,341)</u>	<u>\$ 52,007</u>
Earnings (loss) per share of Class A common stock - basic	<u>\$ (0.04)</u>	<u>\$ (1.03)</u>	<u>\$ 1.69</u>
Earnings (loss) per share of Class A common stock - diluted	<u>\$ (0.04)</u>	<u>\$ (1.03)</u>	<u>\$ 1.69</u>
Basic weighted-average shares of Class A common stock outstanding	30,786	28,915	30,141
Diluted weighted-average shares of Class A common stock outstanding	30,786	28,915	30,185

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



**SOLARIS OILFIELD INFRASTRUCTURE, INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(in thousands)**

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock		Non- controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount			Shares	Amount		
Balance at January 1, 2019	27,091	\$ 271	19,627	\$ —	\$ 164,086	\$ 35,507	91	\$ (1,414)	\$ 142,428	\$ 340,878
Effect of ASU No. 2016-02 implementation	—	—	—	—	186	(532)	—	—	(186)	(532)
Share repurchases	(252)	(2)	—	—	(2,916)	—	—	—	(331)	(3,249)
Exchange of Solaris LLC Units and shares of Class B common stock for shares of Class A common stock	3,687	36	(3,687)	—	28,496	—	—	—	(28,532)	—
Deferred tax asset and payables related to parties pursuant to Tax Receivable Agreement from the exchange of Solaris LLC Units and shares of Class B common stock for shares of Class A common stock	—	—	—	—	(2,383)	—	—	—	—	(2,383)
Stock option exercises	76	1	—	—	649	—	28	(427)	(356)	(133)
Stock-based compensation	—	—	—	—	3,030	—	—	—	1,633	4,663
Vesting of restricted stock	163	2	—	—	695	—	44	(685)	(698)	(686)
Solaris LLC distribution paid to Solaris LLC unitholders at \$0.405 per Solaris LLC Unit	—	—	—	—	—	—	—	—	(6,500)	(6,500)
Dividends paid (\$0.405 per share of Class A common stock)	—	—	—	—	—	(12,760)	—	—	—	(12,760)
Net income	—	—	—	—	—	52,007	—	—	38,353	90,360
Balance at December 31, 2019	30,765	\$ 308	15,940	\$ —	\$ 191,843	\$ 74,222	163	\$ (2,526)	\$ 145,811	\$ 409,658
Share and unit repurchases and retirements	(2,374)	(24)	—	—	(14,804)	(10,177)	—	—	(1,712)	(26,717)
Exchange of Solaris LLC Units and shares of Class B common stock for shares of Class A common stock	255	4	(255)	—	2,023	—	—	—	(2,027)	—
Deferred tax asset and payables related to parties pursuant to Tax Receivable Agreement from the exchange of Solaris LLC Units and shares of Class B common stock for shares of Class A common stock	—	—	—	—	(1,485)	—	—	—	—	(1,485)
Stock option exercises	16	—	—	—	101	—	7	(80)	(25)	(4)
Stock-based compensation	—	—	—	—	3,216	—	—	—	1,775	4,991
Vesting of restricted stock	326	2	—	—	956	—	37	(373)	(958)	(373)
Cancelled shares withheld for taxes from RSU vesting	(45)	—	—	—	(156)	(32)	—	—	(102)	(290)
Solaris LLC distribution paid to Solaris LLC unitholders at \$0.42 per Solaris LLC Unit	—	—	—	—	—	—	—	—	(6,635)	(6,635)
Dividends paid (\$0.42 per share of Class A common stock)	—	—	—	—	—	(12,391)	—	—	—	(12,391)
Treasury stock retirements	—	—	—	—	(1,247)	(1,732)	(207)	2,979	—	—
Solaris LLC distribution to unitholders for income tax withholding	—	—	—	—	(32)	—	—	—	(150)	(182)
Net income (loss)	—	—	—	—	—	(29,341)	—	—	(21,752)	(51,093)
Balance at December 31, 2020	28,943	\$ 290	15,685	\$ —	\$ 180,415	\$ 20,549	—	\$ —	\$ 114,225	\$ 315,479
Exchange of Solaris LLC Units and shares of Class B common stock for shares of Class A common stock	1,915	20	(1,915)	—	13,872	—	—	—	(13,892)	—
Deferred tax asset and payables related to parties pursuant to Tax Receivable Agreement from the exchange of Solaris LLC Units and shares of Class B common stock for shares of Class A common stock	—	—	—	—	(1,721)	—	—	—	—	(1,721)
Stock option exercises	5	—	—	—	20	—	—	—	(7)	13
Stock-based compensation	—	—	—	—	3,787	—	—	—	1,722	5,509
Vesting of restricted stock	353	3	—	—	656	—	—	—	(659)	—
Cancelled shares withheld for taxes from RSU vesting	(70)	(1)	—	—	(194)	(349)	—	—	(242)	(786)
Solaris LLC distribution paid to Solaris LLC unitholders at \$0.42 per Solaris LLC Unit	—	—	—	—	—	—	—	—	(5,798)	(5,798)
Dividends paid (\$0.42 per share of Class A common stock)	—	—	—	—	—	(13,407)	—	—	—	(13,407)
Solaris LLC distribution to unitholders for income tax withholding	—	—	—	—	77	—	—	—	(230)	(153)
Net income (loss)	—	—	—	—	—	(868)	—	—	(392)	(1,260)
Balance at December 31, 2021	31,146	\$ 312	13,770	\$ —	\$ 196,912	\$ 5,925	—	\$ —	\$ 94,727	\$ 297,876

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

**SOLARIS OILFIELD INFRASTRUCTURE, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	For the Year Ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net income (loss)	\$ (1,260)	\$ (51,093)	\$ 90,360
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	27,210	27,021	26,925
Impairments	—	47,828	—
Loss on disposal of asset	125	1,428	261
Stock-based compensation	5,210	4,735	4,475
Amortization of debt issuance costs	176	176	753
Allowance for credit losses	365	2,910	339
Write-off of deposit	—	—	202
Deferred income tax expense	132	(9,153)	16,122
Other	(150)	(193)	(150)
Changes in assets and liabilities:			
Accounts receivable	(15,242)	17,400	853
Prepaid expenses and other assets	(6,726)	2,423	2,332
Inventories	(978)	(235)	(2,744)
Accounts payable	2,959	3,051	(3,582)
Accrued liabilities	4,652	(2,445)	4,183
Deferred revenue	—	—	(25,458)
Net cash provided by operating activities	<u>16,473</u>	<u>43,853</u>	<u>114,871</u>
Cash flows from investing activities:			
Investment in property, plant and equipment	(19,638)	(4,661)	(34,852)
Cash received from insurance proceeds	34	100	618
Proceeds from disposal of assets	80	786	232
Net cash used in investing activities	<u>(19,524)</u>	<u>(3,775)</u>	<u>(34,002)</u>
Cash flows from financing activities:			
Distribution and dividend paid to Solaris LLC unitholders and Class A common shareholders	(19,205)	(19,026)	(19,260)
Share and unit repurchases	—	(26,717)	(3,249)
Payments under finance leases	(30)	(35)	(35)
Payments under insurance premium financing	(657)	—	(2,485)
Proceeds from stock option exercises	13	64	294
Cancelled shares withheld for taxes from RSU vesting	(786)	(276)	—
Payments related to purchase of treasury stock	—	(454)	(1,112)
Repayment of senior secured credit facility	—	—	(13,000)
Payments related to debt issuance costs	—	—	(197)
Distribution to Solaris LLC unitholder for income tax withholding	(153)	(150)	—
Net cash (used in) financing activities	<u>(20,818)</u>	<u>(46,594)</u>	<u>(39,044)</u>
Net (decrease) increase in cash and cash equivalents	(23,869)	(6,516)	41,825
Cash and cash equivalents at beginning of period	60,366	66,882	25,057
Cash and cash equivalents at end of period	<u>\$ 36,497</u>	<u>\$ 60,366</u>	<u>\$ 66,882</u>
Non-cash activities			
Operating:			
Employee retention credit	\$ 1,900	\$ —	\$ —
Investing:			
Capitalized depreciation in property, plant and equipment	\$ 3,129	\$ 613	\$ 735
Capitalized stock based compensation	299	255	189
Property and equipment additions incurred but not paid at period-end	206	172	82
Property, plant and equipment additions transferred from inventory	920	358	5,882
Financing:			
Insurance premium financing	246	—	1,869
Cash paid for:			
Interest	132	282	275
Income taxes	325	796	663

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

**SOLARIS OILFIELD INFRASTRUCTURE, INC.**  
**Notes to the Consolidated Financial Statements**  
**(Dollars in thousands)**

**1. Organization and Background of Business**

*Description of Business*

We design and manufacture specialized equipment, which combined with field technician support, logistics services and our software solutions, enables us to provide a service offering that helps oil and natural gas operators and their suppliers drive efficiencies and reduce costs during the completion phase of well development. Our equipment and services are deployed in most of the active oil and natural gas basins in the United States.

**2. Summary of Significant Accounting Policies**

*Basis of Presentation and Consolidation*

Solaris Oilfield Infrastructure, Inc. (either individually or together with its subsidiaries, as the context requires “Solaris Inc.” or the “Company”) is the managing member of Solaris Oilfield Infrastructure, LLC (“Solaris LLC”) and is responsible for all operational, management and administrative decisions relating to Solaris LLC’s business. Solaris Inc. consolidates the financial results of Solaris LLC and its subsidiaries and reports non-controlling interest related to the portion of the units in Solaris LLC (the “Solaris LLC Units”) not owned by Solaris Inc., which will reduce net income attributable to the holders of Solaris Inc.’s Class A common stock.

All material intercompany transactions and balances have been eliminated upon consolidation.

*Use of Estimates*

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The most significant estimates relate to stock-based compensation, useful lives and salvage values of long-lived assets, future cash flows associated with goodwill and long-lived asset impairment, net realizable value of inventory, income taxes, Tax Receivable Agreement liability, collectability of accounts receivable and estimates of allowance for credit losses and determination of the present value of lease payments and right-of-use assets.

*Cash and Cash Equivalents*

For the purposes of the statements of cash flows, the Company considers all short-term, highly liquid, investments with an original maturity of three months or less to be cash equivalents. Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk. Accounts of each institution are insured by Federal Deposit Insurance Corporation. Cash balances at times may exceed federally-insured limits. We have not incurred losses related to these deposits.

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*Accounts Receivable and Allowance for Credit Losses*

Accounts receivable consists of trade receivables recorded at the invoice amount, plus accrued revenue that is not yet billed, less an estimated allowance for credit losses (if any). The Company accounts for credit losses in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 326 (“ASC 326”), Financial Instruments – Credit Losses. Accounts receivable are generally due within 60 days or less, or in accordance with terms agreed with customers. We do not accrue interest on delinquent receivables. Total unbilled revenue included in accounts receivable as of December 31, 2021 and 2020 was \$6,292 and \$7,265, respectively.

In our determination of the allowance for credit losses, we pool receivables with similar risk characteristics and consider a number of current conditions, past events and other factors, including the length of time trade accounts receivable are past due, previous loss history, and the condition of the general economy and the industry as a whole, and apply an expected loss percentage. The expected credit loss percentage is determined using historical loss data adjusted for current conditions and forecasts of future economic conditions. The related expense associated with the recognition of the allowance for credit losses was included in Other operating expense on our condensed consolidated statements of operations. Adjustments to the allowance may be required depending on how potential issues are resolved and when receivables are collected. Accounts deemed uncollectible are reflected as a write-off applied against the allowance for credit losses and occur when the financial condition of our customers deteriorate and result in an impairment of their ability to make payments, include the impact of customer bankruptcies.

*Inventories*

Inventories consist of raw materials used in the manufacturing and maintenance of the Company’s systems, which are stated at the lower of cost or net realizable value. Net realizable value is determined, giving consideration to quality, excessive levels, obsolescence and other factors. Adjustments that reduce stated amounts will be recognized as impairments in the consolidated statements of operations. There were no impairments recorded for the year ended December 31, 2021. The Company recognized a write down of the carrying value of inventory of \$2,565 to its net realizable value during the year ended December 31, 2020.

*Property, Plant and Equipment*

Property, plant and equipment are stated at cost, or fair value for assets acquired in a business combination, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful service lives of the assets as noted below:

	<u>Useful Life</u>
Systems and related equipment	Up to 15 years
Machinery and equipment	3-10 years
Furniture and fixtures	5 years
Computer hardware and software	3-10 years
Vehicles	5 years
Transloading facility and equipment	15-30 years
Buildings and leasehold improvements	15 years

Systems and equipment that are in the process of being manufactured are considered property, plant and equipment. However, the systems do not depreciate until they are fully completed. Systems in process are a culmination of material, labor and overhead.

Expenditures for maintenance and repairs are expensed as incurred. Betterments that increase the value or materially extend the life of the related assets are capitalized. Upon sale or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the consolidated financial statements and any resulting gain or loss is recognized in the consolidated statements of operations.

Refer to Impairment of Long-Lived Assets, Definite-lived Intangible Assets and Right of Use (“ROU”) Assets below for discussion of impairment triggers in the year ended December 31, 2020.

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*Definite-lived Intangible Assets*

Identified intangible assets with determinable lives consist primarily of customer relationships, a non-competition agreement and software acquired, as well as patents that were filed for our systems and other intellectual property. Amortization on these assets is calculated on the straight-line method over the estimated useful lives of the assets, which is five to fifteen years. The Company recorded amortization expense of \$779, \$779, and \$779 for the years ended December 31, 2021, 2020 and 2019, respectively.

Identified intangible assets by major classification consist of the following:

	<b>Gross</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
As of December 31, 2021:			
Customer relationships	\$ 4,703	\$ (2,744)	\$ 1,959
Software acquired in the acquisition of Railtronix	346	(202)	144
Non-competition agreement	225	(184)	41
Patents and other	114	(55)	59
Total identifiable intangibles	<u>\$ 5,388</u>	<u>\$ (3,185)</u>	<u>\$ 2,203</u>
As of December 31, 2020:			
Customer relationships	\$ 4,703	\$ (2,072)	\$ 2,631
Software acquired in the acquisition of Railtronix	346	(152)	194
Non-competition agreement	225	(139)	86
Patents and other	114	(43)	71
Total identifiable intangibles	<u>\$ 5,388</u>	<u>\$ (2,406)</u>	<u>\$ 2,982</u>

*Leases*

The Company accounts for leases in accordance with FASB ASC Topic 842, Leases (“ASC Topic 842”). We determine if an arrangement is a lease at inception. Short-term leases (i.e., leases of twelve months or less) are recognized in profit or loss on a straight-line basis over the lease term.

ROU assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, we use our incremental borrowing rate in determining the present value of lease payments based on the information available at the commencement date. Our incremental borrowing rate reflects the estimated rate of interest that we would pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. We use the implicit rate when readily determinable. The ROU asset also includes any lease payments made and excludes lease incentives received. The Company’s lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. See Note 7.

*Operating Leases*

The Company leases land and equipment under operating leases which expire at various dates through February 2047. Upon completion of the primary term, both parties have substantive rights to terminate the leases. As a result enforceable rights and obligations do not exist under the rental agreements subsequent to the primary term. Operating leases are included in operating lease ROU assets, current portion of operating lease liabilities, and operating lease liabilities, net of current in the Company’s consolidated balance sheets.

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### Finance Leases

The Company leases property under an agreement classified as a finance lease. Finance leases are included in property and equipment, current portion of finance lease liabilities, and finance lease liabilities, net of current in the Company's consolidated balance sheets.

The Company's lease agreements do not include both lease and non-lease components, extension options or residual value guarantees, and there are no leases that have yet to commence. Additionally, our lease agreements do not impose restrictions on our ability to pay dividends or incur financing obligations.

### *Goodwill*

Goodwill represents the excess of the purchase price of a business over the estimated fair value of the identifiable assets acquired and liabilities assumed. As of December 31, 2021 and 2020, the Company reported \$13,004 of goodwill related to the purchase of the silo manufacturing business from Loadcraft Industries Ltd. The Company evaluates goodwill for impairment annually, as of October 31, or more often as facts and circumstances warrant. Factors such as unexpected adverse economic conditions, competition and market changes may require more frequent assessments.

Before employing detailed impairment testing methodologies, the Company may first evaluate the likelihood of impairment by considering qualitative factors relevant to the business, such as macroeconomic, industry, market or any other factors that have a significant bearing on fair value. If the Company first utilizes a qualitative approach and determines that it is more likely than not that goodwill is impaired, detailed testing methodologies are then applied. Otherwise, the Company concludes that no impairment has occurred. The Company may also choose to bypass a qualitative approach and opt instead to employ detailed testing methodologies, regardless of a possible more likely than not outcome. If the Company determines through the qualitative approach that detailed testing methodologies are required, or if the qualitative approach is bypassed, the Company compares the fair value of a reporting unit with its carrying amount. If the estimated fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered impaired. If the carrying amount of a reporting unit exceeds its estimated fair value, an impairment loss is measured and recorded.

During the year ended December 31, 2020, due to the impact of the outbreak of COVID-19 and oil and gas market developments on our business, we updated our goodwill impairment assessment as of March 31, 2020. As a result of the evaluation of goodwill, we recognized a \$4,231 impairment loss of goodwill associated with the 2017 purchase of the assets of Railtronix and did not recognize any impairment for the goodwill associated with the Loadcraft Industries Ltd. purchase. A qualitative approach was used for the annual evaluation of goodwill for impairment as of October 31, 2020 and no additional impairments were recognized. The Company did not recognize any impairments during the year ended December 31, 2021.

### *Impairment of Long-Lived Assets and Definite-Lived Intangible Assets*

Long-lived assets, such as property, plant, equipment and definite-lived intangible assets and ROU Assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, such as insufficient cash flows or plans to dispose of or sell long-lived assets before the end of their previously estimated useful lives. For assets classified as held for use, we first group individual assets based on the lowest level for which identifiable cash flows are largely independent of the cash flows from other assets. We then compare estimated future undiscounted cash flows expected to result from the use and eventual disposition of the asset group to its carrying amount. If the asset group's undiscounted cash flows are less than its carrying amount, we then determine the asset group's fair value by using a discounted cash flow analysis and recognize any resulting impairment. This analysis is based on estimates such as management's short-term and long-term forecast of operating performance, including revenue growth rates and expected profitability margins, estimates of the remaining useful life and service potential of the assets within the asset group, and a discount rate based on our weighted average cost of capital. An impairment loss is measured and recorded as the amount by which the asset group's carrying amount exceeds its fair value.

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During the first quarter of 2020, due to the impact on our business of reduced demand and oversupply of oil and natural gas, which were exacerbated by COVID-19, the Company performed tests for recoverability of the carrying value of these assets using forecasted undiscounted cash flows as of March 31, 2020. As a result of the impairment analysis, undiscounted cash flows as well as the fair value of the assets associated with our Kingfisher Facility were below their carrying values and the Company recognized impairment losses of \$37,775, \$2,845 and \$410 for property, plant and equipment, ROU assets and other receivables, respectively, during the year ended December 31, 2020. These impairments resulted from an accumulation of factors leading to the loss of significant customers, reduced operating activities and earnings.

There were no impairments for the years ended December 31, 2021 or 2019.

### *Revenue Recognition*

The Company recognizes revenue in accordance with ASC Topic 606, Revenues from Contracts with Customers (“ASC Topic 606”). Under ASC Topic 606, revenue recognition is based on the transfer of control, or the customer’s ability to benefit from our services and products in an amount that reflects the consideration expected to be received in exchange for those services and products.

The majority of our contracts contain multiple performance obligations, such as work orders containing a combination of equipment, transportation, and labor services. We allocate the transaction price to each performance obligation identified in the contract based on relative stand-alone selling prices, or estimates of such prices, and recognize the related revenue as control of each individual product or service is transferred to the customer, in satisfaction of the corresponding performance obligations. We measure progress using an input method based on resources consumed or expended relative to the total resources expected to be consumed or expended. We assess our customers’ ability and intention to pay, which is based on a variety of factors including historical payment experience and financial condition and we typically charge our customers on a weekly or monthly basis. Contracts with customers are typically on thirty- to sixty-day payment terms.

#### Wellsite Services

Revenues for equipment and labor services consist of fixed fees charged to customers for the use of our equipment that unload, store and deliver proppant, water and chemicals at oil and natural gas well sites, which is considered to be our performance obligation. Revenues are recognized over time as the customer uses our systems and we provide supporting labor services.

Revenues related to services coordinating the transportation of proppant consist of a fixed rate per ton recognized over time as proppant is transported from a sand mine or transloading facility to our systems, which is considered to be our performance obligation.

Revenues for mobilization and transportation of our equipment cost of fixed or pass-through fees are recognized at a point in time when the system has reached its intended destination, which is considered to be our performance obligation.

#### Transloading and Other

Revenues from transloading services consist primarily of the fees charged to customers for transloading and storage of proppant or railcars at our transloading facility, which is considered to be our performance obligation. Revenues are typically recognized over time based on fixed railcar storage fees or a throughput fee per ton for proppant delivered to and transloaded at the facility. The Company recorded \$1,332 of shortfall revenue during the year ended December 31, 2019.

Revenues from inventory software services consist primarily of the fees charged to customers for the use of our Railtronix® inventory management software, which is considered to be our performance obligation. Revenues are recognized over time based on a throughput fee to monitor proppant that is loaded into a railcar, stored at a transload facility or loaded into a truck.

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Variable consideration typically may relate to discounts, price concessions and incentives. The Company estimates variable consideration based on the amount of consideration we expect to receive. The Company accrues revenue on an ongoing basis to reflect updated information for variable consideration as performance obligations are met.

Disaggregation of Revenue

The following table summarizes revenues from our contracts disaggregated by revenue generating activity contained therein for the years ended December 31, 2021, 2020, and 2019:

	Year Ended December 31,		
	2021	2020	2019
Wellsite services	\$ 158,052	\$ 100,796	\$ 205,893
Transloading and Other	1,137	2,180	35,794
Total revenue	<u>\$ 159,189</u>	<u>\$ 102,976</u>	<u>\$ 241,687</u>

*Stock-based Compensation*

Stock-based compensation cost is measured at the grant date based on the fair value of the award and is amortized to compensation expense on a straight-line basis over the awards' vesting period, which is generally the requisite service period. For options to purchase Class A common stock, we have historically and consistently calculated fair value using the Black-Scholes option-pricing model. This valuation approach involves significant judgments and estimates, including estimates regarding our future operations, price variation and the risk-free rate of return. Our estimates of these variables are made for the purpose of using the valuation model to determine an expense for each reporting period and are not subsequently adjusted. We recognize expense related to the estimated vesting of our performance share units granted. Forfeitures of stock-based compensation are recognized as they occur.

*Financial Instruments*

The carrying value of the Company's financial instruments, consisting of cash, accounts receivable, notes receivable, accounts payable and insurance premium financing, approximates their fair value due to the short maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments other than allowance for credit losses described in Accounts Receivable and Allowance for Credit Losses.

*Fair Value Measurements*

The Company's financial assets and liabilities, as well as other recurring and nonrecurring fair value measurements such as goodwill impairment and long lived assets impairment, are to be measured using inputs from the three levels of the fair value hierarchy, of which the first two are considered observable and the last unobservable, which are as follows:

- Level 1—Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date;
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or other inputs corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3—Unobservable inputs that reflect the Company's assumptions that market participants would use in pricing assets or liabilities based on the best information available.



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### *Income Taxes*

Solaris Inc. is a corporation and, as a result, is subject to United States federal, state and local income taxes. For the year ended December 31, 2021, we recognized a combined United States federal and state expense for income taxes of \$626. For the years ended December 31, 2020 and 2019, we recognized income tax benefit of \$8,969 and income tax expense of \$16,936, respectively.

Solaris LLC is treated as a partnership for United States federal income tax purposes and therefore does not pay United States federal income tax on its taxable income. Instead, the Solaris LLC unitholders, including Solaris Inc., are liable for United States federal income tax on their respective shares of Solaris LLC's taxable income reported on the unitholders' United States federal income tax returns. Solaris LLC is liable for income taxes in those states not recognizing its status as a partnership for United States federal income tax purposes.

We recognize deferred tax assets and liabilities for the expected future tax consequences of events included in the condensed consolidated financial statements. Under this method, we determine deferred tax assets and liabilities on the basis of the differences between the book value and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period in which the enactment date occurs.

We recognize deferred tax assets to the extent we believe these assets are more-likely-than-not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent results of operations.

We record uncertain tax positions on the basis of a two-step process in which (i) we determine whether it is more-likely-than-not the tax positions will be sustained on the basis of the technical merits of the position and (ii) for those tax positions meeting the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

Interest and penalties related to income taxes are included in the benefit (provision) for income taxes in our consolidated statement of operations. We have not incurred any significant interest or penalties related to income taxes in any of the periods presented.

See Note 10. "Income Taxes" for additional information regarding income taxes.

### *Payable Related to the Tax Receivable Agreement*

Solaris Inc. entered into a Tax Receivable Agreement (the "Tax Receivable Agreement") with the members of Solaris LLC (each such person and any permitted transferee, a "TRA Holder," and together, the "TRA Holders"). This agreement generally provides for the payment by Solaris Inc. to each TRA Holder of 85% of the net cash savings, if any, in United States federal, state and local income tax or franchise tax that Solaris Inc. actually realizes (computed using simplifying assumptions to address the impact of state and local taxes) or is deemed to realize in certain circumstances in periods after the IPO as a result of (i) certain increases in tax basis that occur as a result of Solaris Inc.'s acquisition (or deemed acquisition for United States federal income tax purposes) of all or a portion of such TRA Holder's Solaris LLC Units in connection with the IPO or pursuant to the exercise of the Redemption Right or the Call Right (each as defined in the Solaris LLC Agreement) and (ii) imputed interest deemed to be paid by Solaris Inc. as a result of, and additional tax basis arising from, any payments Solaris Inc. makes under the Tax Receivable Agreement. Solaris Inc. will retain the benefit of the remaining 15% of these cash savings. As of December 31, 2021 and 2020, Solaris Inc. recorded a payable related to the Tax Receivable Agreement of \$73,102 and \$68,703, respectively, \$1,210 and \$606 of which has been recorded as a current liability. The increase in payables related to the Tax Receivable Agreement is a result of Solaris Inc.'s acquisition (or deemed acquisition for United States federal income tax purposes) of Solaris LLC Units from TRA Holders during the year ended December 31, 2021.

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*Environmental Matters*

The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. Management has established procedures for the ongoing evaluation of the Company's operations, to identify potential environmental exposures and to comply with regulatory policies and procedures. Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and do not contribute to current or future revenue generation are expensed as incurred. Liabilities are recorded when environmental costs are probable, and the costs can be reasonably estimated. The Company maintains insurance which may cover in whole or in part certain environmental expenditures. As of December 31, 2021 and 2020, no liabilities were recorded with respect to any environmental matters as no environmental costs were deemed probable.

*Segment Information*

Operating segments are identified as components of an enterprise about which separate discrete financial information is available for evaluation by the chief operating decision maker, or decision-making group, in making decisions on how to allocate resources and assess performance. The Company's chief operating decision maker is the Chief Executive Officer. The Company and the Chief Executive Officer view the Company's operations and manage its business as one operating segment. All long-lived assets of the Company reside in the United States.

*Accounting Standards Recently Issued But Not Yet Adopted*

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform, which provides temporary optional guidance to companies impacted by the transition away from the London Interbank Offered Rate ("LIBOR"). The guidance provides certain expedients and exceptions to applying GAAP in order to lessen the potential accounting burden when contracts, hedging relationships, and other transactions that reference LIBOR as a benchmark rate are modified. This guidance is effective upon issuance and expires on December 31, 2022. The Company is currently assessing the impact of the LIBOR transition and this ASU on the Company's financial statements.

**3. Allowance for Credit Losses**

The following activity related to our allowance for credit losses on customer receivables for the year ended December 31, 2021 and 2020 reflects the estimated impact of the current economic environment on our receivable balance:

Balance, December 31, 2019	\$ 339
Credit losses	3,073
Adjustments	(163)
Less write-offs	(2,150)
Balance, December 31, 2020	\$ 1,099
Credit losses	1,624
Adjustments	(1,258)
Less write-offs	(719)
Balance, December 31, 2021	\$ 746

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#### 4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets were comprised of the following at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Prepaid purchase orders	\$ 5,048	\$ 243
Prepaid insurance	720	554
Deposits	75	77
Employee retention credit	1,900	—
Other assets	2,054	1,295
Prepaid expenses and other current assets	<u>\$ 9,797</u>	<u>\$ 2,169</u>

#### 5. Property, Plant and Equipment

Property, plant and equipment was comprised of the following at December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Systems and related equipment	\$ 306,637	\$ 299,413
Systems in process	19,949	12,601
Transloading facility and equipment	—	—
Computer hardware and software	1,201	1,004
Machinery and equipment	5,352	5,272
Vehicles	5,626	3,591
Buildings	4,425	4,342
Land	612	612
Furniture and fixtures	351	348
Property, plant and equipment, gross	344,153	327,183
Less: accumulated depreciation	(104,062)	(81,299)
Property, plant and equipment, net	<u>\$ 240,091</u>	<u>\$ 245,884</u>

#### 6. Accrued Liabilities

Accrued liabilities were comprised of the following at December 31, 2021 and 2020:

	2021	2020
Property, plant and equipment	\$ 148	\$ 231
Employee related expenses	5,030	4,300
Selling, general and administrative	745	1,236
Cost of revenue	9,057	4,272
Excise, franchise and sales taxes	1,266	1,813
Ad valorem taxes	643	107
Other	29	27
Accrued liabilities	<u>\$ 16,918</u>	<u>\$ 11,986</u>

#### 7. Leases

The Company leases offices and storage from third-parties for our corporate and field locations under operating leases, which include commitments related to the guarantee of lease agreement with Solaris Energy Management, LLC, a related party of the Company, related to the rental to the office space for the Company's corporate headquarters. Refer to Note 13. "Related Party Transactions" for additional information regarding related party transactions recognized.

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Upon completion of the primary term, both parties have substantive rights to terminate the leases. As a result, enforceable rights and obligations do not exist under the rental agreements subsequent to the primary term.

As of December 31, 2021 and 2020, the Company had property, plant and equipment under capital leases with a cost of \$299 and \$299, respectively, and accumulated depreciation of \$147 and \$128, respectively.

The components of lease expense were as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Operating lease cost (1) (2)	\$ 1,187	\$ 1,022
<b>Finance lease cost</b>		
Amortization of ROU assets	26	30
Interest on lease liabilities	4	5
Total finance lease cost	<u>\$ 30</u>	<u>\$ 35</u>

(1) Includes short term leases.

(2) Operating lease costs of \$741, \$78 and \$367 were reported in Selling, general and administrative, Cost of system services and Cost of transloading services for the year ended December 31, 2021, respectively. Operating lease costs of \$741, \$78 and \$203 were reported in Selling, general and administrative, Cost of system services and Cost of transloading services for the year ended December 31, 2020, respectively.

Future minimum lease payments under non-cancellable operating leases as of December 31, 2021 were as follows:

<b>Year Ending December 31,</b>	<b>Operating Leases</b>	<b>Finance Leases</b>
2022	\$ 1,169	33
2023	1,165	33
2024	1,109	33
2025	965	6
2026	974	—
Thereafter	6,414	—
Total future minimum lease payments	<u>11,796</u>	<u>105</u>
Less: effects of discounting	(4,377)	(4)
Total lease liabilities	<u>\$ 7,419</u>	<u>\$ 101</u>

Supplemental cash flow information related to leases were as follows:

	<u>December 31, 2021</u>
<b>Supplemental Cash Flows Information</b>	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 1,138
Financing cash flows from finance leases	30

Other information related to leases was as follows:

	<u>December 31, 2021</u>
<b>Weighted Average Remaining Lease Term</b>	
Operating leases	12.7 years
Finance leases	3.2 years
<b>Weighted Average Discount Rate</b>	
Operating leases	6.3%
Finance leases	3.3%

## 8. Senior Secured Credit Facility

On February 24, 2022, Solaris LLC executed the first amendment (the “2022 Amendment”) to the Amended and Restated Credit Agreement (the “Credit Agreement”), which was entered into on April 26, 2019, by and among Solaris LLC, as borrower, each of the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent. The 2022 Amendment extended the term of the Credit Agreement to expire on April 26, 2025, modified applicable interest rates and modified repayment requirements.

The Credit Agreement consists of an initial \$50,000 revolving loan commitment (the “Loan”) with a \$25,000 uncommitted accordion option to increase the Loan availability to \$75,000. As of December 31, 2021, we had no borrowings under the Credit Agreement outstanding and ability to draw \$50,000.

Our obligations under the Loan are generally secured by a pledge of substantially all the assets of Solaris LLC and its subsidiaries, and such obligations are guaranteed by Solaris LLC’s domestic subsidiaries other than Immaterial Subsidiaries (as defined in the Credit Agreement). We have the option to prepay the loans at any time without penalty.

Borrowings under the Credit Agreement, following the 2022 Amendment, bear interest at either Term Secured Overnight Financing Rate (“SOFR”) or an alternate base rate plus an applicable margin, and interest is payable quarterly. The applicable margin ranges from 2.75% to 3.50% for SOFR loans and 1.75% to 2.50% for alternate base rate loans, in each case depending on our total leverage ratio. The Credit Agreement requires that we pay a quarterly commitment fee on undrawn amounts of the Loan, ranging from 0.375% to 0.5% depending upon the total leverage ratio.

The Credit Agreement requires that we maintain ratios of (i) consolidated EBITDA to interest expense of not less than 2.75 to 1.00, (ii) senior indebtedness to consolidated EBITDA of not more than 2.50 to 1.00 and (iii) the sum of 100% of eligible accounts, inventory and fixed assets to the total revolving exposure of not less than 1.00 to 1.00 when the total leverage ratio is greater than 2.00 to 1.00 and total revolving exposure under the Loan exceeds \$3,000. For the purpose of these tests, certain items are subtracted from indebtedness and senior indebtedness. EBITDA, as defined in the Credit Agreement, excludes certain noncash items and any extraordinary, unusual or nonrecurring gains, losses or expenses.

Following the 2022 Amendment, the Credit Agreement also requires that we prepay any outstanding borrowings in the event our total consolidated cash balance exceeds \$20,000 on the last business day of every other calendar week, taking into account certain adjustments. Capital expenditures are not restricted unless borrowings under the Loan exceed \$5,000 for any 180 consecutive day period, in which case capital expenditures will be permitted up to \$100,000 plus any unused availability for capital expenditures from the immediately preceding fiscal year.

As of December 31, 2021 we were in compliance with all covenants in accordance with the Credit Agreement.

## 9. Equity

### *Dividends*

Solaris LLC paid distributions totaling \$19,205 and \$19,026 to all Solaris LLC unitholders in the years ended December 31, 2021 and 2020, respectively, of which \$13,407 and \$12,391 was paid to Solaris Inc. Solaris Inc. used the proceeds from the distributions to pay quarterly cash dividends to all holders of shares of Class A common stock totaling \$13,407 and \$12,391 in the years ended December 31, 2021 and 2020, including \$365 and \$314 related to shares of restricted stock, respectively.

### *Share Repurchase Program*

On December 3, 2019, the Company’s board of directors authorized a share repurchase plan to repurchase up to \$25,000 of the Company’s Class A common stock until the plan terminates pursuant to its provisions. On February 27, 2020, the Company’s board of directors approved an additional \$5,000 repurchase of the Company’s Class A common stock. During the three months ended March 31, 2020, Solaris Inc. purchased and retired 2,374,092 shares of the

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Company's Class A common stock for \$26,746, or \$11.27 average price per share, and, in connection therewith, Solaris LLC purchased and retired 2,374,092 Solaris LLC Units from the Company for the same amount. As of March 31, 2020, the share repurchase plan was completed. During the year ended December 31, 2019, Solaris Inc. purchased and retired 251,930 shares of the Company's Class A common stock for \$3,254, or \$12.90 average price per share, and, in connection therewith, Solaris LLC purchased and retired 251,930 Solaris LLC Units from the Company for the same amount. During the full share repurchase plan, Solaris Inc. purchased and retired 2,626,022 shares of the Company's Class A common stock for \$30,000, or \$11.41 average price per share, and, in connection therewith, Solaris LLC purchased and retired 2,626,022 Solaris LLC Units from the Company for the same amount.

*Stock-based compensation*

The Company's long-term incentive plan for employees, directors and consultants of the Company and its affiliates (the "LTIP") provides for the grant of all or any of the following types of equity-based awards: (i) incentive stock options qualified as such under United States federal income tax laws; (ii) stock options that do not qualify as incentive stock options; (iii) stock appreciation rights; (iv) restricted stock awards; (v) restricted stock units; (vi) bonus stock; (vii) performance awards; (viii) dividend equivalents; (ix) other stock-based awards; (x) cash awards; and (xi) substitute awards.

Subject to adjustment in accordance with the terms of the LTIP, 5,118,080 shares of Solaris Inc.'s Class A common stock have been reserved for issuance pursuant to awards under the LTIP. Class A common stock withheld to satisfy exercise prices or tax withholding obligations will be available for delivery pursuant to other awards. The LTIP will be administered by the Board, the Compensation Committee of the Board or an alternative committee appointed by the Board.

A total of 591,261 options to purchase Class A common stock of the Company have been issued to employees, directors and consultants under the LTIP at an exercise price of \$2.87 per option, and a weighted average grant date fair value of \$12.04 per option. All options were vested by November 13, 2017. During the years ended December 31, 2021, 2020 and 2019, 4,600, 22,421 and 103,207 options were exercised, respectively, in exchange for an equal number of shares of Class A common stock. As of December 31, 2021, 549,306 options have been exercised, 33,348 forfeited and 8,606 remain outstanding.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Expected volatility is based on implied volatilities from historical trading of publicly traded companies which are in the same industry sector. The simplified method is used to derive an expected term. The expected term represents an estimate of the time options are expected to remain outstanding. The risk-free rate for periods within the contractual life of the option is based on the United States treasury yield curve in effect at the time of grant.

Compensation cost, as measured at the grant date fair value of the award, is recognized as an expense over the employee's requisite service period for service-based awards (generally the vesting period of the award of four years). For the years ended December 31, 2021, 2020 and 2019, the Company did not recognize stock-based compensation expense on options.

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The following is a summary of the option activity under the LTIP for the years ended December 31, 2021, 2020 and 2019:

	<b>Options Outstanding</b>			
	<b>Options</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Term (years)</b>	<b>Aggregate Intrinsic Value (in thousands)</b>
Balance, January 1, 2019	138,837	\$ 2.87	6.92	\$ 1,280
Exercisable, January 1, 2019	138,837	\$ 2.87	6.92	\$ 1,280
Canceled	—	—	—	—
Granted	—	—	—	—
Exercised	(103,207)	2.87	—	—
Forfeited	(4)	2.87	—	—
Balance, December 31, 2019	35,626	\$ 2.87	5.92	\$ 397
Exercisable, December 31, 2019	35,626	\$ 2.87	5.92	\$ 397
Canceled	—	—	—	—
Granted	—	—	—	—
Exercised	(22,421)	2.87	—	—
Forfeited	—	—	—	—
Balance, December 31, 2020	13,205	\$ 2.87	4.92	\$ 70
Exercisable, December 31, 2020	13,205	\$ 2.87	4.92	\$ 70
Canceled	—	—	—	—
Granted	—	—	—	—
Exercised	(4,600)	2.87	—	—
Forfeited	—	—	—	—
Balance, December 31, 2021	8,605	\$ 2.87	3.92	\$ 30
Exercisable, December 31, 2021	8,605	\$ 2.87	3.92	\$ 30

As of December 31, 2021, the Company had no unvested options outstanding.

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The Company accounts for its stock-based compensation including grants of restricted stock in the consolidated statements of operations based on their estimated fair values on the date of grant. The following table further summarizes activity related to restricted stock for the years ended December 31, 2021, 2020 and 2019:

	<u>Restricted Stock Awards</u>	
	<u>Number of Shares</u>	<u>Weighted Average Grant Date Fair Value (\$)</u>
Unvested at January 1, 2019	411,497	\$ 13.67
Awarded	448,745	16.62
Vested	(208,697)	15.13
Forfeited	(24,294)	15.52
Unvested at December 31, 2019	627,251	\$ 15.23
Awarded	536,301	9.72
Vested	(360,891)	14.48
Forfeited	(99,546)	13.14
Unvested at December 31, 2020	703,115	\$ 12.33
Awarded	522,794	10.98
Vested	(353,307)	12.17
Forfeited	(25,287)	10.46
Unvested at December 31, 2021	847,315	\$ 11.62

As of December 31, 2021, total unrecognized compensation cost related to non-vested restricted stock was \$5,663, which is expected to be recognized over a weighted-average period of 0.81 years. 414,274 shares, 266,053 shares and 166,989 shares of restricted stock vest in 2022, 2023 and 2024, respectively.

The number of shares remaining available for future issuance under LTIP is 2,466,988.

*Earnings (Loss) Per Share*

Basic earnings (loss) per share of Class A common stock is computed by dividing net income attributable to Solaris by the weighted-average number of shares of Class A common stock outstanding during the same period. Diluted earnings (loss) per share is computed giving effect to all potentially dilutive shares.



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The following table sets forth the calculation of earnings (loss) per share, or EPS, for the years ended December 31, 2021, 2020 and 2019:

<b>Basic net income (loss) per share:</b>	<b>Year Ended December,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Numerator</b>			
Net income (loss) attributable to Solaris	\$ (868)	\$ (29,341)	\$ 52,007
Less income attributable to participating securities (1)	(365)	(314)	(1,120)
Net income (loss) attributable to common stockholders	<u>\$ (1,233)</u>	<u>\$ (29,655)</u>	<u>\$ 50,887</u>
<b>Denominator</b>			
Weighted average number of unrestricted outstanding common shares used to calculate basic net income per share	30,786	28,915	30,141
Effect of dilutive securities:			
Stock options (2)	—	—	44
Diluted weighted-average shares of Class A common stock outstanding used to calculate diluted net income per share	<u>30,786</u>	<u>28,915</u>	<u>30,185</u>
<b>Earnings (loss) per share of Class A common stock - basic</b>	<u>\$ (0.04)</u>	<u>\$ (1.03)</u>	<u>\$ 1.69</u>
<b>Earnings (loss) per share of Class A common stock - diluted</b>	<u>\$ (0.04)</u>	<u>\$ (1.03)</u>	<u>\$ 1.69</u>

- (1) The Company's restricted shares of common stock are participating securities.
- (2) The year ended December 31, 2019 includes 44 shares of Class A common stock resulting from an assumed exercise of the stock options in the calculation of the denominator for diluted earnings per common share as these shares were dilutive.

The following number of weighted-average potentially dilutive shares were excluded from the calculation of diluted earnings per share because the effect of including such potentially dilutive shares would have been antidilutive upon conversion:

	<b>Year Ended December,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Class B common stock	14,035	15,842	16,688
Stock options	8	13	—
Restricted stock awards	282	38	320
Total	<u>14,325</u>	<u>15,893</u>	<u>17,008</u>

## 10. Income Taxes

### *Income Tax (Benefit) Expense*

The components of the income tax (benefit) expense are:

	Year Ended December 31,		
	2021	2020	2019
<b>Current:</b>			
Federal	\$ —	\$ —	\$ —
State	494	184	814
	<u>494</u>	<u>184</u>	<u>814</u>
<b>Deferred:</b>			
Federal	(20)	(8,166)	14,452
State	152	(987)	1,670
	<u>132</u>	<u>(9,153)</u>	<u>16,122</u>
Income tax (benefit) expense	<u>\$ 626</u>	<u>\$ (8,969)</u>	<u>\$ 16,936</u>

Income tax (benefit) expense differs from the amount computed by applying the statutory federal income tax rate of 21% to income (loss) before taxes as follows:

	Year Ended December 31,		
	2021	2020	2019
Income (loss) before income taxes	\$ (634)	\$ (60,062)	\$ 107,296
Less: net income (loss) before income taxes attributable to noncontrolling interest	(392)	(21,752)	38,353
Income (loss) attributable to Solaris Oilfield Infrastructure, Inc. stockholders before income taxes	<u>(242)</u>	<u>(38,310)</u>	<u>68,943</u>
Income tax expense (benefit) at the federal statutory rate	(70)	(8,176)	14,548
State income taxes, net of federal benefit	465	(350)	1,740
Remeasurement of deferred taxes	139	(348)	—
Other	92	(95)	648
Income tax (benefit) expense	<u>\$ 626</u>	<u>\$ (8,969)</u>	<u>\$ 16,936</u>

### *Deferred Tax Assets and Liabilities*

The Company's deferred tax position reflects the net tax effects of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting. Significant components of the deferred tax assets and liabilities are as follows:

	December 31,	
	2021	2020
<b>Assets:</b>		
Investments in subsidiaries	\$ 11,507	\$ 13,686
Imputed interest	2,519	1,594
Net operating loss carryforward	49,732	45,339
Total deferred tax assets	<u>63,758</u>	<u>60,619</u>
<b>Liabilities:</b>		
Investments in subsidiaries	—	—
Total deferred tax liabilities	—	—
Net deferred tax asset	<u>\$ 63,758</u>	<u>\$ 60,619</u>

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As of December 31, 2021, the Company had approximately \$223,720 of federal net operating loss carryovers and \$49,861 of state net operating loss carryovers. \$157,912 of such federal net operating loss carryovers have no expiration date and the remaining federal net operating loss carryovers expire in 2037. \$25,895 million of such state net operating loss carryovers will expire in varying amounts beginning in 2037.

The Company regularly reviews its deferred tax assets, including net operating loss carryovers, for recoverability, and a valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset may not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible. In assessing the need for a valuation allowance, the Company makes estimates and assumptions regarding projected future taxable income, its ability to carry back operating losses to prior periods, the reversal of deferred tax liabilities and the implementation of tax planning strategies. Based on our cumulative earnings history and forecasted future sources of taxable income, we believe that we will be able to realize our deferred tax assets in the future. As the Company reassesses these assumptions in the future, changes in forecasted taxable income may alter this expectation and may result in an increase to the valuation allowance and an increase in the effective tax rate.

Section 382 of the Internal Revenue Code of 1986, contains rules that limit the ability of a company that undergoes an “ownership change” to utilize its net operating loss and tax credit carryovers and certain built-in losses recognized in years after the “ownership change.” An “ownership change” is generally defined as any change in ownership of more than 50% of a corporation’s stock over a rolling three-year period by stockholders that own (directly or indirectly) 5% or more of the stock of a corporation, or arising from a new issuance of stock by a corporation. If an ownership change occurs, Section 382 generally imposes an annual limitation on the use of pre-ownership change net operating loss carryovers to offset taxable income earned after the ownership change. We do not believe the Section 382 annual limitation related to historical ownership changes impacts our ability to utilize our tax attributes.

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted on March 27, 2020 in the United States to provide emergency assistance to individuals and businesses affected by the COVID-19 pandemic. The CARES Act includes temporary changes to both income and non-income based tax laws. For the years ended December 31, 2021 and 2020 the impact of the CARES Act was immaterial to the Company’s tax provision. However, under the CARES Act, the Company is deferring the employer portion of payroll tax payments through December 31, 2022. Future regulatory guidance under the CARES Act or additional legislation enacted by Congress in connection with the COVID-19 pandemic could impact our tax provision in future periods.

The Company qualified for federal government assistance through employee retention credit provisions of the Consolidated Appropriations Act of 2021. During the year ended December 31, 2021, the Company recorded \$3.1 of employee retention credits in other income on its consolidated income statements. As of December 31, 2021, \$1.2 of the credits have been received and \$1.9 is included in prepaid expenses and other current assets on the consolidated balance sheet. The calculation of the credit is based on employees continued employment and represents a portion of the wages paid to them. For income tax purposes, the credit will result in decreased expense related to the wages it offsets in the period received. The Company accounted for the employee retention credit as a government grant in accordance with ASU Topic 832, Disclosures by Business Entities about Government Assistance.

### *Uncertain Tax Benefits*

The Company evaluates its tax positions and recognizes only tax benefits that, more likely than not, will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax position is measured at the largest amount of benefit that has a greater than 50.0% likelihood of being realized upon settlement. As of December 31, 2021 and 2020, the Company’s uncertain tax benefits totaling \$816 and \$816, respectively, are reported as a component of the net deferred tax asset in the consolidated balance sheets. The full balance of unrecognized tax benefits as of December 31, 2021, if recognized, would affect the effective tax rate. However, we do not believe that any of the unrecognized tax benefits will be realized within the coming year. The Company has elected to recognize interest and penalties related to unrecognized tax benefits in income tax expense notwithstanding the fact that, as of December 31, 2021, the Company has not accrued any penalties or interest. The addition to uncertain tax benefits during the year ended December 31, 2018 related to the treatment of

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certain costs incurred in connection with the IPO and November Offering. Changes in the Company's gross unrecognized tax benefits are as follows:

	Year Ended December 31,		
	2021	2020	2019
Balance, January 1,	\$ 816	\$ 816	\$ 816
Additions for the current year tax	—	—	—
Additions related to prior years	—	—	—
Balance, December 31,	<u>\$ 816</u>	<u>\$ 816</u>	<u>\$ 816</u>

*Payables Related to the Tax Receivable Agreement*

As of December 31, 2021, our liability under the Tax Receivable Agreement was \$73,102, representing 85% of the net cash savings in United States federal, state and local income tax or franchise tax that Solaris Inc. anticipates realizing in future years from certain increases in tax basis and certain tax benefits attributable to imputed interest as a result of Solaris Inc.'s acquisition (or deemed acquisition for United States federal income tax purposes) of Solaris LLC Units in connection with the IPO or pursuant to an exercise of the Redemption Right or the Call Right (each as defined in the Solaris LLC Agreement) and additional tax basis arising from any payments Solaris Inc. makes under the Tax Receivable Agreement.

The projection of future taxable income involves significant judgment. Actual taxable income may differ from our estimates, which could significantly impact our liability under the Tax Receivable Agreement. Therefore, in accordance with ASC 450, Contingencies, we have recorded a liability under the Tax Receivable Agreement related to the tax savings we may realize from certain increases in tax basis and certain tax benefits attributable to imputed interest as a result of Solaris Inc.'s acquisition (or deemed acquisition for United States federal income tax purposes) of Solaris LLC Units in connection with the IPO or pursuant to an exercise of the Redemption Right or the Call Right (each as defined in the Solaris LLC Agreement) and additional tax basis arising from any payments Solaris Inc. makes under the Tax Receivable Agreement.

**11. Concentrations**

For the year ended December 31, 2021, one customer accounted for 26% of the Company's revenue. For the year ended December 31, 2020, one customer accounted for 14% of the Company's revenue. For the year ended December 31, 2019, two customers accounted for 19% and 10% of the Company's revenue. As of December 31, 2021, two customers accounted for 29% and 13% of the of the Company's accounts receivable. As of December 31, 2020, four customers accounted for 42% of the Company's accounts receivable.

For the year ended December 31, 2021, no supplier accounted for more than 10% of the Company's total purchases. For the year ended December 31, 2020, one supplier accounted for 24% of the Company's total purchases. For the year ended December 31, 2019, one supplier accounted for 19% of the Company's total purchases. As of December 31, 2021, no supplier accounted for more than 10% of the Company's accounts payable. As of December 31, 2020, two suppliers accounted for 13% and 10% of the Company's accounts payable.

**12. Commitments and Contingencies**

In the normal course of business, the Company is subjected to various claims, legal actions, contract negotiations and disputes. The Company provides for losses, if any, in the year in which they can be reasonably estimated. In management's opinion, there are currently no such matters outstanding that would have a material effect on the accompanying consolidated financial statements.

*Other Commitments*

The Company has executed a guarantee of lease agreement with Solaris Energy Management, LLC, a related party of the Company, related to the rental of office space for the Company's corporate headquarters. The total future guaranty

under the guarantee of lease agreement with Solaris Energy Management, LLC is \$4,260 as of December 31, 2021. Refer to Note 13. “Related Party Transactions” for additional information regarding related party transactions recognized and Note 7. “Leases” for operating lease discussion.

### **13. Related Party Transactions**

The Company recognizes certain costs incurred in relation to transactions with entities owned or partially owned by William A. Zartler, the Chief Executive Officer and Chairman of the Board. These costs include rent paid for office space, travel services, personnel, consulting and administrative costs. For the years ended December 31, 2021, 2020 and 2019, Solaris LLC paid \$823, \$723 and \$1,127, respectively, for these services. As of December 31, 2021 and 2020, the Company included \$101 and \$103, respectively, in prepaid expenses and other current assets on the consolidated balance sheets. Additionally, as of December 31, 2021 and 2020, the Company included \$80 and \$55, respectively, of accruals to related parties in accrued liabilities on the consolidated balance sheet.

These costs are primarily incurred in connection with the administrative services agreement, dated May 17, 2017, between Solaris LLC and Solaris Energy Management, LLC, a company partially owned by William A. Zartler.

On March 26, 2021, THRC Holdings, LP (“THRC”), purchased shares representing an 8.5% ownership of the Company’s Class A common stock and 5.9% total shares outstanding as of December 31, 2021. On February 10, 2022, THRC purchased additional shares representing a total ownership of 10.3% of the Company’s Class A common stock and 7.2% total shares outstanding as of December 31, 2021. THRC is affiliated with certain of the Company’s customers, including ProFrac Services, LLC (“ProFrac”) and FTS International and certain of the Company’s suppliers including Automate Logistics, LLC, IOT-EQ, LLC and Cisco Logistics, LLC (“Cisco”) (together the “THRC Affiliates”). For the year ended December 31, 2021, the Company recognized revenues related to our service offering provided to the THRC Affiliates of \$13.5. Accounts receivable related to THRC Affiliates as of December 31, 2021, were \$3.6. For the year ended December 31, 2021, the Company recognized cost for services provided by the THRC Affiliates of \$3.6. Accounts payable related to THRC Affiliates as of December 31, 2021, were \$0.2.

In August 2021, the Company executed a three-year agreement with ProFrac and Cisco (the “ProFrac-Cisco Agreement”). The primary terms of the ProFrac-Cisco Agreement include provisions whereby (i) Solaris shall be ProFrac’s dedicated wellsite sand storage provider (“Services”), (ii) Solaris shall provide volume-based pricing to ProFrac for the Services and (iii) Solaris shall acquire certain equipment from Cisco (“Equipment”). During the third quarter of 2021, Solaris paid \$1.5 for the Equipment which was recognized in Property, plant and equipment. During the fourth quarter, Solaris paid \$0.5 which was recognized in revenues. Solaris may be required to pay up to \$4.0 in additional payments throughout the three-year term of the agreement contingent upon ProFrac meeting certain minimum Services revenue thresholds.

On October 1, 2021, the Company made payments totaling \$0.6 for payables related to the Tax Receivable Agreement. Refer to Note 10. Income Taxes.

### **14. Subsequent Events**

On February 24, 2022, the Company executed an amendment to the Credit Agreement. Refer to Note 8. “Senior Secured Credit Facility.”

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

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

In accordance with Exchange Act Rules 13a-15 and 15d-15, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2021. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

***Management's Annual Report on Internal Control over Financial Reporting***

Management, including the principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over financial reporting for the registrant, as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with GAAP.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021, using the criteria in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management, including the Chief Executive Officer and Chief Financial Officer, believes that our internal control over financial reporting was effective as of December 31, 2021.

***Management's Annual Report on Internal Control over Financial Reporting***

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal controls over financial reporting. We are not required to have, nor did we engage our independent audit firm to perform, an audit of the effectiveness of our internal controls over financial reporting for as long as we are an "emerging growth company" pursuant to the provisions of the JOBS Act.

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

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2021 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Item 9B. Other Information**

On February 24, 2022, Solaris LLC executed the first amendment (the "2022 Amendment") to the Amended and Restated Credit Agreement (the "Credit Agreement"), which was entered into on April 26, 2019, by and among Solaris LLC, as borrower, each of the lenders party thereto and Wells Fargo Bank, National Association, as administrative

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agent. The 2022 Amendment extended the term of the Credit Agreement to expire on April 26, 2025, modified applicable interest rates and modified repayment requirements. For more information on the 2022 Amendment, see the full text of the Credit Agreement, a copy of which is attached as Exhibit 10.20 to this Annual Report on Form 10-K and is incorporated herein by reference.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**Part III**

**Item 10. Directors, Executive Officers and Corporate Governance**

Information as to Item 10 will be set forth in the Proxy Statement for the Annual Meeting of Shareholders to be held on May 12, 2022 (the “Annual Meeting”) and is incorporated herein by reference.

The Company’s Code of Business Conduct and Ethics (“Code of Conduct”) can be found on the Company’s website located at [www.solarisoilfield.com](http://www.solarisoilfield.com), under the “Governance Documents” tab within the “Investor Relations” tab. Any shareholder may request a printed copy of the Code of Conduct by submitting a written request to the Company’s Chief Legal Officer. If the Company amends the Code of Conduct or grants a waiver, including an implicit waiver, on behalf of the Chief Executive Officer, Chief Financial Officer or Chief Accounting Officer from the Code of Conduct, the Company will disclose the information on its website. The waiver information will remain on the website for at least 12 months after the initial disclosure of such waiver.

**Item 11. Executive Compensation**

Information as to Item 11 will be set forth in the Proxy Statement for the Annual Meeting and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information as to Item 12 will be set forth in the Proxy Statement for the Annual Meeting and is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information as to Item 13 will be set forth in the Proxy Statement for the Annual Meeting and is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services**

Our independent registered public accounting firm is BDO USA, LLP, Houston, Texas, Auditor Firm ID: PCAOB ID 243.

Information as to Item 14 will be set forth in the Proxy Statement for the Annual Meeting and is incorporated herein by reference.

## Part IV

### Item 15. Exhibits and Financial Statement Schedules

#### (1) Financial Statements

The consolidated financial statements of Solaris Oilfield Infrastructure, Inc. and Subsidiaries and the Report of Independent Registered Public Accounting Firm are included in Part II, Item 8 “Financial Statements and Supplementary Data” of this Annual Report. Reference is made to the accompanying Index to Consolidated Financial Statements.

#### (2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not applicable or the required information is presented in the financial statements or the notes thereto.

#### (3) Index to Exhibits

The exhibits required to be filed or furnished pursuant to Item 601 of Regulation S-K are set forth below.

<u>Exhibit No.</u>	<u>Description</u>
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Solaris Oilfield Infrastructure, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 23, 2017).</a>
3.2	<a href="#">Amended and Restated Bylaws of Solaris Oilfield Infrastructure, Inc. (incorporated by reference to Exhibit 3.2 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 23, 2017).</a>
4.1	<a href="#">Form of Indenture for Senior Debt Securities (incorporated by reference to Exhibit 4.1 to the Registrant’s Form S-3 (File No. 333-260289) filed with the Commission on October 15, 2021).</a>
4.2	<a href="#">Form of Indenture for Subordinated Debt Securities (incorporated by reference to Exhibit 4.2 to the Registrant’s Form S-3 (File No. 333-260289) filed with the Commission on October 15, 2021).</a>
4.3	<a href="#">Description of Securities Registered under Section 12(b) of the Act (incorporated by reference to Exhibit 4.3 to the Registrant’s Form 10-K (File No. 001-38090) filed with the Commission on February 23, 2021).</a>
10.1†	<a href="#">Solaris Oilfield Infrastructure, Inc. Long Term Incentive Plan (incorporated by reference to Exhibit 4.3 to the Registrant’s Form S-8 Registration Statement (File No. 333-218043) filed with the Commission on May 16, 2017).</a>
10.2*†	<a href="#">Form of Restricted Stock Agreement under the Solaris Oilfield Infrastructure, Inc. Long Term Incentive Plan</a>
10.3†	<a href="#">Form of Stock Option Agreement under the Solaris Oilfield Infrastructure, Inc. Long Term Incentive Plan (incorporated by reference to Exhibit 4.5 to the Registrant’s Form S-8 Registration Statement (File No. 333-218043) filed with the Commission on May 16, 2017).</a>
10.4	<a href="#">Second Amended and Restated Limited Liability Company Agreement of Solaris Oilfield Infrastructure, LLC Plan (incorporated by reference to Exhibit 10.1 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.5	<a href="#">Indemnification Agreement (William A. Zartler) (incorporated by reference to Exhibit 10.2 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.6	<a href="#">Indemnification Agreement (Kyle S. Ramachandran) (incorporated by reference to Exhibit 10.4 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.7	<a href="#">Indemnification Agreement (Kelly L. Price) (incorporated by reference to Exhibit 10.5 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.8	<a href="#">Indemnification Agreement (Cynthia M. Durrett) (incorporated by reference to Exhibit 10.6 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.9	<a href="#">Indemnification Agreement (Lindsay R. Bourg) (incorporated by reference to Exhibit 10.7 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.10	<a href="#">Indemnification Agreement (James R. Burke) (incorporated by reference to Exhibit 10.8 to the Registrant’s Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>



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10.11	<a href="#">Indemnification Agreement (Edgar R. Giesinger) (incorporated by reference to Exhibit 10.9 to the Registrant's Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.12	<a href="#">Indemnification Agreement (W. Howard Keenan, Jr.) (incorporated by reference to Exhibit 10.10 to the Registrant's Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.13	<a href="#">Indemnification Agreement (F. Gardner Parker) (incorporated by reference to Exhibit 10.11 to the Registrant's Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.14	<a href="#">Indemnification Agreement (A. James Teague) (incorporated by reference to Exhibit 10.12 to the Registrant's Form 8-K (File No. 001 38090) filed with the Commission on May 17, 2017).</a>
10.15	<a href="#">Indemnification Agreement (Ray N. Walker, Jr.) (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001 38090) filed with the Commission on August 14, 2018).</a>
10.16	<a href="#">Tax Receivable Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38090) filed with the Commission on May 23, 2017).</a>
10.17	<a href="#">Amended and Restated Administrative Services Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K (File No. 001-38090) filed with the Commission on May 23, 2017).</a>
10.20*	<a href="#">Amended Credit Agreement, dated as of February 24, 2022, by and among Solaris Oilfield Infrastructure, Inc., as borrower, each of the lenders party thereto and Wells Fargo Bank, as administrative agent</a>
10.21	<a href="#">Indemnification Agreement (Christopher M. Powell) (incorporated by reference to Exhibit 10.2 to the Registrant's Form 10-Q (File No. 001-38090) filed with the Commission on November 2, 2017).</a>
21.1	<a href="#">List of Subsidiaries of Solaris Oilfield Infrastructure, Inc. (incorporated by reference to Exhibit 21.1 to the Registrant's Form 10-K (File No. 001-038090) filed with the Commission on February 27, 2019).</a>
23.1*	<a href="#">Consent of BDO USA, LLP</a>
31.1*	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1**	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2**	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

\* Filed herewith

\*\* Furnished herewith. Pursuant to SEC Release No. 33 8212, this certification will be treated as “accompanying” this Annual Report and not “filed” as part of such report for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of Section 18 of the Exchange Act, and this certification will not be deemed to be incorporated by reference into any filing under the Securities Act, except to the extent that the registrant specifically incorporates it by reference.

† Management contract or compensatory plan or arrangement.

+ Certain portions have been omitted pursuant to a confidential treatment request. Omitted information has been separately filed with the Securities and Exchange Commission.

### **Item 16. Form 10-K Summary**

None.



**SOLARIS OILFIELD INFRASTRUCTURE, INC.  
LONG TERM INCENTIVE PLAN**

**FORM OF RESTRICTED STOCK AGREEMENT**

Grant Date: <i>Please reference summary on page 8 “Grant/Award Date”</i>	(the “ <b>Grant Date</b> ”)
Name of Grantee: <i>Please reference summary on page 8 “Participant Name”</i>	(the “ <b>Grantee</b> ” or “ <b>you</b> ”)
Number of Restricted Shares subject to Award: <i>Please reference summary on page 8 “Share Amount”</i>	(the “ <b>Restricted Shares</b> ”)

This Restricted Stock Agreement (“**Agreement**”) is made and entered into as of the Grant Date by and between Solaris Oilfield Infrastructure, Inc., a Delaware corporation (the “**Company**”), and you.

**WHEREAS**, the Company adopted the Solaris Oilfield Infrastructure, Inc., Long Term Incentive Plan (as amended from time to time, the “**Plan**”), under which the Company is authorized to grant equity-based awards to certain employees and service providers of the Company;

**WHEREAS**, the Company, in order to induce you to enter into and to continue and dedicate service to the Company and to materially contribute to the success of the Company, agrees to grant you this award of Restricted Stock;

**WHEREAS**, you acknowledge that a copy of the Plan has been furnished to you and shall be deemed a part of this Agreement as if fully set forth herein and the terms capitalized but not defined herein shall have the meanings set forth in the Plan; and

**WHEREAS**, you desire to accept the award of Restricted Stock granted pursuant to this Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants set forth herein and for other valuable consideration hereinafter set forth, the parties agree as follows:

1. **The Grant.** Subject to the conditions set forth below, the Company hereby grants you, effective as of the Grant Date, as a matter of separate inducement and not in lieu of any salary or other compensation for your services for the Company, an award of Restricted Stock (the “**Award**”) consisting of the number of Restricted Shares set forth above in accordance with the terms and conditions set forth herein and in the Plan.

2. **Escrow of Restricted Shares.** The Company shall evidence the Restricted Shares in the manner that it deems appropriate. The Company may issue in your name a certificate or certificates representing the Restricted Shares and retain such certificate(s) until the restrictions on such Restricted Shares expire as described in Section 5 or 6 of this Agreement or the Restricted

Shares are forfeited as described in Section 4 and 6 of this Agreement. If the Company certifies the Restricted Shares, you shall execute one or more stock powers in blank for those certificates and deliver those stock powers to the Company. The Company shall hold the Restricted Shares and the related stock powers pursuant to the terms of this Agreement, if applicable, until such time as (a) a certificate or certificates for the Restricted Shares are delivered to you, (b) the Restricted Shares are otherwise transferred to you free of restrictions, or (c) the Restricted Shares are canceled and forfeited pursuant to this Agreement.

3. Ownership of Restricted Shares. From and after the time the Restricted Shares are issued in your name, you will be entitled to all the rights of absolute ownership of the Restricted Shares, including the right to vote such shares and to receive dividends thereon if, as, and when declared by the Board, subject, however, to the terms, conditions and restrictions set forth in this Agreement; provided, however, that each dividend payment will be made no later than the 60th day following the date such dividend payment is made to stockholders generally.

4. Restrictions; Forfeiture. The Restricted Shares are restricted in that they may not be sold, transferred or otherwise alienated or hypothecated until these restrictions are removed or expire as described in Section 5 or 6 of this Agreement. The Restricted Shares are also restricted in the sense that they may be forfeited to the Company (the "**Forfeiture Restrictions**"). You hereby agree that if the Restricted Shares are forfeited, as provided in Section 6, the Company shall have the right to deliver the Restricted Shares to the Company's transfer agent for, at the Company's election, cancellation or transfer to the Company.

5. Expiration of Restrictions and Risk of Forfeiture. The restrictions on the Restricted Shares described in Section 4 of this Agreement will expire and the Restricted Shares will become transferable and nonforfeitable, provided that, subject to Section 6(b), you remain in the employ of, or a service provider to, the Company or its Affiliates until the applicable dates set forth in the following schedule:

<b>Number of Restricted Shares that Vest</b>	<b>Vesting Date</b>
<i>Please reference summary on page 8 "Vesting Schedule – No. of Shares"</i>	<i>Please reference summary on page 8 "Vesting Date"</i>
<i>Please reference summary on page 8 "Vesting Schedule – No. of Shares"</i>	<i>Please reference summary on page 8 "Vesting Date"</i>
<i>Please reference summary on page 8 "Vesting Schedule – No. of Shares"</i>	<i>Please reference summary on page 8 "Vesting Date"</i>

6. Termination of Employment or Services and Change in Control.

(a) Termination Generally. If your employment or service relationship with the Company or its Affiliates is terminated for any reason, then those Restricted Shares for which the restrictions have not lapsed as of the date of termination shall become null and void and those Restricted Shares shall be forfeited to the Company. The Restricted Shares for which the restrictions have lapsed as of the date of such termination shall not be forfeited to the Company.

(b) Change in Control. Notwithstanding the vesting schedule set forth in Section 5 above, upon the occurrence of a Change in Control, 100% of the Restricted Shares for which the restrictions have not yet lapsed as of the date of the Change in Control shall become immediately vested.

(c) Effect of Other Agreements. Notwithstanding any provision herein to the contrary, in the event of any inconsistency between this Section 6 and any employment, severance or change in control agreement between you and the Company or a similar plan or arrangement sponsored or maintained by the Company in which you participate, the terms of such employment, severance or change in control agreement or similar plan or arrangement shall control.

7. Leave of Absence. With respect to the Award, the Company may, in its sole discretion, determine that if you are on leave of absence for any reason you will be considered to still be in the employ of, or providing services for, the Company, provided that rights to the Restricted Shares during a leave of absence will be limited to the extent to which those rights were earned or vested when the leave of absence began.

8. Delivery of Stock. Promptly following the expiration of the restrictions on the Restricted Shares pursuant to Section 5 or 6(b) of this Agreement, the Company shall cause to be issued and delivered to you or your designee a certificate or other evidence of the number of Restricted Shares as to which restrictions have lapsed (i.e., shares of Stock), free of any restrictive legend relating to the lapsed restrictions, upon receipt by the Company of any tax withholding as may be due pursuant to Section 9. The value of such Stock shall not bear any interest owing to the passage of time.

9. Payment of Taxes. In connection with any disposition of Shares acquired pursuant to settlement of the Award, you (or any person permitted to receive settlement of the Award in the event of your death) shall be responsible for satisfying withholding taxes and other tax obligations relating to the Award. Such tax obligations shall be satisfied through net withholding (which is a reduction of the amount of Shares otherwise issuable or deliverable pursuant to the Award) and the maximum number of Shares that may be so withheld shall be the number of Shares that have an aggregate Fair Market Value on the date of withholding or surrender equal to the aggregate amount of such tax liabilities determined based on the greatest withholding rates for federal, state, local and/or foreign tax purposes, including payroll taxes, that may be utilized without creating adverse accounting treatment for the Company with respect to the Award, as determined by the Committee. You acknowledge that there may be adverse tax consequences upon the transfer, vesting or settlement of the Award or disposition of the underlying Shares and that you have been advised, and hereby are advised, to consult a tax advisor prior to such transfer, vesting or settlement. You represent that you are in no manner relying on the Board, the Committee, the Company or any of its Affiliates or any of their respective managers, directors, officers, employees or authorized representatives (including, without limitation, attorneys, accountants, consultants, bankers, lenders, prospective lenders and financial representatives) for tax advice or an assessment of such tax consequences.

10. Compliance with Securities Law. Notwithstanding any provision of this Agreement to the contrary, the issuance of Stock (including Restricted Shares) will be subject to compliance with all applicable requirements of federal, state, or foreign law with respect to such

securities and with the requirements of any stock exchange or market system upon which the Stock may then be listed. No Stock will be issued hereunder if such issuance would constitute a violation of any applicable federal, state, or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, Stock will not be issued hereunder unless (a) a registration statement under the Securities Act of 1933, as amended (the “*Act*”), is at the time of issuance in effect with respect to the shares issued or (b) in the opinion of legal counsel to the Company, the shares issued may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company’s legal counsel to be necessary to the lawful issuance and sale of any shares subject to the Award will relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority has not been obtained. As a condition to any issuance hereunder, the Company may require you to satisfy any qualifications that may be necessary or appropriate to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect to such compliance as may be requested by the Company. From time to time, the Board and appropriate officers of the Company are authorized to take the actions necessary and appropriate to file required documents with governmental authorities, stock exchanges, and other appropriate Persons to make shares of Stock available for issuance.

11. Restrictive Covenants. You acknowledge and agree that you are subject to, and bound by, certain restrictive covenants set forth in that certain Employee Confidential Information, Inventions and Non-Solicitation Agreement previously entered into by the Company and you, as in effect from time to time, and such restrictive covenants are hereby incorporated by reference, *mutatis mutandis*, as if fully set forth herein.

12. Legends. The Company may at any time place legends referencing any restrictions imposed on the shares pursuant to Sections 4 or 10 of this Agreement on all certificates representing shares issued with respect to this Award.

13. Right of the Company and Affiliates to Terminate Employment or Services. Nothing in this Agreement confers upon you the right to continue in the employ of or performing services for the Company or any of its Affiliates, or interfere in any way with the rights of the Company or any of its Affiliates to terminate your employment or service relationship at any time.

14. Furnish Information. You agree to furnish to the Company all information requested by the Company to enable it to comply with any reporting or other requirements imposed upon the Company by or under any applicable statute or regulation.

15. Remedies. The parties to this Agreement shall be entitled to recover from each other reasonable attorneys’ fees incurred in connection with the successful enforcement of the terms and provisions of this Agreement whether by an action to enforce specific performance or for damages for its breach or otherwise.

16. No Liability for Good Faith Determinations. The Company and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Restricted Shares granted hereunder.

17. Execution of Receipts and Releases. Any payment of cash or any issuance or transfer of shares of Stock or other property to you, or to your legal representative, heir, legatee or distributee, in accordance with the provisions hereof, shall, to the extent thereof, be in full satisfaction of all claims of such Persons hereunder. The Company may require you or your legal representative, heir, legatee or distributee, as a condition precedent to such payment or issuance, to execute a release and receipt therefor in such form as it shall determine.

18. No Guarantee of Interests. The Board and the Company do not guarantee the Stock of the Company from loss or depreciation.

19. Notice. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed or if earlier the date it is sent via certified United States mail.

20. Waiver of Notice. Any person entitled to notice hereunder may waive such notice in writing.

21. Information Confidential. As partial consideration for the granting of the Award hereunder, you hereby agree to keep confidential all information and knowledge, except that which has been disclosed in any public filings required by law, that you have relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to your spouse and tax and financial advisors. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to you, as a factor weighing against the advisability of granting any such future award to you.

22. Successors. This Agreement shall be binding upon you, your legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

23. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

24. Company Action. Any action required of the Company shall be by resolution of the Board or by a person or entity authorized to act by resolution of the Board.

25. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

26. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of Delaware without giving any effect to any conflict of law provisions thereof, except to the extent Delaware state law is preempted by federal law. The obligation of the Company to sell and deliver Stock hereunder is subject to applicable laws and to the approval of any governmental authority required in connection with the authorization, issuance, sale, or delivery of such Stock.

27. Amendment. This Agreement may be amended the Board or by the Committee at any time; provided that any amendment that would materially and adversely affect your rights hereunder shall not be effective without your consent.

28. Clawback. To the extent required by applicable law or any applicable securities exchange listing standards, or as otherwise determined by the Board (or a committee thereof), all shares of Stock granted under this Agreement shall be subject to the provisions of any applicable clawback policies or procedures adopted by the Company, which clawback policies or procedures may provide for forfeiture and/or recoupment of such shares of Stock. Notwithstanding any provision of this Agreement to the contrary, the Company reserves the right, without your consent, to adopt any such clawback policies and procedures, including such policies and procedures applicable to this Agreement with retroactive effect.

29. The Plan. This Agreement is subject to all the terms, conditions, limitations and restrictions contained in the Plan.

30. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one instrument. Delivery of an executed counterpart of this Agreement by facsimile or portable document format (.pdf) attachment to electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

31. Consent to Electronic Delivery; Electronic Signature. In lieu of receiving documents in paper format, you agree, to the fullest extent permitted by law, to accept electronic delivery of any documents that the Company may be required to deliver (including, but not limited to, prospectuses, prospectus supplements, grant or award notifications and agreements, account statements, annual and quarterly reports and all other forms of communications) in connection with this and any other award made or offered by the Company. Electronic delivery may be via a Company electronic mail system or by reference to a location on a Company intranet to which you have access. You hereby consent to any and all procedures the Company has established or may establish for an electronic signature system for delivery and acceptance of any such documents that the Company may be required to deliver, and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature.

32. Entire Agreement; Amendment. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the Award granted hereby; provided, however, that the terms of this Agreement shall not modify and shall be subject to the terms and conditions of any employment, consulting and/or severance agreement between the Company (or an Affiliate or other entity) and you in effect as of the date a determination is to be made under this Agreement. Without limiting the scope of the preceding sentence, except as provided therein, all prior understandings and agreements, if any, among the parties hereto relating to the subject matter hereof are hereby null and void and of no further force and effect. The Committee may, in its sole discretion, amend this Agreement from time to time in any manner that is not inconsistent with the Plan; provided, however, that except as otherwise provided in the Plan or this Agreement, any such amendment that materially reduces your rights shall be effective only if it is in writing and signed by both you and an authorized officer of the Company.



*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Company has caused this Agreement to be executed by its officer thereunto duly authorized, and the Grantee has set his hand as to the date and year first above written.

**SOLARIS OILFIELD INFRASTRUCTURE, INC.**

\_\_\_\_\_  
Name: William Zartler  
Title: Chief Executive Officer

\_\_\_\_\_  
GRANTEE

**AMENDMENT NO. 1 TO  
AMENDED AND RESTATED CREDIT AGREEMENT**

This AMENDMENT NO. 1 TO AMENDED AND RESTATED CREDIT AGREEMENT (“Agreement”) dated as of February 24, 2022 (the “Amendment Effective Date”), is among Solaris Oilfield Infrastructure, LLC, a Delaware limited liability company (the “Borrower”), the guarantors party hereto (each a “Guarantor” and collectively, the “Guarantors”), the Lenders (as defined below) party hereto, and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the “Administrative Agent”) for the Lenders and as an issuing bank (in such capacity, the “Issuing Bank”).

**RECITALS**

A. The Borrower, the Administrative Agent, the Issuing Bank, and the financial institutions party thereto from time to time, as lenders (collectively, the “Lenders”) are parties to that certain Amended and Restated Credit Agreement dated as of April 26, 2019 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the “Existing Credit Agreement”, and the Existing Credit Agreement, as amended by this Agreement and as may be further amended, restated, or otherwise modified from time to time, the “Credit Agreement”).

B. Subject to the terms and conditions set forth herein, effective as of the Amendment Effective Date, the parties hereto wish to amend the Existing Credit Agreement to, among other things, extend the Revolving Maturity Date thereunder, as set forth in Section 3 below.

NOW THEREFORE, in consideration of the premises and the mutual covenants, representations and warranties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. **Defined Terms.** Each of the terms defined in the opening paragraph and the Recitals above shall have the meanings assigned to such terms therein. Each term defined in the Credit Agreement and used herein without definition shall have the meaning assigned to such term in the Credit Agreement.

Section 2. **Other Definitional Provisions.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (d) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, Accounts and contract rights. Titles and captions of Articles, Sections and subsections in this Agreement are for convenience only and neither limit nor amplify the provisions of this Agreement.

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Section 3. **Amendments to Credit Agreement.** Effective as of the Amendment Effective Date, the Existing Credit Agreement is amended as follows:

(a) The Existing Credit Agreement (other than the Exhibits and Schedules thereto unless otherwise specified in this Section 3) is amended and restated in its entirety to read as set forth in Annex A attached hereto.

(b) Exhibit D (*Interest Election Request*) to the Existing Credit Agreement is replaced in its entirety with the Exhibit D attached hereto.

(c) Exhibit F (*Form of Borrowing Request*) to the Existing Credit Agreement is replaced in its entirety with the Exhibit F attached hereto.

Section 4. **Representations and Warranties.** Each Loan Party hereby represents and warrants, as of the date hereof, that:

(a) before and immediately after giving effect to this Agreement, the representations and warranties contained in Article III of the Existing Credit Agreement, as amended by this Agreement, and the representations and warranties contained in the other Loan Documents are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in the text thereof, in which case, such representations and warranties shall be true and correct in all respects) on and as of the date hereof, as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case it shall have been true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in the text thereof, in which case, such representations and warranties shall be true and correct in all respects) as of such earlier date;

(b) before and immediately after giving effect to this Agreement, no Default or Event of Default has occurred and is continuing;

(c) the execution, delivery and performance of this Agreement by such Loan Party are within its corporate or limited liability company power and authority, as applicable, and have been duly authorized by all necessary corporate or limited liability company action, as applicable;

(d) this Agreement constitutes the legal, valid and binding obligation of such Loan Party enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or law;

(e) the execution, delivery, performance, validity and enforceability of this Agreement do not require any material consent or approval of, registration or filing with, or any other action by, any Governmental Authority or other third party, except such as have been obtained or made and are in full force and effect; and

(f) no action, suit, or proceeding by or before any arbitrator or any Governmental Authority is pending against or, to the knowledge of any Loan Party, threatened in writing against or directly affecting any Loan Party in connection with this Agreement or any other Loan Document.

Section 5. **Conditions to Amendment Effective Date.** This Agreement shall become effective and enforceable against the parties hereto on the Amendment Effective Date upon the occurrence of the following conditions:

(a) This Agreement. The Administrative Agent shall have received this Agreement executed by duly authorized officers of the Borrower, each Guarantor, the Issuing Bank, the Administrative Agent, and each Lender.

(b) Fee Letter. The Administrative Agent shall have received that certain Fee Letter, dated as of January 31, 2022, executed by duly authorized officers of the Borrower, the Administrative Agent and Wells Fargo Securities, LLC (the “Fee Letter”).

(c) Fees and Expenses. The Borrower shall have paid (i) to the extent invoiced on or prior to the Amendment Effective Date, all expenses required to be reimbursed or paid by the Borrower or the other Loan Parties under the Loan Documents, including all reasonable fees, charges and expenses of the Administrative Agent’s outside legal counsel, and (ii) all other fees as may have been agreed to by the Borrower pursuant to the Fee Letter.

(d) Closing Certificate. The Administrative Agent shall have received a certificate, signed by a Responsible Officer of the Borrower, stating that (i) before and immediately after giving effect to this Agreement, the representations and warranties contained in Article III of the Credit Agreement and the representations and warranties contained in this Agreement and the other Loan Documents are true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in the text thereof, in which case, such representations and warranties shall be true and correct in all respects) on and as of the Amendment Effective Date, as though made on and as of such date, except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case it shall have been true and correct in all material respects (unless already qualified by materiality or Material Adverse Effect in the text thereof, in which case, such representations and warranties shall be true and correct in all respects) as of such earlier date; (ii) before and immediately after giving effect to this Agreement, no Default or Event of Default shall have occurred and be continuing and (iii) the conditions in Section 5 of this Agreement have been satisfied.

(e) Authorization. The Administrative Agent shall have received a certificate of a Responsible Officer of each Loan Party certifying as of the Amendment Effective Date (i) that attached thereto are true and correct copies of (A) the resolutions of the board of directors, member, manager or other applicable governing body of such Loan Party approving the execution, delivery and performance of this Agreement and the transactions contemplated hereby, including the extension of the Revolving Maturity Date pursuant hereto, (B) the certificate of formation and the limited liability company agreement or operating agreement of such Loan Party, and (C) certificates relating to the existence, qualification and good standing of such Loan Party in each state where such Loan Party is organized, and (ii) the officers of each Loan Party who are authorized to sign this Agreement and the other Loan Documents to which such Loan Party is a party and who will, until replaced by another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby and including specimen signatures of such authorized officers.

(f) Legal Opinion. The Administrative Agent shall have received a written opinion of outside counsel to the Loan Parties, in form and substance reasonably acceptable to the Administrative Agent.

(g) Lien Searches. The Administrative Agent shall have received the results of Uniform Commercial Code lien searches and applicable county level lien searches reflecting no Liens against any Loan Party or its assets other than Liens permitted by Section 6.02 of the Credit Agreement, in each case, in such jurisdictions as the Administrative Agent may require.

(h) Insurance. The Administrative Agent shall have received evidence that the insurance required by Section 5.07 of the Credit Agreement and the Security Documents is in effect.

(i) KYC. The Administrative Agent shall have received, (i) at least five Business Days prior to the Amendment Effective Date, all documentation and other information regarding each Loan Party requested in connection with applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act and (ii) if requested by any Lender, a Beneficial Ownership Certification in relation to each applicable Loan Party.

(j) Miscellaneous. The Administrative Agent shall have received such other instruments and documents as the Administrative Agent or any Lender may reasonably request prior to the Amendment Effective Date.

Section 6. **Acknowledgments and Agreements.**

(a) Each Loan Party acknowledges that on the date hereof, all outstanding Obligations are payable in accordance with their terms and each Loan Party waives any defense, offset, counterclaim or recoupment (other than a defense of payment or performance) with respect thereto.

(b) The Borrower, each Guarantor, the Administrative Agent, the Issuing Bank, and each Lender party hereto does hereby adopt, ratify, and confirm the Existing Credit Agreement, as amended by this Agreement, and acknowledge and agree that the Existing Credit Agreement, as so amended, is and remains in full force and effect, and acknowledge and agree that their respective liabilities and obligations under the Existing Credit Agreement, as so amended, and the other Loan Documents are not impaired in any respect by this Agreement.

(c) Nothing herein shall constitute a waiver or relinquishment of (i) any Default or Event of Default under any of the Loan Documents, (ii) any of the agreements, terms or conditions contained in any of the Loan Documents, (iii) any rights or remedies of the Administrative Agent or any Lender with respect to the Loan Documents, or (iv) the rights of the Administrative Agent, the Issuing Bank, or any Lender to collect the full amounts owing to them under the Loan Documents.

(d) From and after the Amendment Effective Date, all references to the Existing Credit Agreement and the other Loan Documents shall mean the Existing Credit Agreement and the other Loan Documents, as each have been amended by this Agreement. This Agreement is a Loan Document for the purposes of the provisions of the other Loan Documents.

Section 7. **Reaffirmation of Security Documents.** Each Loan Party (a) reaffirms the terms of and its obligations (and the security interests granted by it) under each Security Document to which it is a party, and agrees that each such Security Document will continue in full force and effect to secure the Obligations as the same may be amended, supplemented, or otherwise modified from time to time, and (b) acknowledges, represents, warrants and agrees that the Liens and security interests granted by it pursuant to the Security Documents are valid, enforceable and subsisting and create a security interest to secure the Obligations.

Section 8. **Reaffirmation of the Guaranty.** Each Loan Party hereby ratifies, confirms, acknowledges and agrees that its obligations under the Guaranty are in full force and effect and that such Loan Party continues to unconditionally and irrevocably guarantee the full, prompt and punctual payment and performance of the Obligations when due (whether at stated maturity, by acceleration or otherwise), as such Obligations may have been amended by this Agreement, and its execution and delivery of this Agreement does not indicate or establish an approval or consent requirement by such Loan Party under

the Guaranty, in connection with the execution and delivery of amendments, consents or waivers to the Credit Agreement or any of the other Loan Documents.

Section 9. **Counterparts.** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or by e-mail "PDF" copy shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 10. **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted pursuant to the Credit Agreement.

Section 11. **Severability.** Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 12. **Governing Law.** This Agreement and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

Section 13. **Entire Agreement.** **THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

BORROWER:

**SOLARIS OILFIELD INFRASTRUCTURE, LLC**

By: /s/ Kyle Ramachandran

Name: Kyle Ramachandran

Title: President and Chief Financial Officer

GUARANTORS:

**SOLARIS OILFIELD SITE SERVICES OPERATING,  
LLC**

**SOLARIS OILFIELD EARLY PROPERTY, LLC**

**SOLARIS LOGISTICS, LLC**

**SOLARIS OILFIELD TECHNOLOGIES, LLC**

Each By: /s/ Kyle Ramachandran

Name: Kyle Ramachandran

Title: President and Chief Financial Officer

Signature Page to  
Amendment No. 1 to Amended and Restated Credit Agreement (Solaris)

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ADMINISTRATIVE AGENT:

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as  
Administrative Agent, Issuing Bank, and a Lender

By: /s/ Corbin Womac

Name: Corbin Womac

Title: Director

Signature Page to  
Amendment No. 1 to Amended and Restated Credit Agreement (Solaris)

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LENDER:

**WOODFOREST NATIONAL BANK**, as a Lender

By: /s/ Wesley Gerren

Name: Wesley Gerren

Title: Assistant Vice President

Signature Page to  
Amendment No. 1 to Amended and Restated Credit Agreement (Solaris)

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ANNEX A

[See attached.]

Annex A

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**EXHIBIT D**

**Interest Election Request**

[See attached.]

Exhibit D

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**EXHIBIT F**

**Form of Notice of Borrowing**

[See attached.]

Exhibit F

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**ANNEX A TO AMENDMENT NO. 1 TO  
AMENDED AND RESTATED CREDIT AGREEMENT**

**AMENDED AND RESTATED  
CREDIT AGREEMENT**

**dated as of April 26, 2019**

**among**

**SOLARIS OILFIELD INFRASTRUCTURE, LLC,**

**The Lenders From Time to Time Party Hereto**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Administrative Agent**

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**WELLS FARGO SECURITIES, LLC and WOODFOREST NATIONAL BANK,  
as Co-Lead Arrangers**

**WOODFOREST NATIONAL BANK,  
as Syndication Agent**

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## AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT (as amended, modified, restated, supplemented and in effect from time to time, herein called this “Agreement”) dated as of April 26, 2019 (the “Effective Date”), among SOLARIS OILFIELD INFRASTRUCTURE, LLC, a Delaware limited liability company, as borrower, the lenders from time to time party hereto (the “Lenders”), and WELL FARGO BANK, NATIONAL ASSOCIATION, as administrative agent for the Lenders and Issuing Bank. In consideration of the mutual promises contained in this Agreement, and for other good and valuable consideration, the receipt of which are hereby acknowledged, the parties hereto agree as follows:

### ARTICLE I

#### Definitions

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“ABR” when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

“Accounts” shall have the meaning assigned to it in the Uniform Commercial Code enacted in the State of New York.

“Acquisition” means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which any Loan Party (i) acquires any going business or all or substantially all of the assets of any Person, or division thereof, whether through the purchase of assets, merger or otherwise, including the purchase or other acquisition (in one transaction or a series of transactions) of any assets of any other Person constituting a business unit, or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

“Additional Collateral” shall have the meaning ascribed to such term in Section 5.03(b) hereof.

“Additional Collateral Event” shall have the meaning ascribed to such term in Section 5.03(b) hereof.

“Adjusted Term SOFR” means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

“Administrative Agent” means WELLS FARGO BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the Lenders hereunder, and its successors in that capacity.

“Administrative Questionnaire” means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any UK Financial Institution.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agent Party” has the meaning assigned to it in Section 9.01(d).

“Alternate Base Rate” means, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1.0% and (c) the Adjusted Term SOFR for one month tenor in effect on such day plus 1.0%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted Term SOFR, respectively; provided further that (i) clause (c) shall not be applicable during any period in which Adjusted Term SOFR is unavailable or unascertainable, and (ii) if the Alternate Base Rate is determined to be less than zero, such rate shall be deemed to be zero for the purposes of such determination.

“Amendment No. 1 Effective Date” means February 24, 2022.

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to any Loan Party from time to time concerning or relating to bribery or corruption.

“Applicable Percentage” means, with respect to any Lender, the percentage of the total Commitments represented by such Lender’s Commitment; provided that in the case of Section 2.20 when a Defaulting Lender shall exist, “Applicable Percentage” shall mean the percentage of the total Commitments (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender’s status as a Defaulting Lender at the time of determination.

“Applicable Rate” means, for any day with respect to any Loan, the applicable rate per annum set forth below based upon the Total Leverage Ratio as of the most recent determination date; but for the period beginning with the Effective Date and ending on the date the Applicable Rate is redetermined in accordance with the provisions set forth below, Category 1 shall be applicable:

Total Leverage Ratio	Adjusted Term SOFR Loans	ABR Loans	Applicable Commitment Fee
<u>Category 4:</u> greater than or equal to 2.00 to 1.00	3.50%	2.50%	0.50%
<u>Category 3:</u> less than 2.00 to 1.00 but greater than or equal to 1.50 to 1.00	3.25%	2.25%	0.50%
<u>Category 2:</u> less than 1.50 to 1.00 but greater than or equal to 1.00 to 1.00	3.00%	2.00%	0.375%
<u>Category 1:</u> less than 1.00 to 1.00	2.75%	1.75%	0.375%

For purposes of the foregoing, (i) the Total Leverage Ratio shall be determined as of the end of each fiscal quarter of the Borrower’s fiscal year based upon the Borrower’s consolidated financial statements delivered pursuant to Sections 5.01(a) or (b) and (ii) each change in the Applicable Rate resulting from a change in the Total Leverage Ratio shall be effective during the period commencing on and including the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change; but the Total Leverage Ratio shall be deemed to be in Category 4 at any time that an Event of Default has occurred which is continuing or at the request of the Required Lenders if the Borrower fails to timely deliver the consolidated financial statements required to be delivered by it pursuant to Sections 5.01(a) or (b), during the period from the deadline for delivery thereof until such consolidated financial statements are received.

“Applicable Commitment Fee” means, for any day with respect to any Lender, the applicable rate per annum set forth above under the caption “Applicable Commitment Fee”, based upon the Total Leverage Ratio as of the most recent determination date; provided that, during the period beginning with the Effective Date and ending on the date the Applicable Commitment Fee is redetermined in accordance with the provisions set forth in the definition of “Applicable Rate” above, Category 1 shall be applicable.

“Approved Fund” has the meaning assigned to it in Section 9.04(b).

“ASC 842” means Financial Accounting Standards Board Accounting Standards Codification 842.

“Asset Coverage Ratio” means, as of each fiscal quarter end, (a) the sum of (i) 100% of the Eligible Accounts as of such fiscal quarter end, (ii) 100% of the Eligible Inventory as of such fiscal quarter end and (iii) 100% of the Eligible Fixed Assets as of such fiscal quarter end, to (b) the Total Revolving Exposure as of such fiscal quarter end.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of “Interest Period” pursuant to Section 2.13(c)(iv).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Banking Services” means each and any of the following bank services provided to any Loan Party by any Lender or any of its Affiliates: (a) commercial credit cards, (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

“Bankruptcy Event” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership

interest, in such Person by a Governmental Authority or instrumentality thereof, unless such ownership interest results in or provides such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“Benchmark” means, initially, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.13(c)(i).

“Benchmark Replacement” means, with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by the Administrative Agent and the Borrower giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for dollar-denominated syndicated credit facilities and (b) the related Benchmark Replacement Adjustment; provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

“Benchmark Replacement Adjustment” means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Borrower giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for dollar-denominated syndicated credit facilities.

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board, the NYFRB, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“Benchmark Transition Start Date” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“Benchmark Unavailability Period” means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.13(c)(i) and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.13(c)(i).

“Beneficial Ownership Certification” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America and any successor entity performing similar functions.

“Borrower” means SOLARIS OILFIELD INFRASTRUCTURE, LLC, a Delaware limited liability company.

“Borrowing” means Loans of the same Type made, converted or continued on the same date and, in the case of SOFR Loans, as to which a single Interest Period is in effect.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.03 and in substantially the same form as Exhibit F.

“Business Day” means any day that (a) is not a Saturday, Sunday or other day on which the NYFRB is closed and (b) is not a day on which commercial banks in Houston, Texas or New York, New York, are closed.

“Capital Expenditures” means, for any period, (a) the additions to property, plant and equipment and other capital expenditures of the Borrower and its consolidated Subsidiaries that are (or would be) set forth in a consolidated statement of cash flows of Borrower for such period prepared in accordance with GAAP and (b) Capital Lease Obligations incurred by the Borrower and its consolidated Subsidiaries during such period, but excluding expenditures for the restoration, repair or replacement of any fixed or capital asset which was destroyed or damaged, in whole or in part, to the extent financed by the proceeds of an insurance policy maintained by such Person.



“Capital Lease Obligations” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as finance leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP (but excluding, for the avoidance of doubt, “operating leases” as defined in ASC 842).

“Cash Adjustment” means, as of any date, the amount on such date of unrestricted cash and cash equivalents of the Borrower and its Subsidiaries in deposit accounts and securities accounts of the Borrower and its Subsidiaries which are subject to a first-priority perfected Lien in favor of the Administrative Agent, excluding (a) checks issued, wires initiated or ACH transfers initiated against such accounts, in any case, to non-affiliate third parties or to Affiliates on account of transactions not prohibited under this Agreement but only to the extent issued or initiated on or prior to such date but not deducted from such accounts on or prior to such date, (b) balances in an amount equal to any declared but unpaid dividends to be paid within 60 days of such date, (c) balances in amounts payable within 90 days of such date to fund an Acquisition evidenced by a fully executed purchase agreement, (d) balances in amounts which are reasonably expected to be payable within 90 days of such date to fund an Acquisition subject to pending, bona fide and active negotiations, provided that the amounts excluded pursuant to this clause (d) shall not exceed \$30,000,000 in the aggregate; and (e) for the avoidance of doubt, amounts held in trust accounts for the benefit of Persons other than a Loan Party.

“Change in Control” means the occurrence of any of the following events or series of events:

- (a) Solaris Inc. shall cease to be the sole managing member of the Borrower; or
- (b) any Person (excluding any Qualifying Owner or any group of Qualifying Owners acting together which would constitute a “group” for purposes of Section 13(d) of the Exchange Act, and excluding a corporation or other entity owned, directly or indirectly, by the stockholders of Solaris Inc. in substantially the same proportions as their ownership of stock of the Solaris Inc.) is or becomes the beneficial owner, directly or indirectly, of securities of Solaris Inc. representing more than 50% of the combined voting power of Solaris Inc.’s then outstanding voting securities; or
- (c) there is consummated a merger or consolidation of Solaris Inc. with any other corporation or other entity, and, immediately after the consummation of such merger or consolidation, the voting securities of Solaris Inc. immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then-outstanding voting securities of the Person resulting from such merger or consolidation or, if the surviving company is a Subsidiary, the ultimate parent thereof; or
- (d) the stockholders of Solaris Inc. approve a plan of complete liquidation or dissolution of Solaris Inc. or there is consummated an agreement or series of related agreements

for the sale or other disposition, directly or indirectly, by Solaris Inc. of all or substantially all of Solaris Inc.'s assets, other than such sale or other disposition by Solaris Inc. of all or substantially all of Solaris Inc.'s assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of Solaris Inc. in substantially the same proportions as their ownership of Solaris Inc. immediately prior to such sale.

Notwithstanding the foregoing, except with respect to clause (b) above, a Change in Control shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the shares of Solaris Inc. immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and own substantially all of the shares of, an entity which owns, either directly or through a Subsidiary, all or substantially all of the assets of Solaris Inc. immediately following such transaction or series of transactions.

“Change in Law” means the occurrence after the date of this Agreement or, with respect to any Lender, such later date on which such Lender becomes a party to this Agreement, of (a) the adoption of or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) of any Governmental Authority after the date of this Agreement; provided that, notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral” means any and all “Collateral”, as defined in any applicable Security Document. The Collateral shall not include any Excluded Assets.

“Commitment” means, with respect to each Lender, the commitment of such Lender to make Loans and to acquire participations in Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Revolving Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.07 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01A, or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Commitment, as applicable. The initial aggregate amount of the Lenders' Commitments is \$50,000,000.

“Commodity Exchange Act” means the Commodity Exchange Act (7 U.S.C. §1 et seq.), as amended from time to time, and any successor statute.

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“Communications” has the meaning assigned to it in Section 9.01(d).

“Compliance Certificate” means a compliance certificate executed by a Responsible Officer of the Borrower as required by this Agreement in substantially the same form as Exhibit B or such other form acceptable to the Administrative Agent.

“Conforming Changes” means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Alternate Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” the definition of “Interest Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 2.15 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Cash Balance” means at any time, an amount equal to (a) unrestricted cash and cash equivalents of the Borrower and its Subsidiaries in deposit accounts and securities accounts of the Borrower and its Subsidiaries at such time, other than “zero balance” accounts, *minus* (b)(i) checks issued, wires initiated or ACH transfers initiated against such accounts, in any case, to non-affiliate third parties or to Affiliates on account of transactions not prohibited under this Agreement but only to the extent issued or initiated on or prior to such date but not deducted from such accounts on or prior to such date, (ii) balances in an amount equal to any declared but unpaid dividends to be paid within 60 days of such date, (iii) balances in amounts payable within 90 days of such date to fund an Acquisition evidenced by a fully executed purchase agreement, (iv) balances in amounts which are reasonably expected to be payable within 90 days of such date to fund an Acquisition subject to pending, bona fide and active negotiations, provided that the amounts excluded pursuant to this clause (iv) shall not exceed \$30,000,000 in the aggregate; (v) proceeds of public offerings consummated within 90 days prior to any Consolidated Cash Test Day; (vi) proceeds of insurance received within 90 days prior to any Consolidated Cash Test Day; (vii) amounts prepaid by customers, but only prior to the time when such payments would have been due and only to the extent the Borrower intends to use such prepayments within five (5) Business Days to fulfill its obligations to such customer under the applicable contract; and (viii) for

the avoidance of doubt, amounts held in trust accounts for the benefit of Persons other than a Loan Party.

“Consolidated Cash Test Day” means the last Business Day of every other calendar week, with the first such Consolidated Cash Test Day occurring on March 4, 2022; provided that, so long as there are no Loans outstanding, the Consolidated Cash Test Day shall be the last Business Day of each month.

“Consolidated Net Tangible Assets” means as of any date of determination, for Solaris Inc., Borrower and Subsidiaries of Solaris Inc. or Borrower, on a consolidated basis, the aggregate amount of total assets included in such Persons’ most recent quarterly or annual consolidated balance sheet prepared in accordance with GAAP less applicable reserves reflected in such balance sheet, after deducting the following amounts: (a) all current liabilities reflected in such balance sheet, (b) all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles reflected in such balance sheet, and (c) all such assets of any Subsidiary that is not a Wholly-Owned Subsidiary of the Borrower.

“Contribution Agreement” means that certain Contribution Agreement dated as of January 19, 2018 by and among Borrower and the Domestic Subsidiaries of Borrower as of such date, as the same may be amended, modified, supplemented and restated (and joined in pursuant to a joinder agreement) from time to time.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Covered Party” has the meaning set forth in Section 9.19(a).

“Credit Party” means the Administrative Agent, the Issuing Bank or any other Lender.

“Current Expected Credit Loss Standard” means Accounting Standards Codification 326, which sets forth ASU 2016-13, Financial Instruments-Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Defaulting Lender” means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the

Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event or Bail-In Action.

"Disposition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which any Loan Party sells, leases, transfers, assigns, conveys or otherwise disposes of any property or assets (whether real, personal, or mixed, tangible or intangible) of such Loan Party.

"Disqualified Stock" means any Equity Interest that, by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations under the Loan Documents that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for the scheduled payments of dividends or distributions in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in each case, prior to the date that is (91) days after the Revolving Maturity Date.

"dollars" or "\$" refers to lawful money of the United States of America.

"Domestic Subsidiary" shall mean any Subsidiary of Borrower that is not a Foreign Subsidiary.

"EBITDA" means, without duplication, for any period:

(a) the consolidated net income (excluding any extraordinary, unusual or non-recurring gains, losses or expenses) of Solaris Inc. and its Wholly-Owned Subsidiaries; plus

(b) to the extent deducted in calculating such consolidated net income, (i) depreciation, amortization, and other non-cash items (including, for the avoidance of doubt, non-cash expenses accrued in accordance with the Current Expected Credit Loss Standard), (ii) Interest Expense, (iii) federal and state income tax expense (or Permitted Tax Distributions) (including state margin, franchise or gross receipts Taxes), (iv) management fees and costs, and (v) fees and expenses related to the Transactions in an aggregate amount not exceeding \$1,500,000, minus,

(c) to the extent added in calculating such consolidated net income, any non-cash income; plus

(d) the net income of any Person in which the Borrower or any of its Subsidiaries has a joint interest with a third party (including any Person that is a Subsidiary that is not Wholly-Owned) but only to the extent such income (i) is actually paid in cash to the Borrower or any of its Wholly-Owned Subsidiaries by dividend or other distribution during such period and (ii) is at the time such distribution or dividend is made, permitted under such Person's charter or any organizational agreement and not prohibited by any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Person.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“Electronic Signature” means an electronic signature attached to, a contract and adopted by a person with the intent to sign, authenticate or accept such contract or record.

“Electronic System” means any electronic system, including e-mail, e-fax, IntraLinks®, ClearPar®, Debt Domain, Syndtrak and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent or the Issuing Bank and any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

“Eligible Accounts” means, as at any date of determination thereof, each Account (which is subject to a Security Document and on which Administrative Agent shall have a first-priority perfected Lien subject only to Permitted Encumbrances) which is at said date payable to Borrower or any other Obligor and which complies with the following requirements: (a) the Account arose

from performance of services which have been fully and satisfactorily performed in all material respects or from the sale of goods in which the Account obligee had the sole and complete ownership which have been sold to the Account debtor on an absolute sale basis on open account and not on consignment, on approval or on a “sale or return” basis or subject to any other repurchase or return agreement (evidencing which the Account obligee or Administrative Agent has possession of shipping and delivery receipts); (b) no material part of any goods giving rise to the Account has been returned, rejected, lost or damaged; (c) the Account arose in the ordinary course of business of the obligee thereon, is stated to be payable in lawful money of the United States and is not evidenced by chattel paper or an instrument of any kind and no notice of bankruptcy, insolvency or financial embarrassment of the Account debtor has been received by the Account obligee, Administrative Agent or any Lender; (d) the applicable Account debtor is not a foreign country or any subdivision or agency or department thereof or located outside of the United States and the Account is not subject to the Federal Assignment of Claims Act; (e) the Account is a valid obligation of the Account debtor thereunder and is not subject to any offset, counterclaim, allowance, adjustment or other defense on the part of such Account debtor or to any claim, dispute, objection or complaint on the part of such Account debtor denying liability thereunder (other than discounts for prompt payment shown on the applicable invoice and disclosed to Administrative Agent in writing); (f) the Account is subject to no Lien whatsoever, except for the Liens created pursuant to the Security Documents and Permitted Encumbrances; (g) the Account is evidenced by an invoice; (h) the Account has not arisen out of transactions with any Loan Party, any Affiliate of a Loan Party or an employee, officer, agent, director, stockholder, partner, trustee or other owner or holder of any indicia of equity rights (whether issued and outstanding capital stock, partnership interests or otherwise) of any Loan Party or any Affiliate of any Loan Party; and (i) each of the representations and warranties set forth in the Security Documents with respect to such Account is true and correct in all material respects. “Eligible Accounts” shall not be reduced by amounts required to be added to the allowance for doubtful accounts solely pursuant to the Current Expected Credit Loss Standard.

“Eligible Fixed Assets” means, as at any date of determination thereof, all Equipment and other fixed assets which conforms to the representations and warranties in Article V hereof and in the Security Documents to the extent such provisions are applicable and (a) which is subject to no Lien whatsoever, except for the Liens created pursuant to the Security Documents and Permitted Encumbrances; (b) which is not subject to any third party’s rights which would be superior to the Lien and rights of the Administrative Agent created under the Security Documents; (c) which has not become obsolete, has not been materially damaged and is operational and is saleable in its present state for the use for which it was manufactured or purchased; (d) which is stored when not under contract for use only (i) on premises that are owned or leased by an Obligor, (ii) for less than 60 days pursuant to a short-term warehouse arrangement, (iii) for less than 21 days at a wellsite, customer location or staging yard upon completion of a contract and pending transport, and (iv) at a site owned by a third party for which a lien waiver, satisfactory in form and substance to the Administrative Agent in its reasonable discretion, has been obtained; and (e) for which the Administrative Agent has received (i) an original purchase price invoice for such asset marked paid in full, (ii) a valid, original bill of sale for such asset in favor of an Obligor, (iii) with respect to Equipment, to the extent the ownership thereof is evidenced by, or under applicable law, is

required to be evidenced by a certificate of title, such Equipment is not an Excluded Asset, such certificate of title is in the name of an Obligor and has been delivered to the Administrative Agent, or (iv) such other evidence, in form and substance reasonably acceptable to the Administrative Agent, reflecting that such asset has been fully paid for and that title to such asset vests in an Obligor; provided that, Eligible Fixed Assets shall not include any real property.

“Eligible Inventory” means, as at any date of determination thereof, raw materials (steel, etc.), new/unused generators, axles, tires, motors, inventory consisting of computers and related equipment, finished goods not yet in the rental fleet and all other inventory which is subject to the Security Documents and on which Administrative Agent shall have a first-priority perfected Lien (subject only to Permitted Encumbrances) and which complies with the following requirements: (a) the applicable Inventory shall be valued in accordance with GAAP and shall be within the United States of America; (b) the applicable Inventory is in good condition, meets all standards imposed by any Governmental Authority having regulatory authority over it, its use and/or sale or lease and is either currently usable or currently salable or leaseable in the normal course of business of the owner thereof; (c) the applicable Inventory is in the possession of an Obligor granting a Lien thereon, and not in the possession or control of any warehouseman, bailee or any agent (unless such Obligor has delivered a waiver or subordination agreement relating to any such Inventory held by a warehouseman, bailee or agent in form and substance reasonably acceptable to the Administrative Agent); and (d) each of the representations and warranties set forth in the Security Documents with respect to such Inventory is true and correct in all material respects on such date. The term “Eligible Inventory” shall not include any Inventory which has either been received by a customer, even if on a consignment or “sale or return” basis, or as to which title has passed from the owner thereof. In the event of any dispute under the foregoing criteria about whether a portion of any Inventory is or has ceased to be Eligible Inventory, the decision of Administrative Agent shall be presumed correct, absent manifest error. Nothing in this definition of “Eligible Inventory” shall be construed to limit or release any right of Administrative Agent to any Collateral.

“Environmental Laws” means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any other Loan Party directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.



“Equipment” shall have the meaning assigned to it in the Uniform Commercial Code enacted in the State of New York.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, or any warrants, options or other rights to acquire such interests.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” means any trade or business (whether or not incorporated) that, together with the Borrower or any other Loan Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the existence with respect to any Plan of a failure to make the “minimum required contribution” (as defined in Section 430 of the Code or Section 303 of ERISA), or of an “accumulated funding deficiency” (as defined in Section 431 of the Code or Section 304 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any other Loan Party or any of their ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any other Loan Party or any of their ERISA Affiliates from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any other Loan Party or any of their ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any other Loan Party or any of their ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Borrower or any other Loan Party or any of their ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“Erroneous Payment” has the meaning set forth in Section 9.18(a).

“Erroneous Payment Deficiency Assignment” has the meaning set forth in Section 9.18(d).

“Erroneous Payment Impacted Loans” has the meaning set forth in Section 9.18(d).

“Erroneous Payment Return Deficiency” has the meaning set forth in Section 9.18(d).

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto), as in effect from time to time.

“Event of Default” has the meaning assigned to such term in Article VII.

“Excess Amount” has the meaning set forth in Section 2.10(c).

“Excluded Assets” means (i) (a) all leasehold estates with respect to office space used by Borrower or any of its Subsidiaries and (b) all other real property interests, (ii) motor vehicles having an aggregate book value of not greater than \$1,250,000, (iii) “commercial tort claims” (as that term is defined in the UCC) having an aggregate book value of not greater than \$100,000, (iv) the outstanding voting Equity Interests in each Foreign Subsidiary or Foreign Subsidiary Holdco which is owned directly by Borrower or any of its Domestic Subsidiaries in excess of 65% of issued and outstanding voting Equity Interests of such Foreign Subsidiary or such Foreign Subsidiary Holdco, and Equity Interests issued by Foreign Subsidiaries or Foreign Subsidiary Holdco that are owned by Foreign Subsidiaries, (v) any property owned by any Foreign Subsidiary or Foreign Subsidiary Holdco, (vi) any property with respect to which the Borrower and Administrative Agent reasonably determine, in writing, that the cost or other consequence of obtaining a Lien thereon or perfection thereof is excess in relation to the benefit to the secured party of the security to be afforded thereby, and (vii) any item of general intangibles that is now or hereafter held by Borrower or any of its Subsidiaries but only to the extent that such item of general intangibles (or any agreement evidencing such item of general intangibles) contains a term, provision or other contractual obligation or is subject to a rule of law, statute or regulation that restricts, prohibits, or requires a consent (that has not been obtained) of a Person (other than Solaris, Inc., the Borrower or any of its Subsidiaries) to, the grant, creation, attachment or perfection of the security interest granted in the Security Documents, and any such restriction, prohibition and/or requirement of consent is effective and enforceable under applicable law and is not rendered ineffective by applicable law (including, without limitation, pursuant to Sections 9.406, 9.407, 9.408 or 9.409 of the UCC, and any successor provision thereto).

“Excluded Swap Obligation” means, with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) (a) by virtue of such Loan Party’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Loan Party or the grant of such security interest becomes or would become effective with respect to such Swap Obligation or (b) in the case of a Swap Obligation subject to a clearing requirement pursuant to Section 2(h) of the Commodity Exchange Act (or any successor provision thereto), because such Loan Party is a “financial entity,” as defined in Section 2(h)(7)(C)(i) the Commodity Exchange Act (or any successor provision thereto), at the time the Guarantee of such Loan Party or the grant by such Loan Party of a security interest becomes or would become effective with respect to such related Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Loan Party or security interest is or becomes illegal.

“Excluded Taxes” any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan, Letter of Credit or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan, Letter of Credit or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.18(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender acquired the applicable interest in a Loan, Letter of Credit or Commitment or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient’s failure to comply with Section 2.16(f) and (d) any U.S. federal withholding Taxes imposed under FATCA.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code, and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“Federal Funds Effective Rate” means, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions (as determined in such manner as the NYFRB shall set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

“Field Audits” means, an audit, verification and inspection of the books and records, accounts receivable, inventory and fixed assets of the Borrower and its Subsidiaries, conducted by the Administrative Agent or any other Person selected by the Administrative Agent.

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

“Floor” means a rate of interest equal to 0.00%.

“Foreign Lender” means any Lender that is not a U.S. Person.

“Foreign Subsidiaries” means Subsidiaries of Borrower which are not U.S. Persons.

“Foreign Subsidiary Holdco” means any direct or indirect Subsidiary substantially all of whose assets consists of Equity Interests in (or assets treated as Equity Interests for U.S. federal income Tax purposes) and any Indebtedness of (a) one or more Foreign Subsidiaries or (b) other Foreign Subsidiary Holdcos.

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including, without limitation, the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Guarantee” of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

“Guarantors” means each Domestic Subsidiary of the Borrower now or hereafter existing that has executed and delivered the Guaranty or any joinder or supplement thereto. For the avoidance of doubt, a Domestic Subsidiary that is not Wholly-Owned may, but is not obligated hereunder, to be a Guarantor.

“Guaranty” means that certain Amended and Restated Guaranty dated as of April 26, 2019 executed by Guarantors in favor of the Administrative Agent and any and all other guaranties now or hereafter executed in favor of the Administrative Agent relating to the Obligations hereunder and the other Loan Documents, as any of them may from time to time be amended, modified, restated or supplemented.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum

distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Highest Lawful Rate” means, as to any Lender, at the particular time in question, the maximum non-usurious rate of interest which, under applicable law, such Lender is then permitted to contract for, charge or collect from the Borrower on the Loans or the other obligations of the Borrower hereunder, and as to any other Person, at the particular time in question, the maximum non-usurious rate of interest which, under applicable law, such Person is then permitted to contract for, charge or collect with respect to the obligation in question. If the maximum rate of interest which, under applicable law, the Lenders are permitted to contract for, charge or collect from the Borrower on the Loans or the other obligations of the Borrower hereunder shall change after the Effective Date, the Highest Lawful Rate shall be automatically increased or decreased, as the case may be, as of the effective time of such change without notice to the Borrower or any other Person.

“Immaterial Subsidiary” means, subject to Section 6.16, any Domestic Subsidiary of Borrower which (i) for any twelve (12) month period ending on the last day of any fiscal quarter of Borrower had less than \$10,000 of revenues and (ii) as of the last day of such fiscal quarter was the owner of less than \$25,000 of assets, all as shown on the consolidated financial statements of Borrower. All Immaterial Subsidiaries as of the Amendment No. 1 Effective Date are identified as such on Schedule 3.12 attached hereto.

“Indebtedness” of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current Accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances, and (k) all obligations of such Person in respect of Disqualified Stock. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a) hereof, Other Taxes.

“Ineligible Institution” has the meaning assigned to it in Section 9.04(b).

“Interest Election Request” means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.06.

“Interest Expense” means, for any period, total interest expense accruing on Indebtedness of the Borrower and its Subsidiaries, on a consolidated basis, during such period (including interest expense attributable to Capital Lease Obligations and amounts attributable to interest incurred under Swap Agreements), determined in accordance with GAAP.

“Interest Coverage Ratio” means as of the last day of each fiscal quarter, the ratio of (a) EBITDA for the four fiscal quarter period then ended to (b) Interest Expense for the four fiscal quarter period then ended.

“Interest Payment Date” means (a) with respect to any ABR Loan, the last Business Day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan and (b) with respect to any SOFR Loan, the last Business Day of the Interest Period applicable to the Borrowing of which such Loan is a part, and in the case of a SOFR Borrowing with an Interest Period of more than three months’ duration, each day prior to the last Business Day of such Interest Period that occurs at intervals of three months’ duration after the first day of such Interest Period.

“Interest Period” means with respect to any SOFR Borrowing, the period commencing on the date of such SOFR and ending on the numerically corresponding day in the calendar month that is one, three or six months thereafter, as the Borrower may elect; provided, that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (b) any Interest Period pertaining to a SOFR Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, (c) no Interest Period may have a term which would extend beyond the Revolving Maturity Date, (d) there shall be no more than ten Interest Periods in effect at any time and (e) no tenor that has been removed from this definition pursuant to Section 2.13(c)(iv) shall be available for specification in any Borrowing Request or request for conversion or continuation. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

“Inventory” shall have the meaning assigned to it in the Uniform Commercial Code enacted in the State of New York.

“IRS” means the United States Internal Revenue Service.

“Issuing Bank” means Wells Fargo Bank, National Association, in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.04(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“LC Disbursement” means a payment made by the Issuing Bank pursuant to a Letter of Credit.

“LC Exposure” means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

“Lender Parent” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“Lenders” means the Persons listed on Schedule 2.01A and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term “Lenders” includes the Issuing Bank.

“Letter of Credit” means any letter of credit issued pursuant to this Agreement.

“Letter of Credit Commitment” means the commitment of the Issuing Bank to issue Letters of Credit hereunder. The initial amount of the Issuing Bank’s Letter of Credit Commitment is set forth on Schedule 2.01B.

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Liquidity” means, as of any date, the sum of (a) the aggregate Commitment of all Lenders at such time *minus* the aggregate Revolving Exposure at such time and (b) the unrestricted cash and cash equivalents of the Borrower and its Subsidiaries in deposit accounts and securities accounts of the Borrower and its Subsidiaries which are subject to a first-priority perfected Lien in favor of the Administrative Agent subject only to Permitted Encumbrances.

“Loan Documents” means, collectively, this Agreement, the Notes, the Guaranty, the Security Documents, the Contribution Agreement, any subordination agreement relating to Subordinated Debt, letter of credit applications and agreements between the Borrower and the Issuing Bank regarding the respective rights and obligations between the Borrower and the Issuing

Bank in connection with the issuance of Letters of Credit, all instruments, certificates and agreements now or hereafter executed or delivered to the Administrative Agent or any Lender pursuant to any of the foregoing or in connection with the obligations under this Agreement and the other Loan Documents or any commitment regarding such obligations, and all amendments, modifications, renewals, extensions, increases and rearrangements of, and substitutions for, any of the foregoing. The term “Loan Document” as used herein shall not include any Swap Agreement or agreements governing Banking Services (but the obligations now or hereafter owing to any Lender or any Affiliate of a Lender under a Swap Agreement or agreements governing Banking Services shall nevertheless be secured by all Collateral).

“Loan Parties” means the Borrower and each of its Subsidiaries and shall also include each Guarantor.

“Loans” means the loans made by the Lenders to the Borrower pursuant to this Agreement.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, operations, condition, financial or otherwise, of the Borrower and its Subsidiaries taken as a whole, (b) the ability of any Loan Party to perform any of its obligations under any Loan Document or (c) the rights of or remedies available to the Lenders under any Loan Document.

“Material Indebtedness” means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of the Borrower and any other Loan Party in an aggregate principal amount exceeding \$500,000. For purposes of determining Material Indebtedness, the “principal amount” of the obligations in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that would be required to be paid if such Swap Agreement were terminated at such time.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Non-Guarantor Subsidiary” means, as of any date of determination, any Subsidiary of the Borrower that is not a Guarantor.

“Notes” shall have the meaning assigned to such term in Section 2.02(a) hereof.

“NYFRB” means the Federal Reserve Bank of New York.

“NYFRB Rate” means, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term “NYFRB Rate” means the rate for a federal funds transaction quoted at 11:00 a.m. on such day received by the Administrative



Agent from a Federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Obligations” means, as at any date of determination thereof, the sum of the following: (i) the aggregate principal amount of Loans outstanding hereunder, plus (ii) the aggregate amount of the LC Exposure, plus (iii) all other liabilities, obligations and indebtedness under any Loan Document of Borrower or any other Loan Party, plus (iv) any obligations of Borrower (whether now existing or hereafter arising) under any Swap Agreement entered into with any Lender (or an Affiliate of any Lender) or agreements governing Banking Services entered into with any Lender (or an Affiliate of any Lender); provided, however, that the definition of “Obligations” shall not create any guarantee by any Loan Party of (or grant of security interest by any Loan Party to support, as applicable) any Excluded Swap Obligations of such Loan Party for purposes of determining any obligations of any Loan Party.

“Obligor” means the Borrower and each of its Subsidiaries that is a Guarantor.

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Taxes (other than a connection arising from such Recipient having executed, delivered, enforced, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan, Letter of Credit or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.18(b)).

“Overnight Bank Funding Rate” means, for any day, the rate comprised of both overnight federal funds and overnight eurodollar borrowings by U.S. managed banking offices of depository institutions (as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time) and published on the next succeeding Business Day by the NYFRB as an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

“Participant” has the meaning set forth in Section 9.04(c).

“Patriot Act” means the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“Payment Recipient” has the meaning set forth in Section 9.18(a).

“PBGC” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“Permitted Encumbrances” means:

(a) Liens imposed by law for Taxes that are not yet delinquent or are being contested in compliance with Section 5.05;

(b) carriers’, warehousemen’s, mechanics’, materialmen’s, repairmen’s and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.05;

(c) pledges and deposits made in the ordinary course of business in compliance with workers’ compensation, unemployment insurance and other social security laws or regulations;

(d) deposits (including letters of credit) to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds, commodity, currency or other hedges permitted hereunder and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under Article VII and pre-judgment Liens created by or existing from any litigation or legal proceedings that are being contested in good faith by appropriate proceedings for which adequate reserves have been made to the extent required by GAAP, and which would not, upon becoming Liens securing judgments for the payment of money, constitute an Event of Default;

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or other Loan Party;

(g) Liens in favor of a banking or other financial institution arising as a matter of law or in the ordinary course of business under customary general terms and conditions encumbering deposits or other funds maintained with a financial institution (including the right of set-off) and that are within the general parameters customary in the banking industry or arising pursuant to such banking institution’s general terms and conditions;

(h) Liens on specific items of inventory or other goods and proceeds thereof of any Person securing such Person’s obligations in respect of bankers’ acceptances or letters of credit issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) Liens arising from the filing of precautionary UCC financing statements regarding operating leases or any consignment arrangements; and

(k) Liens encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business and not for speculative purposes.

“Permitted Investments” means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody’s;

(c) investments in certificates of deposit, banker’s acceptances and time deposits maturing within 365 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof which has a combined capital and surplus and undivided profits of not less than \$500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above; and

(e) money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody’s and (iii) have portfolio assets of at least \$5,000,000,000.

“Permitted Tax Distributions” means for any calendar year or portion thereof during which the Borrower is a pass-through entity for U.S. federal income Tax purposes, payments and distributions to the members or partners of the Borrower, (a) in an amount not to exceed the product of (i) the highest combined marginal federal and applicable state and local income tax rates for individuals residing in New York, New York (taking into account the character of the taxable income (e.g., long-term capital gain, qualified dividend income, ordinary income, etc.) and the deductibility for individuals (or lack thereof) of state and local income Taxes), multiplied by (ii) the total aggregate taxable income of the Borrower and its Subsidiaries during the relevant calendar year or portion thereof, calculated without regard to, for clarity any Tax deductions or basis adjustments arising under Code Section 743 attributable to the assets of the Borrower or its Subsidiaries, plus (b) amounts due and payable by Borrower or any Subsidiary thereof to Solaris, Inc. pursuant to the Tax Receivable Agreement.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any other Loan Party or any of their ERISA Affiliates is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Prime Rate” means the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in San Francisco, California; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. Such rate is set by the Administrative Agent as a general reference rate of interest, taking into account such factors as the Administrative Agent may deem appropriate; it being understood that many of the Administrative Agent’s commercial or other loans are priced in relation to such rate, that it is not necessarily the lowest or best rate actually charged to any customer and that the Administrative Agent may make various commercial or other loans at rates of interest having no relationship to such rate.

“Pro Forma Basis” means, for purposes of calculating EBITDA for any period during which one or more Acquisition or Disposition occurs, that such transaction (and all other such transactions that have been consummated during the applicable period) shall be deemed to have occurred as of the first day of the applicable period of measurement and:

(a) all income statement items (whether positive or negative) attributable to the property or Person disposed of in a Disposition shall be excluded and all income statement items (whether positive or negative) attributable to the property or Person acquired in Acquisition shall be included (provided that such income statement items to be included are reflected in financial statements or other financial data reasonably acceptable to the Administrative Agent and based upon reasonable assumptions and calculations which are expected to have a continuous impact); and

(b) in the event that any Loan Party or any Subsidiary thereof incurs (including by assumption or guarantees) or repays (including by redemption, repayment, retirement, discharge, defeasance or extinguishment) any Indebtedness in connection with such Acquisition or Disposition, then such financial ratio or test shall be calculated giving pro forma effect to such incurrence or repayment of Indebtedness, to the extent required, as if the same had occurred on the first day of the applicable measurement period and any such Indebtedness that is incurred (including by assumption or guarantee) that has a floating or formula rate of interest shall have an implied rate of interest for the applicable period determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as of the relevant date of determination.

“PTE” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption amended from time to time.

“QFC Credit Support” has the meaning set forth in Section 9.19.

“Qualified ECP Loan Party” means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding \$10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes or would become effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Qualifying Owners” means (i) William A. Zartler, or any company of which he is the manager, managing member or otherwise controls, including, but not limited to, Solaris Energy Capital, LLC, (ii) any wife, lineal descendant, legal guardian or other legal representative or estate of the principal member named in clause (i) above; (iii) any trust of which at least one of the trustees is a person described in clauses (i) or (ii) above, (iv) Yorktown Energy Partners X, L.P. and any affiliated funds or investment vehicles managed by Yorktown Partners LLC, (v) Loadcraft Site Services, LLC, (vi) any affiliated funds or investment vehicles managed by any of the persons described in clauses (iv) or (v) above, and (vii) any general partner, managing member, principal or managing director of any of the persons described in clauses (iv) or (v) above.

“Recipient” means, as applicable, (a) the Administrative Agent, (b) any Lender and (c) the Issuing Bank.

“Register” has the meaning set forth in Section 9.04(b).

“Related Parties” means, with respect to any specified Person, such Person’s Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s Affiliates.

“Relevant Governmental Body” means the Board or the NYFRB, or a committee officially endorsed or convened by the Board or the NYFRB, or any successor thereto.

“Required Lenders” means Lenders having Revolving Exposures and unused Commitments representing at least 51% of the sum of the total Revolving Exposures and unused Commitments at such time; provided that, (x) if there are less than three Lenders, the above described percentage shall be increased to 100% and (y) for the purpose of determining the Required Lenders needed for any waiver, amendment, modification or consent, any Lender that is a Loan Party, or any Affiliate of a Loan Party shall be disregarded.

“Resolution Authority” means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

“Responsible Officer” means, as to any Person, any of the Chief Executive Officer, President, any Financial Officer or the Chief Administrative Officer of such Person. Unless

otherwise specified, all references to a Responsible Officer herein shall mean a Responsible Officer of the Borrower.

“Restricted Payment” means (i) any payment or prepayment of any Subordinated Debt or (ii) any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Borrower or other Loan Party, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in the Borrower or other Loan Party or any option, warrant or other right to acquire any such Equity Interests in the Borrower or other Loan Party. The term “Restricted Payments” as used herein shall include management fees paid to any Person owning any Equity Interests in and to Borrower or any other Loan Party (other than cost reimbursement arrangements) and Permitted Tax Distributions.

“Revolving Availability Period” means the period from and including the Effective Date to but excluding the earlier of the Revolving Maturity Date and the date of termination of the Commitments.

“Revolving Exposure” means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender’s Loans and its LC Exposure at such time.

“Revolving Maturity Date” means April 26, 2025.

“S&P” means Standard & Poor’s Ratings Group.

“Sanctioned Country” means, at any time, a country, region or territory which is itself (or whose government is) the subject or target of any Sanctions broadly prohibiting dealings with such government, country, region or territory (at the time of this Agreement, Cuba, Iran, North Korea, Venezuela, Syria and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, any European member state, Her Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s) or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

“Sanctions” any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security

Council, the European Union, any European member state, Her Majesty's Treasury, or other relevant sanctions authority in any jurisdiction in which (a) the Borrower or any of its Subsidiaries or Affiliates is located or conducts business, (b) in which any of the proceeds of the extensions of credit will be used, or (c) from which repayment of the extensions of credit will be derived.

“Security Agreements” means, collectively, (i) the Amended and Restated Security Agreement dated as of April 26, 2019 executed by the Obligors and Administrative Agent and (ii) any and all security agreements hereafter executed in favor of Administrative Agent and securing all or any part of the Obligations, as any of them may from time to time be amended, modified, restated or supplemented.

“Security Documents” means, collectively, the Security Agreements and any and all other agreements, deeds of trust, mortgages, chattel mortgages, security agreements, pledges, guaranties, assignments of production or proceeds of production, assignments of income, assignments of contract rights, assignments of partnership interest, assignments of royalty interests, assignments of performance, completion or surety bonds, standby agreements, subordination agreements, undertakings and other instruments and financing statements now or hereafter executed and delivered as security for the Obligations, as any of them may from time to time be amended, modified, restated or supplemented.

“SOFR” means, a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“SOFR Administrator” means the NYFRB (or a successor administrator of the secured overnight financing rate).

“SOFR Loan” means any Loan bearing interest at a rate based on Adjusted Term SOFR as provided in Section 2.12(a)(ii).

“Solaris Inc.” means Solaris Oilfield Infrastructure, Inc., a Delaware corporation.

“Statutory Reserve Rate” means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject for Eurocurrency funding (currently referred to as “Eurocurrency Liabilities” in Regulation D of the Board). Such reserve percentage shall include those imposed pursuant to such Regulation D. Loans shall be deemed to constitute Eurocurrency fundings and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subordinated Debt” means all Indebtedness of a Person which has been subordinated on terms and conditions satisfactory to the Administrative Agent and the Required Lenders, in their

sole discretion, to all of the Obligations, whether now existing or hereafter incurred. Indebtedness shall not be considered as “Subordinated Debt” unless and until the Administrative Agent shall have received copies of the documentation evidencing or relating to such Indebtedness together with a subordination agreement, in form and substance satisfactory to the Required Lenders, duly executed by the holder or holders of such Indebtedness and evidencing the terms and conditions of the required subordination.

“Subordinated Debt Documents” means any indenture or note under which any Subordinated Debt is issued and all other instruments, agreements and other documents evidencing or governing any Subordinated Debt or providing for any Guarantee or other right in respect thereof.

“Subsidiary.” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

“Supported QFC” has the meaning set forth in Section 9.19.

“Swap Agreement” means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or its Subsidiaries shall be a Swap Agreement.

“Swap Obligation” means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), value added taxes, or any other goods and services, use or sales taxes, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.



“Tax Receivable Agreement” means the Tax Receivable Agreement dated as of May 17, 2017 by and among Solaris Inc. and the other parties thereto and any similar agreement entered into by Solaris Inc. after the date hereof.

“Term SOFR” means,

(a) for any calculation with respect to a SOFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the “Periodic Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to an ABR Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the “ABR Term SOFR Determination Day”) that is two (2) U.S. Government Securities Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any ABR Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such ABR SOFR Determination Day.

“Term SOFR Adjustment” means, for any calculation, with respect to an ABR Loan or a SOFR Loan, a percentage per annum as set forth below for the applicable type of such Loan and (if applicable) Interest Period therefor:

ABR Loans:

0.10%
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SOFR Loans:

<u>Interest Period</u>	<u>Percentage</u>
One month	0.10%
Three months	0.15%

Six months	0.25%
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“Term SOFR Administrator” means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR.

“Total Leverage Ratio” means, as of any testing day, the ratio of (a) Indebtedness (including Subordinated Debt) as of such date minus the Cash Adjustment as of such date to (b) EBITDA for the 12 months then ended, determined in each case on a consolidated basis for Solaris Inc. and the Obligor.

“Total Revolving Exposure” means the sum of the outstanding principal amount of all Lenders’ Loans and their LC Exposure at such time.

“Transactions” means (a) the execution, delivery and performance by each Loan Party of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder and (b) the execution, delivery and performance by each Loan Party of each other document and instrument required to satisfy the conditions precedent to the initial Loan hereunder, including without limitation all applicable Subordinated Debt Documents and all documents and instruments relating to any required equity contribution.

“Type” when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Alternate Base Rate or the Adjusted Term SOFR.

“UCC” means the Uniform Commercial Code in effect from time to time in the State of New York.

“UK Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“UK Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

“Unadjusted Benchmark Replacement” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; provided, that for purposes of notice requirements in Sections 2.03, 2.06(b) and 2.10(e), in each case, such day is also a Business Day

“U.S. Person” means a “United States person” within the meaning of Section 7701(a)(30) of the Code.

“U.S. Special Resolution Regimes” has the meaning set forth in Section 9.19.

“U.S. Tax Compliance Certificate” has the meaning assigned to such term in Section 2.16(f)(ii)(B)(3).

“Wholly-Owned” means, with respect to a Subsidiary, that all of the Equity Interests of such Subsidiary are, directly or indirectly, owned or controlled by the Borrower and/or one or more of its Wholly-Owned Subsidiaries.

“Withdrawal Liability” means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Write-Down and Conversion Powers” means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02 Types of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings, respectively, may be classified and referred to by Type (e.g. “SOFR Loan” or a “SOFR Borrowing”).

SECTION 1.03 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument

or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, Accounts and contract rights.

SECTION 1.04 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. For purposes of determining compliance with any provision of this Agreement, the determination of whether a lease is to be treated as an operating lease or finance lease shall be made without giving effect to any change in accounting for leases pursuant to GAAP resulting from the implementation of ASC 842. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Loan Party at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. All financial calculations hereunder shall be determined on a Pro Forma Basis. The Borrower shall furnish to the Administrative Agent supporting calculations for such calculation on a Pro Forma Basis and such other information as the Administrative Agent may reasonably request to determine the accuracy of such calculation.

SECTION 1.05 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been

transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

SECTION 1.06 Rates. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 2.13(c), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrower. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, or any other Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

## ARTICLE II

### The Credits

SECTION 2.01 Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not result in (i) such Lender's Revolving Exposure exceeding such Lender's Commitment or (ii) the Total Revolving Exposure exceeding the aggregate of all Lenders' Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow the Loans.

### SECTION 2.02 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans of the same Type made by the Lenders ratably in accordance with their respective Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender

shall be responsible for any other Lender's failure to make Loans as required. The Loans made by each Lender shall be evidenced by a Note of Borrower (each, together with all renewals, extensions, modifications and replacements thereof and substitutions therefor, a revolving "Note," collectively, the "Notes") in substantially the form of Exhibit C, payable to such Lender in a principal amount equal to the Commitment of such Lender, and otherwise duly completed. Each Lender is hereby authorized by Borrower to endorse on the schedule (or a continuation thereof) that may be attached to each Note of such Lender, to the extent applicable, the date, amount, type of and the applicable period of interest for each Loan made by such Lender to Borrower hereunder, and the amount of each payment or prepayment of principal of such Loan received by such Lender, provided, that any failure by such Lender to make any such endorsement shall not affect the obligations of Borrower under such Note or hereunder in respect of such Loan.

(b) At the time that each Borrowing is made, such Borrowing shall be in an aggregate amount that is not less than \$100,000 and in integral multiples of \$50,000 in excess thereof; provided that a Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.04(e).

**SECTION 2.03 Requests for Borrowings.** To request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone or email (a) in the case of a SOFR Borrowing, not later than 11:00 a.m., Houston, Texas time, three (3) U.S. Securities Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., on the date of the proposed Borrowing; provided that any such notice of a Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.04(e) may be given not later than 2:00 p.m., Houston, Texas time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery, telecopy or email to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) whether the requested Borrowing is to be an ABR Borrowing or a SOFR Borrowing;
- (ii) the aggregate amount of such Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) In the case of a SOFR Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.05.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested SOFR Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Each Borrowing Request shall constitute a representation that the amount of the requested Borrowing shall not cause the Total Revolving Exposure to exceed the total Commitments. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

#### SECTION 2.04 Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of, and the Issuing Bank shall issue, Letters of Credit as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Revolving Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding anything herein to the contrary, the Issuing Bank shall have no obligation hereunder to issue, and shall not issue, any Letter of Credit the proceeds of which would be made available to any Person (i) to fund any activity or business of or with any Sanctioned Person, or in any Sanctioned Country or (ii) in any manner that would result in a violation of any Sanctions by any party to this Agreement.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver, telecopy or email to the Issuing Bank and the Administrative Agent (at least five (5) Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.04(c)), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. The Issuing Bank shall accept or reject all Letter of Credit requests reasonably promptly. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the aggregate undrawn amount of all outstanding Letters of Credit issued by the Issuing Bank at such time plus the aggregate amount of all LC Disbursements made by the Issuing Bank that have not yet been reimbursed by or on behalf of the Borrower at such time shall not exceed its Letter of Credit Commitment, (ii) no

Lender's Revolving Exposure shall exceed its Commitment and (iii) the Total Revolving Exposure shall not exceed the total Commitments. The Borrower may, at any time and from time to time, reduce the Letter of Credit Commitment with the consent of the Issuing Bank; provided that the Borrower shall not reduce the Letter of Credit Commitment if, after giving effect of such reduction, the conditions set forth in clauses (i) through (iii) above shall not be satisfied.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination by notice from the Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five (5) Business Days prior to the Revolving Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in Section 2.04(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this Section 2.04(d) in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 2:00 p.m., Houston, Texas time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., Houston, Texas time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 2:00 p.m., Houston, Texas time, on the Business Day immediately following the day that the Borrower receives such notice; provided that, subject to the conditions to borrowing set forth in Section 4.03 of this Agreement, if the Borrower does not so reimburse the Issuing Bank by such time, the Borrower shall be deemed to have requested in accordance with Section 2.03 of this Agreement that such payment be financed with an ABR Borrowing in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof.



Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.05 with respect to Loans made by such Lender (and Section 2.05 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this Section 2.04(e), the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Lenders have made payments pursuant to this Section 2.04(e) to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this Section 2.04(e) to reimburse the Issuing Bank for any LC Disbursement (other than the funding of Loans as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in Section 2.04(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or

refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made (either with its own funds or a Borrowing under Section 2.04(e)), the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the reimbursement is due and payable at the rate per annum then applicable to ABR Loans and such interest shall be due and payable on the date when such reimbursement is payable; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to Section 2.04(e), then Section 2.12(b) shall apply. Interest accrued pursuant to this Section 2.04(h) shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to Section 2.04(e) to reimburse the Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of the Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.11(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 51% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this Section 2.04(j), the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders, an amount in

cash equal to the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default described in clauses (g) or (h) of Article VII. The Borrower also shall deposit cash collateral pursuant to this Section 2.04(j) as and to the extent required by Section 2.10(b). Each such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made (consistent with the goal of preservation of capital) at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 51% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived. If the Borrower is required to provide an amount of cash collateral hereunder pursuant to Section 2.10(b), such amount (to the extent not applied as aforesaid) shall be returned to the Borrower as and to the extent that, after giving effect to such return, the Borrower would remain in compliance with Section 2.10(b) and no Default shall have occurred and be continuing.

(k) Subject to the appointment and acceptance of a successor Issuing Bank, the Issuing Bank may resign as the Issuing Bank at any time upon thirty days' prior written notice to the Administrative Agent, the Borrower and the Lenders, in which case, such Issuing Bank shall be replaced in accordance with Section 2.04(i) above.

#### SECTION 2.05 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof solely by wire transfer of immediately available funds by 12:00 noon, Houston, Texas time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. Except in respect of the provisions of this Agreement covering the reimbursement of Letters of Credit, the Administrative Agent will make such Loans available to the Borrower by promptly crediting the funds so received in the aforesaid account of the Administrative Agent to an account of the Borrower maintained with the Administrative Agent in Houston, Texas and designated by the Borrower in the applicable Borrowing Request; provided that Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.04(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.05(a) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

#### SECTION 2.06 Interest Elections.

(a) Conversion and Continuance. Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a SOFR Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a SOFR Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.06. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) Interest Election Requests. To make an election pursuant to this Section 2.06, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery, teletype or other electronic communication to the Administrative Agent of a written Interest Election Request in substantially the form of Exhibit D or otherwise acceptable to the Administrative Agent and signed by the Borrower.

(c) Information in Interest Election Requests. Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to Section 2.06(c)(iii) and Section 2.06(c)(iv) shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a SOFR Borrowing; and

(iv) if the resulting Borrowing is a SOFR Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a SOFR Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

(d) Notice to Lenders by the Administrative Agent. Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) Effect of Failure to Deliver Timely Interest Election Request and Events of Default on Interest Election. If the Borrower fails to deliver a timely Interest Election Request with respect to a SOFR Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a SOFR Borrowing with an Interest Period of one month. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Required Lenders have elected in writing to the Administrative Agent to not allow such conversions or continuations, no outstanding Borrowing may be converted to or continued as a SOFR Borrowing (and any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a SOFR Borrowing shall be ineffective) and, unless repaid, each SOFR Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

#### SECTION 2.07 Termination, Reduction and Increase of Commitments.

(a) Unless previously terminated, the Commitments shall terminate on the Revolving Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) each reduction of the Commitments shall be in an amount that is an integral multiple of \$500,000 or in the amount of the total Commitments then outstanding and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.10, the Total Revolving Exposure would exceed the total Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.07(b), at least three (3) Business Days prior to the

effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments shall be made ratably among the Lenders in accordance with their respective Commitments.

(d) At any time prior to the expiration of the Revolving Availability Period, and so long as no Default or Event of Default shall have occurred which is continuing, the Borrower may elect to increase the aggregate of the Commitments to an amount not exceeding \$75,000,000 minus any reductions in the Commitments pursuant to Section 2.07(b), provided that (i) the Borrower shall give at least fifteen (15) Business Days' prior written notice of such increase to the Administrative Agent and each existing Lender, (ii) each existing Lender shall have the right (but not the obligation) to subscribe to its pro rata share of the proposed increase in the Commitments by giving written notice of such election to the Borrower and the Administrative Agent within ten (10) Business Days after receipt of a notice from the Borrower as above described and only if an existing Lender does not exercise such election may the Borrower elect to add a new Lender, (iii) no Lender shall be required to increase its Commitment unless it shall have expressly agreed to such increase in writing, (iv) the addition of new Lenders shall be subject to the terms and provisions of Section 9.04 as if such new Lenders were acquiring an interest in the Loans by assignment from an existing Lender (to the extent applicable, i.e., required approvals, minimum amounts and the like), (v) the Borrower shall execute and deliver such additional or replacement Notes and such other documentation (including evidence of proper authorization) as may be reasonably requested by the Administrative Agent, any new Lender or any Lender which is increasing its Commitment, (vi) no Lender shall have any right to decrease its Commitment as a result of such increase of the aggregate amount of the Commitments, (vii) the Administrative Agent shall have no obligation to arrange, find or locate any Lender or new bank or financial institution to participate in any unsubscribed portion of such increase in the aggregate committed amount of the Commitments, (viii) such option to increase the Commitments may only be exercised twice and (ix) **the consent of each Lender increasing its Commitment shall be required for any increase of such Lender's Commitment (such consent to be given or denied in such increasing Lender's sole discretion and subject to such terms as such increasing Lender may then require).**

The Borrower shall be required to pay (or to reimburse each applicable Lender for) any breakage costs incurred by any Lender in connection with the need to reallocate existing Loans among the Lenders following any increase in the Commitments pursuant to this provision.

SECTION 2.08 Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Loan of such Lender on the Revolving Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder and the Type thereof, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to Sections 2.08(b) or 2.08(c) shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

SECTION 2.09 [Intentionally Left Blank].

SECTION 2.10 Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part without premium or penalty (except with respect to any amounts due under Section 2.15), subject to the requirements of this Section.

(b) In the event and on such occasion that the sum of the Revolving Exposures exceeds the total Commitments, the Borrower shall prepay Borrowings (or, if no such Borrowings are outstanding, deposit cash collateral in an account with the Administrative Agent pursuant to Section 2.04(j)) in an aggregate amount equal to such excess.

(c) If, as of the end of each Consolidated Cash Test Day, (i) Total Revolving Exposure is greater than zero and (ii) the Consolidated Cash Balance exceeds \$20,000,000 (such excess being referred to herein as the "Excess Amount"), then the Borrower shall, on or before the third succeeding Business Day thereafter, prepay the Borrowings in an amount equal to such Excess Amount.

(d) Each prepayment of Borrowings pursuant to Section 2.10(b) and Section 2.10(c) shall be applied, first, ratably to any ABR Borrowings then outstanding, and, second, ratably to any SOFR Borrowings then outstanding, and if more than one SOFR Borrowing is then outstanding, to each such SOFR Borrowing in order of priority beginning with the SOFR Borrowing with the least number of days remaining in the Interest Period applicable thereto and

ending with the SOFR Borrowing with the most number of days remaining in the Interest Period applicable thereto.

(e) The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy or email) or email of any prepayment hereunder (a) in the case of a SOFR Borrowing, not later than 11:00 a.m., Houston, Texas time, three (3) U.S. Government Securities Business Days before the date of prepayment and (b) in the case of an ABR Borrowing, not later than 11:00 a.m., Houston, Texas time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.07, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.07. Promptly following receipt of any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Borrowing shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type as provided in Section 2.02, except as necessary to apply fully the required amount of a mandatory prepayment.

(f) All Swap Agreements and agreements governing Banking Services between Borrower and any Lender (or any Affiliate of a Lender) are independent agreements governed by the written provisions of said Swap Agreements and said agreements governing Banking Services, which will remain in full force and effect, unaffected by any repayment, prepayment, acceleration, reduction, increase or change in the terms of the Obligations, except as otherwise expressly provided in said Swap Agreements and said agreements governing Banking Services, and any payoff statement relating to the Obligations shall not apply to said Swap Agreements or agreements governing Banking Services except as otherwise expressly provided in such payoff statement.

#### SECTION 2.11 Fees.

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Commitment Fee on the average daily unused amount of the Commitment of such Lender during the period from and including the date hereof to but excluding the date on which such Commitment terminates. Accrued commitment fees shall be payable quarterly in arrears on the last Business Day of each March, June, September and December (commencing on the first such date to occur after the Effective Date) and on the date on which the Commitments terminate. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing such commitment fees, a Commitment of a Lender shall be deemed to be used to the extent of the outstanding Loans and LC Exposure of such Lender for purposes of calculating fees due under this Section 2.11(a).



(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to SOFR Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure (provided, however, that in no event shall the per annum fee for any single Letter of Credit be less than \$750, payable quarterly in arrears in installments of \$188 per quarter) and (ii) at any time or times that there shall be two or more Lenders, to the Issuing Bank a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees shall be payable quarterly in arrears on the last Business Day of each March, June, September and December (commencing on the first such date to occur after the Effective Date); provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this Section 2.11(b) shall be payable within 10 Business Days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

#### SECTION 2.12 Interest.

##### (a) Interest Rate Options.

(i) ABR Loans. The Loans comprising each ABR Borrowing shall bear interest at the Alternate Base Rate plus the Applicable Rate, but in no event to exceed the Highest Lawful Rate.

(ii) SOFR Loans. The Loans comprising each SOFR Borrowing shall bear interest at the Adjusted Term SOFR for the Interest Period in effect for such Borrowing plus the Applicable Rate, but in no event to exceed the Highest Lawful Rate.

(b) Notwithstanding the foregoing, if any Event of Default has occurred which is continuing:

(i) any overdue amount shall bear interest at a rate per annum that is (x) in the case of overdue principal, the rate that would otherwise be applicable thereto plus 2%, not to exceed the Highest Lawful Rate, or (y) in the case of any other overdue amount, including overdue interest, to the extent permitted by applicable law, the rate applicable to ABR Borrowings plus 2%, not to exceed the Highest Lawful Rate (in each case, after as well as before judgment); and

(ii) at the election of the Required Lenders, the entire unpaid principal balance of the Loans shall bear interest at the rate that would otherwise be applicable thereto plus 2%, not to exceed the Highest Lawful Rate (in each case, after as well as before judgment).

(c) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to Section 2.12(b) shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of a Loan prior to the end of the Revolving Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of a conversion of any SOFR Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(d) All computations of interest for Loans bearing interest by reference to the Alternate Base Rate when the Alternate Base Rate is determined by the Prime Rate shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other interest hereunder shall be computed on the basis of a year of 360 days. Interest shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Adjusted Term SOFR shall be calculated by the Administrative Agent, and such calculation shall be presumed correct absent manifest error.

(e) Retroactive Adjustments of Applicable Margin. In the event that any financial statement or Compliance Certificate delivered pursuant to Section 5.01 is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Rate (as in effect at the time of such inaccuracy) for any period (an "Applicable Period") than the Applicable Rate applied for such Applicable Period, then (i) the Borrower shall immediately deliver to the Administrative Agent a corrected Compliance Certificate for such Applicable Period, (ii) the Applicable Rate shall be determined as if such higher Applicable Rate that would have applied were applicable for such Applicable Period (and in any event at the highest level set forth in the definition of "Applicable Rate" if the inaccuracy was the result of dishonesty, fraud or willful misconduct), and (iii) the Borrower shall immediately, without further action by the Administrative Agent, any Lender or the Issuing Bank, pay to the Administrative Agent for the account of the applicable Lenders and the Issuing Bank, the accrued additional interest and

fees owing as a result of such increased Applicable Rate for such Applicable Period. This Section 2.12(e) shall not limit the rights of the Administrative Agent and Lenders with respect to the rate of interest as set forth in Section 2.12(b) or Article 7. The Borrower's obligations under this Section 2.12(e) shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

(f) Term SOFR Conforming Changes. In connection with the use or administration of Term SOFR, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of Term SOFR.

#### SECTION 2.13 Changed Circumstances.

(a) Circumstances Affecting Benchmark Availability. Subject to clause (c) below, in connection with any request for a SOFR Loan or a conversion to or continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining Adjusted Term SOFR for the applicable Interest Period with respect to a proposed SOFR Loan on or prior to the first day of such Interest Period or (ii) the Required Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that Adjusted Term SOFR does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans during such Interest Period and, in the case of clause (ii), the Required Lenders have provided notice of such determination to the Administrative Agent, then, in each case, the Administrative Agent shall promptly give notice thereof to the Borrower. Upon notice thereof by the Administrative Agent to the Borrower, any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Loan to or continue any Loan as a SOFR Loan, shall be suspended (to the extent of the affected SOFR Loans or the affected Interest Periods) until the Administrative Agent (with respect to clause (ii), at the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans (to the extent of the affected SOFR Loans or the affected Interest Periods) or, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to ABR Loans in the amount specified therein and (B) any outstanding affected SOFR Loans will be deemed to have been converted into ABR Loans at the end of the applicable Interest Period. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 2.15.

(b) Laws Affecting SOFR Availability. If, after the date hereof, the introduction of, or any change in, any applicable law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective lending

offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective lending offices) to honor its obligations hereunder to make or maintain any SOFR Loan, or to determine or charge interest based upon SOFR, the Term SOFR Reference Rate, Adjusted Term SOFR or Term SOFR, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Borrower and the other Lenders (an “Illegality Notice”). Thereafter, until each affected Lender notifies the Administrative Agent and the Administrative Agent notifies the Borrower that the circumstances giving rise to such determination no longer exist, (i) any obligation of the Lenders to make SOFR Loans, and any right of the Borrower to convert any Loan to a SOFR Loan or continue any Loan as a SOFR Loan, shall be suspended and (ii) if necessary to avoid such illegality, the Administrative Agent shall compute the Alternate Base Rate without reference to clause (c) of the definition of “Alternate Base Rate”. Upon receipt of an Illegality Notice, the Borrower shall, if necessary to avoid such illegality, upon demand from any Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all SOFR Loans to ABR Loans (in each case, if necessary to avoid such illegality, the Administrative Agent shall compute the Alternate Base Rate without reference to clause (c) of the definition of “Alternate Base Rate”), on the last day of the Interest Period therefor, if all affected Lenders may lawfully continue to maintain such SOFR Loans to such day, or immediately, if any Lender may not lawfully continue to maintain such SOFR Loans to such day. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 2.15.

(c) Benchmark Replacement Setting.

(i) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event, the Administrative Agent and the Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Lenders and the Borrower so long as the Administrative Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Required Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 2.13(c) (i) will occur prior to the applicable Benchmark Transition Start Date. No Swap Agreement shall be deemed to be a “Loan Document” for purposes of this Section 2.13.

(ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any

further action or consent of any other party to this Agreement or any other Loan Document.

(iii) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to Section 2.13(c)(iv). Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Section 2.13(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.13(c).

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of “Interest Period” (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon the Borrower’s receipt of notice of the commencement of a Benchmark Unavailability Period, (A) the Borrower may revoke any pending request for a borrowing of, conversion to or continuation of SOFR Loans to be made, converted or continued during any Benchmark Unavailability Period and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to ABR Loans and (B) any outstanding affected SOFR Loans will be deemed to have been converted to ABR Loans at the end of the

applicable Interest Period. During any Benchmark Unavailability Period or at any time that a tenor for the then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark or such tenor for such Benchmark, as applicable, will not be used in any determination of the Alternate Base Rate.

SECTION 2.14 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve (including pursuant to regulations issued from time to time by the Board for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as “Eurocurrency liabilities in Regulation D of the Board, as amended and in effect from time to time)), special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender or any Issuing Bank;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any Issuing Bank any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Credit Party of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, such Issuing Bank or other Credit Party of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit) or to reduce the amount of any sum received or receivable by such Lender or such other Credit Party (whether of principal, interest or otherwise), then the Borrower will pay to such Lender or such other Credit Party such additional amount or amounts as will compensate such Lender or such other Credit Party for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender’s or Issuing Bank’s capital or on the capital of such Lender’s or Issuing Bank’s holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the

Letters of Credit issued by any Issuing Bank, to a level below that which such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Bank's policies and the policies of such Lender's or Issuing Bank's holding company with respect to capital adequacy or liquidity), then from time to time the Borrower will pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as the case may be, as specified in Section 2.14(a) or Section 2.14(b) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Effect of Failure or Delay in Requesting Compensation. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section 2.14 shall not constitute a waiver of such Lender's or Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or Issuing Bank pursuant to this Section 2.14 for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180 day period referred to above shall be extended to include the period of retroactive effect thereof.

**SECTION 2.15 Indemnity.** The Borrower hereby indemnifies each of the Lenders against any loss, cost or expense (including any loss, cost or expense arising from the liquidation or reemployment of funds or from any fees payable) which may arise, be attributable to or result due to or as a consequence of (i) any failure by the Borrower to make any payment when due of any amount due hereunder in connection with a SOFR Loan, (ii) any failure of the Borrower to borrow or continue a SOFR Loan or convert to a SOFR Loan on a date specified therefor in a Borrowing Request or Interest Election Request, (iii) any failure of the Borrower to prepay any SOFR Loan on a date specified therefor in any notice of prepayment (regardless of whether any such notice of prepayment may be revoked under Section 2.10 and is revoked in accordance therewith), (iv) any payment, prepayment or conversion of any SOFR Loan on a date other than the last day of the Interest Period therefor (including as a result of an Event of Default) or (v) the assignment of any SOFR Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.18. A certificate of such Lender setting forth the basis for determining such amount or amounts necessary to compensate such Lender shall be forwarded to the Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error. All of the obligations of the Loan Parties under this Section 2.15 shall survive the resignation or replacement of the Administrative Agent or any assignment

of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 2.16 Taxes.

(a) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of a payer or withholding agent) requires the deduction or withholding of any Tax from any such payment by a payer or withholding agent, then the payer or applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) The Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Administrative Agent timely reimburse it for, Other Taxes.

(c) As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this Section, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) The Borrower shall indemnify each Recipient, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Each Lender shall severally indemnify the Administrative Agent, within 10 days after written demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender,



in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to such Lender from any other source against any amount due to the Administrative Agent under this Section 2.16(e).

(f) (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation as reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 2.16(f)(ii)(A), (ii)(B), (ii)(C) and (ii)(D) below) shall not be required if in the relevant Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person:

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to

payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E or IRS Form W-8BEN (or any successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E or IRS Form W-8BEN (or any successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

- (2) in the case of a Foreign Lender claiming that interest paid under this Agreement is exempt from United States withholding Tax because it is effectively connected with a United States trade or business of such Foreign Lender, executed copies of IRS Form W-8ECI (or any successor form);
- (3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN-E, IRS Form W-8BEN, IRS Form W-8EXP or Form W-8IMY (with proper attachments as applicable) (or any successor form); or
- (4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, IRS Form W-8BEN, or IRS Form W-8EXP (or any successor form), a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if such Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign

Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this Section 2.16(g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.16(g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 2.16(g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not

been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

(i) For purposes of this Section, the term "Lender" includes any Issuing Bank and the term "applicable law" includes FATCA.

(j) On or before the date that Wells Fargo Bank, National Association (and any successor or replacement Administrative Agent) becomes the Administrative Agent hereunder, it shall deliver to the Borrower a duly executed copy of either (i) IRS Form W-9 (or any successor form) or (ii) a U.S. branch withholding certificate on IRS Form W-8IMY (or any successor form) evidencing its agreement with the Borrower to be treated as a U.S. Person (with respect to amounts received on account of any Lender) and IRS Form W-8ECI (or any successor form) (with respect to amounts received on its own account).

SECTION 2.17 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder or under any other Loan Document (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.14, Section 2.15, Section 2.16, or otherwise) by the time expressly required hereunder or under such other Loan Document for such payment (or, if no such time is expressly required, prior to 2:00 p.m., Houston, Texas time), on the date when due, in immediately available funds, without set off, deduction or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices specified in Section 9.01(a), except payments to be made directly to the Issuing Bank as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15, 2.16 and 9.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees and

other Obligations then due, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements and other Obligations then due, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements and other Obligations then due to such parties.

(c) If any Lender shall, by exercising any right of set off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or participations in LC Disbursements, resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC Disbursements and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this Section 2.17(c) shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any other Loan Party or Affiliate thereof (as to which the provisions of this Section 2.17(c) shall apply). Each Lender agrees that it will not exercise any right of set-off or counterclaim or otherwise obtain payment in respect of any Obligation owed to it other than principal of and interest accruing on the Loans and participations in the LC Disbursements, unless all of the outstanding principal of and accrued interest on the Loans and LC Disbursements have been paid in full. The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. If the Borrower has not in fact made such payment when due, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal

Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to this Agreement, then the Administrative Agent may, in its discretion (and notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent to satisfy such Lender's obligations to it under this Agreement until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under this Agreement, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

(f) Notwithstanding the foregoing, amounts received from any Loan Party that is not a Qualified ECP Loan Party shall not be applied to any Excluded Swap Obligation of such Loan Party.

#### SECTION 2.18 Mitigation Obligations; Replacement of Lenders.

(a) If the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.16 in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, if the Borrower is required to make any payment pursuant to Section 2.14, or if any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights (other than its existing rights to payments pursuant to Section 2.16) and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Commitment is being assigned, the Issuing Bank), which consent shall not unreasonably be withheld, (ii) such assignor Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder (including any amounts under Section 2.15), from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from payments

required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.19 [Intentionally Left Blank].

SECTION 2.20 Defaulting Lender. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of any Commitment of such Defaulting Lender pursuant to this Agreement;

(b) the Commitments and Revolving Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided, that in the case of an amendment, waiver or other modification requiring the consent of all Lenders or of each Lender affected thereby, the Defaulting Lender's consent shall be only be required with respect to (i) a proposed increase or extension of such Defaulting Lender's Commitments and (ii) a proposed reduction or excuse, or a proposed postponement of the scheduled date of payment, of the principal amount of, or interest or fees payable on, any Loans or LC Disbursements as to any such Defaulting Lender;

(c) if any LC Exposure exists at the time a Lender becomes a Defaulting Lender then:

(i) all or any part of the LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only (x) to the extent that such reallocation does not, as to any non-Defaulting Lender, cause such non-Defaulting Lender's Revolving Exposure to exceed its Commitment and (y) if the conditions set forth in Section 4.03 are satisfied at that time;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within one (1) Business Day following notice by the Administrative Agent, cash collateralize for the benefit of the Issuing Bank only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.04(j), for so long as such LC Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to this Section 2.20(c), the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.11 with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to this Section 2.20(c), then the fees payable to the Lenders pursuant to Section 2.11 shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither cash collateralized nor reallocated pursuant to this Section 2.20(c), then, without prejudice to any rights or remedies of the Issuing Bank or any Lender hereunder, all fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitments that were utilized by such LC Exposure and any applicable letter of credit fees) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is cash collateralized and/or reallocated; and

(d) so long as any Lender is a Defaulting Lender, the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and each Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.20(c), and LC Exposure related to any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c)(i) (and Defaulting Lenders shall not participate therein).

If (i) a Bankruptcy Event with respect to any Lender Parent shall occur following the date hereof and for so long as such event shall continue or (ii) the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Issuing Bank shall have entered into arrangements with the Borrower or such Lender, satisfactory to the Issuing Bank to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower and the Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

### ARTICLE III

#### Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01 Organization; Powers. Each of the Borrower and the other applicable Loan Parties is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now



conducted and, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

SECTION 3.02 Authorization; Enforceability. The Transactions to be entered into by each Loan Party are within such Loan Party's powers and have been duly authorized by all necessary corporate or limited liability company action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of the Borrower or such Loan Party (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03 Governmental Approvals; No Conflicts. The Transactions (a) do not require any material consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect Liens created under the Loan Documents, (b) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of the Borrower or any other applicable Loan Party or any order of any Governmental Authority in each case, as are applicable to the Borrower and the Loan Parties, (c) will not violate or result in a default under any material indenture, agreement or other instrument binding upon the Borrower or any other Loan Party or their assets, or give rise to a right thereunder to require any payment to be made by the Borrower or any other Loan Party, and (d) will not result in the creation or imposition of any Lien on any asset of the Borrower or any other Loan Party, except Liens created under the Loan Documents.

SECTION 3.04 Financial Condition. The Borrower has heretofore furnished to the Lenders Borrower's consolidated balance sheet and statements of income, equity and cash flows as of and for the fiscal year ended December 31, 2020, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, subject to year-end audit adjustments and the absence of footnotes. Since December 31, 2020, there has been no material adverse change in the business, assets, operations, prospects or condition, financial or otherwise, of the Borrower and its Subsidiaries, taken as a whole. Except as set forth on Schedule 6.01, after giving effect to the Transactions, none of the Borrower or its Subsidiaries has, as of the Effective Date, any material contingent liabilities or unrealized losses.

SECTION 3.05 Properties.

(a) As of the Amendment No. 1 Effective Date, the Borrower and each other Loan Party has good title to, or valid leasehold interests in, all of its real and personal property material

to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) The Borrower and each other Loan Party owns, or is licensed to use, all trademarks, trade names, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower and each other Loan Party does not infringe upon the rights of any other Person, except for any such infringements that could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06 Litigation and Environmental Matters.

(a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened in writing against or directly affecting the Borrower or any other Loan Party (i) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect or (ii) that directly involve any of the Loan Documents or the Transactions.

(b) Except with respect to any other matters that could not reasonably be expected to result in a Material Adverse Effect, neither the Borrower nor any other Loan Party (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.07 Compliance with Laws and Agreements. The Borrower and each other Loan Party is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

Without limiting the foregoing, Borrower represents and warrants that each Loan Party is in material compliance with all applicable Bank Secrecy Act and anti-money laundering laws and regulations and is in compliance, in all material respects, with the Patriot Act.

SECTION 3.08 Investment Company Status. Neither the Borrower nor any other Loan Party is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.09 Taxes. The Borrower and each other Loan Party has timely (taking into account any valid extensions) filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower or such other Loan Party, as applicable, has set aside on its books adequate reserves in

accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10 ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. To the extent applicable, the present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans, in each of such cases so as to cause a Material Adverse Effect.

SECTION 3.11 Disclosure. As of the Amendment No. 1 Effective Date, the Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which the Borrower or any other Loan Party is subject, and all other matters known to any of them, that could, in each case, reasonably be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, taken as a whole, in the light of the circumstances under which they were made, not misleading in any material respect; provided, however, that with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time. As of the Amendment No. 1 Effective Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

SECTION 3.12 Subsidiaries. As of the Amendment No. 1 Effective Date, the Borrower has no Subsidiaries other than as set forth on Schedule 3.12 hereto. The Borrower owns all of the Equity Interests in and to each Subsidiary listed on Schedule 3.12 hereto.

SECTION 3.13 Insurance. As of the Amendment No. 1 Effective Date, all premiums due in respect of all insurance maintained by the Borrower and each other Loan Party have been paid.

SECTION 3.14 Labor Matters. As of the Amendment No. 1 Effective Date, there are no strikes, lockouts or slowdowns against the Borrower or any other Loan Party pending or, to the knowledge of the Borrower, threatened. The hours worked by and payments made to employees of the Borrower and the other Loan Parties have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters, except where such violation could not reasonably be expected to have a Material Adverse Effect. All payments due from the Borrower or any other Loan Party, or for which any claim may be made

against the Borrower or any other Loan Party, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Borrower or such other Loan Party, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Borrower or any other Loan Party is bound, except where such right could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.15 Solvency. Immediately after the consummation of the Transactions to occur on the Effective Date and immediately following the making of each Loan and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of each Loan Party, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) each Loan Party will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Effective Date.

SECTION 3.16 Material Property Subject to Security Documents. The Collateral constitutes all of the real and material personal property owned by any Obligor (other than Excluded Assets).

SECTION 3.17 Property of Foreign Subsidiaries. As of the Amendment No. 1 Effective Date, the aggregate book value of the total assets owned by Foreign Subsidiaries of Borrower is no greater than 5% of the aggregate book value of the total assets owned by Borrower and all of its Subsidiaries.

SECTION 3.18 Property of Immaterial Subsidiaries. As of the Amendment No. 1 Effective Date, the aggregate of all revenues of the Immaterial Subsidiaries for the twelve month period ending on the last day of the most recently ended fiscal quarter of the Borrower did not exceed \$100,000 and the aggregate value of assets owned by the Immaterial Subsidiaries as of the last day of such fiscal quarter did not exceed \$250,000.

SECTION 3.19 Anti-Corruption Laws and Sanctions. Each Loan Party has implemented and maintains in effect policies and procedures designed to ensure compliance by each Loan Party and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws and Sanctions, and each Loan Party and their respective officers and directors and, to the knowledge of the Borrower, any of their respective employees and agents, are in compliance with applicable Anti-Corruption Laws and Sanctions in all material respects. None of (a) any Loan Party or any of their respective directors, officers or employees, or (b) to the knowledge of the Borrower, any agent of any Loan Party that will act in any capacity in connection with or benefit from the credit facility established hereby, (i) is a Sanctioned Person or currently the subject or

target of any Sanctions, (ii) has its assets located in a Sanctioned Country, (iii) is under administrative civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws, or (iv) directly or, to their knowledge, indirectly derives revenues from investments in, or transactions with, Sanctioned Persons. No Borrowing or Letter of Credit, use of proceeds or Transaction will violate applicable Anti-Corruption Laws or Sanctions.

SECTION 3.20 Affected Financial Institution. No Loan Party is an Affected Financial Institution.

#### ARTICLE IV

##### Conditions

SECTION 4.01 Effective Date. This Agreement shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto counterparts of this Agreement signed on behalf of such party.

(b) The Administrative Agent (or its counsel) shall have received from Borrower an original of each Note signed on behalf of Borrower.

(c) The Administrative Agent (or its counsel) shall have received from Borrower and from each other party to the Loan Documents (other than the Notes) either (i) counterparts of each applicable Loan Document signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of a signed signature page of the applicable Loan Document) that such party has signed counterparts of such Loan Document.

(d) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of each Loan Party, the authorization of the Transactions and any other legal matters relating to the Loan Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(e) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by an appropriate officer or other responsible party acceptable to Administrative Agent on behalf of Borrower, confirming compliance with the applicable conditions set forth in this Article IV.

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out of pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by any Loan Party hereunder or under any other Loan Document.

(g) The Administrative Agent shall have received each of the following:

(i) to the extent applicable, certificates representing all of the outstanding Equity Interests in each Subsidiary of Borrower as of the Effective Date (other than Equity Interests included in the Excluded Assets) and powers of attorney, endorsed in blank, with respect to such certificates;

(ii) all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Administrative Agent to be filed, registered or recorded to create or perfect the Liens intended to be created under the Security Documents;

(iii) executed agreements whereby each warehouseman, bailee, agent or processor which is an Affiliate of any Loan Party and which has possession of any property of the Borrower or any of its Subsidiaries has subordinated any Lien such warehouseman, bailee, agent or processor may claim therein and agreed to hold all such property for the Administrative Agent's account subject to the Administrative Agent's instruction and executed landlord waiver or subordination agreements, in form and substance satisfactory to the Administrative Agent, with respect to each leased location in respect of which the landlord is an Affiliate of any Loan Party; and

(iv) the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Loan Parties in such jurisdictions as the Administrative Agent may require and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(h) The Administrative Agent shall have received a written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of counsel for the Borrower and the other Obligors, in form and substance reasonably satisfactory to the Administrative Agent and its counsel, covering such other matters relating to the Obligors, the Loan Documents or the Transactions as the Required Lenders shall reasonably request.

(i) The Administrative Agent shall have received evidence that the insurance required by Section 5.07 and the Security Documents is in effect.

(j) The Administrative Agent shall have received evidence satisfactory to the Administrative Agent that the Borrower and each other Obligor shall have been released from all liabilities and obligations in respect of Indebtedness (other than the Obligations and other than liabilities and obligations expressly permitted under Section 6.01 hereof).

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02 [Intentionally Left Blank].

SECTION 4.03 Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to receipt of the request therefor in accordance herewith and to the satisfaction or waiver of the following conditions:

(a) The representations and warranties of each Loan Party set forth in the Loan Documents shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing and there shall have occurred no event which would be reasonably likely to have a Material Adverse Effect.

(c) After giving effect to the making of such Borrowing or the issuance, increase, renewal or extension of such Letter of Credit, as applicable, and the application of the proceeds thereof, the pro forma Consolidated Cash Balance will not exceed \$20,000,000, in any case (i) as determined in good faith based on the reasonable expectation of the certifying Responsible Officer of the Borrower and as certified to the Administrative Agent in the applicable Borrowing Request, and (ii) after deducting from Consolidated Cash Balance the amount thereof that is reasonably expected to be used within three (3) Business Days of such Borrowing (or such Letter of Credit event) to fund a capital expenditure or such other transaction permitted under this Agreement.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in this Section.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 5.01 Financial Statements and Other Information. The Borrower will furnish to the Administrative Agent:

(a) within 90 days after the end of each fiscal year of the Borrower, (i) the audited consolidated balance sheet of Solaris Inc. and related statements of operations, shareholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by independent public accountants of recognized national standing (without a "going concern" or like qualification, commentary or exception and without any qualification, commentary or exception as to the scope of such audit), (ii) if, at any time, any Subsidiary of the Borrower is not a Wholly-Owned Subsidiary, the internally prepared consolidating balance sheet of Solaris Inc. and related statements of operations, shareholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and (iii) a schedule prepared by the Borrower and certified by one of its Financial Officers showing any adjustments to the audited consolidated financial statements which are necessary to demonstrate the financial condition and results of operations of the Borrower and its consolidated Subsidiaries, to the effect that such consolidated financial statements together with such schedule present fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, (i) the consolidated and consolidating balance sheet of Solaris Inc. and related statements of operations, shareholders' equity and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year and (ii) a schedule prepared by the Borrower showing any adjustments to the consolidated financial statements which are necessary to demonstrate the financial condition and results of operations of the Borrower and its consolidated Subsidiaries, all certified by one of the Borrower's Financial Officers as presenting fairly in all material respects the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clauses (a) or (b) above, a Compliance Certificate of a Financial Officer of the Borrower, (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 5.13 and Section 6.13, (iii) if the Asset Coverage Ratio is applicable, attaching thereto (A) a listing and aging of the Accounts of the Borrower and its Subsidiaries, prepared in reasonable detail and containing such information as Administrative Agent may reasonably request, and (B) a summary of the Inventory, Equipment and other fixed assets of the Borrower and its Subsidiaries, prepared in reasonable detail and containing such other information as Administrative Agent may reasonably request, and (iv) stating whether any change in GAAP or in the application thereof has occurred since the Effective Date and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;



(d) if, at any time, any Subsidiary of the Borrower is not a Wholly-Owned Subsidiary, then concurrently with any delivery of financial statements under clauses (a) or (b) above, a certificate of a Financial Officer of the Borrower setting forth consolidating spreadsheets that show all Subsidiaries that are not Wholly-Owned Subsidiaries and the eliminating entries applicable to the preparation of consolidating financial statements, in such form as would be presentable to the auditors of the Borrower;

(e) within 60 days after the commencement of each fiscal year of the Borrower, a detailed consolidated budget for such fiscal year (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of and for such fiscal year and setting forth the assumptions used for purposes of preparing such budget, together with an analysis of current and projected market share and market conditions information) and, promptly when available, any significant revisions of such budget;

(f) promptly upon request, all documentation and other information (including, without limitation, a Beneficial Ownership Certification) required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act and the Beneficial Ownership Regulation; and

(g) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower or any other Loan Party, or compliance with the terms of any Loan Document, as the Administrative Agent may reasonably request.

Documents required to be delivered pursuant to Section 5.01 may be delivered electronically and shall in any event be deemed to have been delivered for all purposes hereunder on the date on which such documents are posted on Solaris Inc.’s behalf on an internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a governmental, commercial, third-party website or whether sponsored by the Administrative Agent). The Administrative Agent shall have no obligation to maintain copies of the documents referred to above, and each Lender shall be solely responsible for maintaining its copies of such documents.

SECTION 5.02 Notices of Material Events. The Borrower will furnish to the Administrative Agent prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any other Loan Party that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03 Information Regarding Borrower.

(a) The Borrower will furnish to the Administrative Agent prompt written notice of any change (i) in any Obligor's jurisdiction of organization, corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (ii) in the location of any Obligor's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (iii) in any Loan Party's identity or corporate structure or (iv) in any Obligor's Federal Taxpayer Identification Number. The Borrower agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Administrative Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral. The Borrower also agrees promptly to notify the Administrative Agent if any material portion of the Collateral is damaged or destroyed.

(b) After the Effective Date, Borrower will notify the Administrative Agent in writing promptly upon Borrower's or any of its Wholly-Owned Subsidiaries' (or Guarantors') acquisition or ownership of any personal property (other than Excluded Assets) not already covered by the Security Documents (such acquisition or ownership being herein called an "Additional Collateral Event") and the property so acquired or owned being herein called "Additional Collateral"). As soon as practicable and in any event within sixty (60) days (or such longer period of time as may be acceptable to the Administrative Agent in its sole discretion) after an Additional Collateral Event, Borrower shall (i) execute and deliver or cause to be executed and delivered Security Documents, in form and substance satisfactory to Administrative Agent, in favor of Administrative Agent and duly executed by Borrower or such Subsidiary, covering and affecting and granting a first-priority Lien upon the applicable Additional Collateral, and such other documents (including, without limitation, all items required by Administrative Agent in connection with the Security Documents executed prior to the initial Loans being made hereunder, such as surveys, environmental assessments, certificates, legal opinions, all in form and substance satisfactory to Administrative Agent) as may be reasonably requested by Administrative Agent in connection with the execution and delivery of such Security Documents; and (ii) deliver or cause to be delivered by such Subsidiaries of Borrower such other documents or certificates consistent with the terms of this Agreement and relating to the transactions contemplated hereby as Administrative Agent may reasonably request.

SECTION 5.04 Existence; Conduct of Business. The Borrower will, and will cause each other Loan Party to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business; provided that the

foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

SECTION 5.05 Payment of Obligations. The Borrower will, and will cause each other Loan Party to, pay its Indebtedness and other obligations, including liabilities for all material Taxes, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such other Loan Party has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.06 Maintenance of Properties. The Borrower will, and will cause each other Loan Party to, keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

SECTION 5.07 Insurance. The Borrower will, and will cause each other Loan Party to, maintain, with financially sound and reputable insurance companies (a) insurance in such amounts (with no greater risk retention) and against such risks as are customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations and (b) all insurance required to be maintained pursuant to the Security Documents. The Borrower will furnish to the Lenders, upon request of the Administrative Agent, information in reasonable detail as to the insurance so maintained.

SECTION 5.08 Casualty and Condemnation. The Borrower will furnish to the Administrative Agent prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any legal action or proceeding for the taking of any Collateral or any part thereof or interest therein under power of eminent domain or by condemnation or similar legal proceeding.

SECTION 5.09 Books and Records; Inspection Rights.

(a) The Borrower will, and will cause each other Loan Party to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will, and will cause each other Loan Party to, permit any representatives designated by the Administrative Agent, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

(b) The Borrower will, and will cause each other Loan Party to, permit any representatives designated by Administrative Agent (including any consultants, accountants, lawyers and appraisers retained by Administrative Agent) to conduct Field Audits. The Borrower shall pay the reasonable fees and expenses of any representatives retained by Administrative Agent

to conduct any such Field Audits; but the Borrower shall not, unless an Event of Default has occurred and is continuing, be required to pay such fees and expenses for more than one Field Audit during any calendar year.

SECTION 5.10 Compliance with Laws. The Borrower will, and will cause each other Loan Party to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect. The Borrower will maintain in effect and enforce, and cause each other Loan Party to maintain in effect and enforce, policies and procedures designed to ensure compliance by the applicable Loan Party and their respective directors, officers, employees and agents with applicable Anti-Corruption Laws, anti-money laundering laws and regulations, and Sanctions.

SECTION 5.11 Use of Proceeds and Letters of Credit. Letters of Credit and the proceeds of the Loans will be used only for general working capital purposes and other general corporate purposes. No part of the proceeds of any Loan or any Letter of Credit will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. If requested by the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 or such other form referred to in Regulations T, U, or X of the Board, as the case may be.

SECTION 5.12 Further Assurances. The Borrower will, and will cause each other Loan Party to, execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents), which may be required under any applicable law, or which the Administrative Agent or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties. The Borrower also agrees to provide to the Administrative Agent, from time to time upon reasonable request by the Administrative Agent, evidence reasonably satisfactory to the Administrative Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

SECTION 5.13 Financial Covenants. The Borrower will maintain:

(a) Interest Coverage Ratio –an Interest Coverage Ratio of not less than 2.75 to 1.00 as of the end of any fiscal quarter of Solaris Inc., beginning with the fiscal quarter ending June 30, 2019.

(b) Total Leverage Ratio – a Total Leverage Ratio of not greater than 2.50 to 1.00 as of the end of any fiscal quarter of Solaris Inc. beginning with the fiscal quarter ending June 30, 2019.

(c) Asset Coverage Ratio – an Asset Coverage Ratio of not less than 1.00 to 1.00 as of the end of any fiscal quarter of Solaris Inc., beginning with the fiscal quarter ending June 30, 2019, provided that such minimum Asset Coverage Ratio shall only apply if the Total Leverage Ratio at the end of such fiscal quarter is greater than 2.00 to 1.00 and the Total Revolving Exposure at any time during such fiscal quarter was greater than \$3,000,000.

SECTION 5.14 [Intentionally Left Blank.]

SECTION 5.15 Accuracy of Information. The Borrower will ensure that any information, including financial statements or other documents (but excluding any financial projections), furnished to the Administrative Agent or the Lenders in connection with this Agreement or any amendment or modification hereof or waiver hereunder contains no material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and the furnishing of such information shall be deemed to be a representation and warranty by the Borrower on the date thereof as to the matters specified in this Section; provided however, that, notwithstanding the foregoing, with respect to projected financial information, the Borrower will ensure that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 5.16 [Intentionally Left Blank.].

SECTION 5.17 Post-Closing Obligations. The Borrower shall use, and cause each of its Subsidiaries that are Guarantors to use, its commercially reasonable efforts to obtain and deliver to the Administrative Agent (within 120 days after the date hereof with respect to existing locations as of the date hereof and within 30 days of the establishment of any new locations established after the date hereof) (i) an executed agreement, in form and substance reasonably acceptable to the Administrative Agent, whereby each warehouseman, bailee, agent or processor (other than locations described in Section 4.01(g)(iii)) which has possession of any Collateral of the Borrower or any of its Subsidiaries that are Guarantors with a fair market value in excess of \$250,000 has subordinated any Lien such warehouseman, bailee, agent or processor may claim therein and has agreed to hold all such Collateral for the Administrative Agent's account subject to the Administrative Agent's instruction and (ii) a landlord subordination or waiver agreement, in form and substance reasonably satisfactory to the Administrative Agent, with respect to each leased location (other than locations described in Section 4.01(g)(iii)) where Collateral which is subject to a Security Agreement having an average quarterly value (measured as of the quarter most recently ended) greater than or equal to \$250,000 is maintained.

## ARTICLE VI

### Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, the Borrower covenants and agrees with the Lenders that:

SECTION 6.01 Indebtedness. The Borrower will not, and will not permit any other Loan Party to, create, incur, assume or permit to exist any Indebtedness, except

(a) Indebtedness created under the Loan Documents;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof by more than a reasonable premium or other reasonable amount of fees and expenses incurred in connection with such extension, renewal or replacement; provided that, no Loan Party shall be obligated thereunder, either as a borrower or guarantor, unless such Loan Party was obligated thereunder on the date hereof;

(c) (i) Indebtedness of any Obligor to any other Obligor; and (ii) Indebtedness of any Domestic Subsidiary that is not an Obligor to any Obligor to the extent such investment is permitted under Section 6.04;

(d) Guarantees of Indebtedness permitted under this Section 6.01 subject to the same restrictions that would otherwise apply to such Indebtedness;

(e) Capital Lease Obligations or purchase money Indebtedness in an aggregate amount not exceeding, at any one time outstanding, \$6,000,000;

(f) exposure resulting from any Swap Agreement permitted under Section 6.07 hereof;

(g) unsecured Subordinated Debt;

(h) other unsecured Indebtedness; provided that (A) no Default shall have occurred and be continuing at the time such Indebtedness is incurred, (B) such Indebtedness does not require any prepayments, repayments, defeasance or redemption of any principal amount thereof other than at scheduled maturity thereof and mandatory prepayments or puts triggered upon a change in control, sale of all or substantially all assets and certain asset sales, in each case, which are customary with respect to such type of Indebtedness, (C) both before and after the incurrence of such Indebtedness, the Borrower is in pro forma compliance with the financial covenants in Section 5.13 as of the most recent fiscal quarter end for which financial statements have been delivered to the Administrative Agent, (D) both before and after the incurrence of such Indebtedness, Liquidity is greater than 15% of the aggregate Commitments, (E) such Indebtedness shall not have a stated maturity date that is earlier than six months after the Revolving Maturity Date (as in effect at the time such Indebtedness was incurred), (F) the agreement governing such Indebtedness shall not contain maintenance financial covenants or other terms and conditions, taken as a whole, that are materially more restrictive on the Borrower and its Subsidiaries, taken as a whole, than the terms set forth in this Agreement, (G) the terms and conditions of such Indebtedness are no more restrictive taken as a whole on the Borrower and its Subsidiaries than the then available market terms and conditions for comparable issuers and issuances, and (H) no Loan Party shall be obligated thereunder, either as a borrower or a guarantor, unless such Loan Party is also an Obligor; and

(i) Indebtedness arising from the financing of any insurance premium of any Loan Party in the ordinary course of business, so long as (i) such Indebtedness shall not be in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the underlying term of such insurance policy, (ii) any unpaid amount of such Indebtedness is fully cancelled upon termination of the underlying insurance policy, and (iii) the aggregate principal amount of Indebtedness at any time outstanding pursuant to this clause shall not exceed \$3,000,000.

SECTION 6.02 Liens. The Borrower will not, and will not permit any other Loan Party to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including Accounts receivable) or rights in respect of any thereof, except:

(i) Liens created under the Loan Documents and Liens securing obligations owed to one or more of the Lenders or Affiliates thereof (but not to any Person which is not, at the time such obligations are incurred, a Lender or an Affiliate thereof) under a Swap Agreement or under an agreement governing Banking Services;

(ii) any Lien on any property or asset of the Borrower or any other Loan Party existing on the date hereof and set forth in Schedule 6.02 and any renewals and extensions thereof that do not increase the outstanding principal amount secured or the properties or assets covered;

(iii) Liens created pursuant to Capital Lease Obligations or purchase money Indebtedness permitted pursuant to this Agreement; provided that such Liens are only in respect of the property or assets (and proceeds, including insurance proceeds with respect thereto) subject to, and secure only, the respective Capital Lease Obligations or purchase money Indebtedness;

(iv) Liens securing Indebtedness permitted under Section 6.01(f) hereof; provided that the amount of Indebtedness outstanding at any one time pursuant to this section (iv) shall not exceed \$500,000;

(v) Liens securing Indebtedness permitted under Section 6.01(i) hereof; provided that such Liens shall encumber only the insurance proceeds of the insurance financed thereby;

(vi) Liens deemed to arise in connection with investments permitted under Section 6.04; and

(vii) Permitted Encumbrances.

SECTION 6.03 Fundamental Changes.

(a) The Borrower will not, nor will it permit any other Loan Party to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or liquidate or dissolve, except that (i) any Subsidiary may merge into Borrower in a transaction in which Borrower is the surviving Person, (ii) any Subsidiary may merge into any Domestic Subsidiary in a transaction in which the surviving entity is a Domestic Subsidiary and any Foreign Subsidiary of Borrower may merge into any other Foreign Subsidiary; provided that, if an Obligor is involved, an Obligor must be the surviving entity, (iii) any Subsidiary may liquidate or dissolve if Borrower determines in good faith that such liquidation or dissolution is in the best interests of Borrower and is not materially disadvantageous to the Lenders and if such Subsidiary is a Domestic Subsidiary, its assets are transferred to Borrower or a Domestic Subsidiary; provided that, if such Subsidiary is a Guarantor, its assets must be transferred to an Obligor, and (iv) Borrower or any Subsidiary may give effect to a merger or consolidation the purpose of which is to effect an investment, disposition or Acquisition permitted under Article VI so long as Borrower continues in existence and the surviving entity is a Domestic Subsidiary; provided that, if a Subsidiary that is an Obligor is involved then the surviving entity must be an Obligor.

(b) The Borrower will not, and will not permit any other Loan Party to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and the other Loan Parties on the date of execution of this Agreement and businesses reasonably related thereto.

SECTION 6.04 Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any other Loan Party to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a Wholly-Owned Subsidiary of Borrower or that is a Foreign Subsidiary prior to such merger) any Equity Interests in or evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit, except:

(a) investments and loans and advances existing on the date hereof and set forth on Schedule 6.04;

(b) Permitted Investments;

(c) [reserved];

(d) loans or advances by the Borrower or any of its Subsidiaries to their respective employees, directors, managers, officers, agents, customers, or suppliers in the ordinary course of business, not to exceed \$500,000 in the aggregate at any one time outstanding;



(e) Accounts receivable owned by the Borrower or any of its Subsidiaries, if created in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;

(f) (i) Guarantees of the obligations (other than Indebtedness) of any Domestic Subsidiary that is not a Wholly-Owned Subsidiary by any other Domestic Subsidiary that is not a Wholly-Owned Subsidiary, and (ii) Guarantees of the obligations (other than Indebtedness) of an Obligor by any other Obligor; provided that a Guarantor shall not Guarantee any Subordinated Debt;

(g) investments (i) received in connection with the bankruptcy or reorganization of, or settlement of delinquent Accounts and disputes with, customers and suppliers, in each case in the ordinary course of business or (ii) received in settlement of debts created in the ordinary course of business and owing to Borrower or any Subsidiary or in satisfaction of judgments;

(h) investments (i) by any Obligor in any other Obligor, (ii) by any Domestic Subsidiary of Borrower that is not an Obligor or the Borrower in any other Domestic Subsidiary of the Borrower that is not an Obligor, (iii) by any Foreign Subsidiary of Borrower in any other Foreign Subsidiary of Borrower, or (iv) by Borrower or any Domestic Subsidiary in Foreign Subsidiaries in an aggregate amount not exceeding the sum of \$500,000 plus the amount of equity contributions made to Borrower that are used to fund such investments; and

(i) investments in the form of Acquisitions permitted pursuant to Section 6.18;

(j) any reinvestment of the proceeds of any involuntary disposition or of any disposition, in each case, so long as such reinvestment is permitted by the terms hereof;

(k) (i) investments in assets useful in the business of any Obligor using the proceeds of any disposition made by an Obligor permitted by Section 6.05, and (ii) investments in assets useful in the business of any Loan Party that is not an Obligor using the proceeds of any disposition made by any Loan Party that is not an Obligor permitted by Section 6.05,

(l) investments in Canadian Foreign Subsidiaries of the Borrower, by way of the conveyance of equipment, in an aggregate amount not to exceed fifteen percent (15%) of the book value of the proppant management systems and related equipment shown on the financial statements most recently delivered pursuant to Section 5.01 hereof;

(m) other investments (in the form of cash or other assets) in an aggregate amount not to exceed \$30,000,000 at any one time outstanding; provided that (i) before and after giving effect to such investment, no Default or Event of Default shall have occurred and be continuing, and (ii) the Borrower shall be in pro forma compliance with the financial covenants in Section 5.13 as of the immediately preceding fiscal quarter end for which financial statements are available; and

(n) investment in the form of an acquisition (in one transaction or as the most recent transaction in a series of transactions) of the Equity Interest in any Person that does not otherwise

constitute an Acquisition so long as each of the following conditions are met: (i) before and after giving effect to such investment, no Default or Event of Default shall have occurred and is continuing, (ii) such acquisition shall be funded solely with (A) proceeds resulting from the issuance of common Equity Interests of the Borrower or Solaris Inc. or cash capital contributions on account of common Equity Interests of the Borrower or Solaris Inc. or (B) Equity Interests of the Borrower or Solaris Inc., and (iii) if such investment is made by a Subsidiary that is not a Wholly-Owned Subsidiary, then any proceeds resulting from the issuance of common Equity Interests of the Borrower or Solaris Inc. or cash capital contributions on account of common Equity Interests of the Borrower or Solaris Inc. that are contributed to such Subsidiary to make such investment shall be permitted under Section 6.04(m) above.

**SECTION 6.05 Asset Sales.** The Borrower will not, and will not permit any other Loan Party to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any of its Subsidiaries to issue any additional Equity Interest in such Subsidiary, except:

(a) sales of Inventory, used, obsolete, worn out, worthless or surplus equipment, and cash equivalents in the ordinary course of business;

(b) (i) sales, transfers and dispositions solely between or among Obligor and (ii) sales, transfers and dispositions solely between or among Loan Parties that are not Obligor;

(c) dispositions not otherwise permitted hereunder which are made for fair market value provided, that (i) at the time of any such disposition, no Event of Default shall exist or shall result from such disposition and (ii) the aggregate fair market value in any fiscal year of Borrower of all assets so sold by the Borrower or any of its Subsidiaries pursuant to this clause (c) shall not exceed 7.5% of the Consolidated Net Tangible Assets determined as of the last day of the immediately preceding fiscal year;

(d) dispositions made by any Immaterial Subsidiary or any Foreign Subsidiary;

(e) dispositions in connection with an investment permitted by Section 6.04; provided that, after giving effect to any applicable conveyance of equipment to Canadian Foreign Subsidiaries of the Borrower pursuant to Section 6.04(1), at least 85 mobile proppant silo systems and 29 sets of three flipper silo transport trailers will remain in the US;

(f) dispositions in connection with transactions permitted under Section 6.06;

(g) dispositions of Accounts, in the ordinary course of business, (i) in a true sale transaction effected in connection with the final collection thereof or (ii) in connection with the compromise or settlement thereof;

(h) dispositions resulting from any casualty or other insured damage to, or any taking under the power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Loan Parties;

(i) dispositions of property made or deemed made solely because of the creation of Liens permitted under Section 6.02; and

(j) leases, subleases, licenses or sublicenses, in each case in the ordinary course of business and which do not materially interfere with the business of the Loan Parties.

provided that all sales, transfers, leases and other dispositions permitted hereby (other than those permitted by clauses (b), (e), (i), and (j) above) shall be made for fair value and solely for cash consideration.

**SECTION 6.06 Sale and Leaseback Transactions.** The Borrower will not, and will not permit any other Loan Party to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereinafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred.

**SECTION 6.07 Swap Agreements.** The Borrower will not, and will not permit any other Loan Party to, enter into any Swap Agreement, other than Swap Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any other Loan Party is exposed in the conduct of its business or the management of its liabilities.

**SECTION 6.08 Restricted Payments.** The Borrower will not, nor will it permit any other Loan Party to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except:

(i) the Borrower may declare and pay dividends with respect to its Equity Interests payable solely in additional shares of its Equity Interests,

(ii) Subsidiaries of Borrower may declare and pay dividends ratably with respect to their Equity Interests,

(iii) the Borrower may pay Permitted Tax Distributions and Subsidiaries of the Borrower may make cash dividends to the Borrower for purposes of the Borrower making such Permitted Tax Distributions except that such Permitted Tax Distributions attributable to any Non-Guarantor Subsidiary shall only be permitted to be made by the Borrower to the extent the Borrower has received cash dividends during such period from such Non-Guarantor Subsidiary to fund such Permitted Tax Distribution,

(iv) so long as, both at the time of, and immediately after effect has been given to, such proposed action, no Default or Event of Default shall have occurred and be continuing:

(w) Borrower may make distributions to Solaris Inc. to be used to pay operating expenses of Solaris Inc. to the extent incurred in the ordinary course of business, together with other corporate overhead costs and expenses (including legal, administrative, accounting and similar expenses and

franchise Taxes and other fees, Taxes and expenses required to maintain the corporate existence of Solaris Inc.), which are reasonable and customary,

- (x) the Borrower may make Restricted Payments pursuant to and in accordance with stock option plans or other benefit plans for management, directors or employees of the Borrower or Solaris Inc.,
- (y) the Borrower may make Restricted Payments, including, without limitation, to purchase, redeem, retire, or otherwise acquire its Equity Interests, to the extent such Restricted Payments are made from the substantially concurrent receipt by the Borrower of capital contributions or the substantially concurrent issuance of new Equity Interests of the Borrower,
- (z) the Borrower may make repurchases, redemptions or exchanges of Equity Interests of the Borrower or Solaris Inc. deemed to occur upon exercise of stock options or exchange of exchangeable shares if such Equity Interests represent a portion of the exercise price of such options and may make repurchases, redemptions or other acquisitions or retirements for value of Equity Interests of the Borrower or Solaris Inc. made in lieu of withholding Taxes in connection with any exercise or exchange of stock options, warrants or other similar rights, and

(v) the Borrower may declare and pay Restricted Payments in addition to the dividends permitted by the foregoing provisions so long as, both at the time of, and immediately after effect has been given to, such proposed action, (w) no Default or Event of Default shall have occurred and be continuing, and (x) (A) the pro forma Total Leverage Ratio is equal to or less than 2.00 to 1.00 and (B) Liquidity is greater than 15% of the aggregate Commitments or (y) the Total Revolving Exposure is equal to \$0.

SECTION 6.09 Transactions with Affiliates. The Borrower will not, nor will it permit any other Loan Party to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions in the ordinary course of business that are at prices and on terms and conditions not less favorable to the Borrower or such other Loan Party than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among Obligor not involving any other Affiliate and (c) any Restricted Payment permitted by Section 6.08 and other intercompany transactions expressly permitted by this Agreement.

SECTION 6.10 Restrictive Agreements. The Borrower will not, nor will it permit any other Loan Party to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any other Loan Party to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Subsidiary of Borrower to pay dividends or other

distributions with respect to any of its Equity Interests or to make or repay loans or advances to the Borrower or any other Subsidiary of Borrower or to Guarantee Indebtedness of the Borrower or any of its Subsidiaries; provided that the foregoing shall not apply to (i) restrictions and conditions imposed by law or by any Loan Document or any permitted refinancing thereof (ii) customary restrictions and conditions in agreements relating to the sale of an asset or a Subsidiary which sale is otherwise permitted hereunder (iii) customary restrictions and provisions in joint venture agreements and other similar agreements applicable to joint ventures to the extent such joint ventures are permitted hereunder, (iv) customary provisions in commercial agreements arising in the ordinary course of business and restricting leases, subleases, licenses, or sublicenses, (v) customary restrictions and conditions contained in any agreement relating to any agreement that is permitted under Section 6.01, Section 6.02, Section 6.05, or is otherwise permitted by this Agreement, or (vi) restrictions or conditions in agreements already in existence as of the Effective Date and disclosed to the Administrative Agent in writing and any renewal, extension, or replacement thereof.

SECTION 6.11 Amendment of Material Documents. The Borrower will not, nor will it permit any other Loan Party to, amend, modify or waive any of its rights under (a) any Subordinated Debt Document, or (b) without the prior written consent of the Administrative Agent, the Tax Receivable Agreement or its organizational documents, in each case under this clause (b), in any manner adverse to the Lenders.

SECTION 6.12 Additional Subsidiaries. The Borrower will not, and will not permit any other Loan Party to, form or acquire any Subsidiary after the Effective Date except that Borrower or any of its Subsidiaries may form, create or acquire a Subsidiary so long as (a) immediately thereafter and giving effect thereto, no event will occur and be continuing which constitutes a Default; (b) each Wholly-Owned Subsidiary (and, where applicable, Borrower) shall execute and deliver a Guaranty (or, at the option of Administrative Agent, a joinder to the Guaranty executed concurrently herewith) and such Security Documents as the Administrative Agent may reasonably require to effectuate the provisions of this Agreement regarding Collateral to be covered by the Security Documents (provided that no Immaterial Subsidiary or Foreign Subsidiary or Foreign Subsidiary Holdco shall be required to execute and deliver such a Guaranty or such Security Documents and no Domestic Subsidiary shall be required to execute and deliver such a Guaranty or such Security Documents if such documents require the guaranty of the Obligations by, or the pledging of more than 65% of the total outstanding voting Equity Interests of, any Foreign Subsidiary or any Foreign Subsidiary Holdco), and (c) Administrative Agent is given prior notice of such formation, creation or acquisition. Borrower shall not permit any Foreign Subsidiary to form, create or acquire a Domestic Subsidiary. If an Immaterial Subsidiary shall cease on any date to satisfy the conditions for qualification as an Immaterial Subsidiary, such Subsidiary shall be required to comply with the provisions of this Section as if it had been newly formed or acquired on such date.

SECTION 6.13 Capital Expenditures. The Borrower will not, and will not permit any of its Subsidiaries to, permit the aggregate amount of all Capital Expenditures (excluding an amount equal to the proceeds of equity contributions (other than Disqualified Stock) made to Borrower

that are used to fund such Capital Expenditures and any Capital Expenditures financed with the asset sales proceeds, insurance or condemnation proceeds, asset trade-ins or exchanges or funded as part of an Acquisition permitted pursuant to Section 6.18) for Borrower and its Subsidiaries during any fiscal year of the Borrower (the “Test Fiscal Year”) to exceed \$100,000,000 plus any unused availability for Capital Expenditures from the immediately preceding fiscal year (but not from any earlier year), it being understood that in any applicable fiscal year unused availability from the immediately preceding fiscal year shall be reduced first as Capital Expenditures are made; provided that, the foregoing limitation in this Section 6.13 shall apply to a Test Fiscal Year only if the daily average of the Total Revolving Exposure for a period of 180 consecutive days in such Test Fiscal Year is greater than \$5,000,000.

SECTION 6.14 Prepayment of Certain Indebtedness. No Loan Party shall, nor shall it permit any of its Subsidiaries to, prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of the subordination terms of, any Indebtedness except:

- (a) the prepayment of the Obligations in accordance with the terms of this Agreement,
- (b) regularly scheduled or required prepayments, repayments or redemptions of Indebtedness permitted under Section 6.01 (other than Subordinated Debt and Indebtedness permitted under Section 6.01(h)) and Guarantees of the foregoing) and refinancings and refundings of such Indebtedness so long as such refinancings and refundings would otherwise comply with Section 6.01,
- (c) so long as no Event of Default exists or would result therefrom, other prepayments of Indebtedness permitted under Section 6.01 not described in the immediately preceding clauses (a) and (b), but specifically excluding any prepayments, redemptions, purchases, defeasance, or other satisfaction of Subordinated Debt and Indebtedness permitted under Section 6.01(h) and Guarantees of the foregoing,
- (d) the prepayment, redemption, purchase, defeasance or other satisfaction of intercompany Indebtedness permitted under Section 6.01 solely between and among Obligor subject to any subordination provisions in the Guaranty,
- (e) the prepayment, redemption, purchase, defeasance or other satisfaction of intercompany Indebtedness permitted under Section 6.01 solely between and among Loan Parties that are not Obligor,
- (f) the prepayment, redemption, purchase, defeasance or other satisfaction of intercompany Indebtedness permitted under Section 6.01 owing by any Loan Party that is not an Obligor to an Obligor, and
- (g) so long as (i) no Event of Default exists or would result therefrom and (ii) Total Revolving Exposure both before and after any payment is equal to \$0, the prepayment, redemption, purchase, defeasance or other satisfaction of Indebtedness permitted under Section 6.01(h).

No Loan Party shall, nor shall it permit any of its Subsidiaries to, make any payments of principal or interest with respect to Subordinated Debt, except to the extent permitted under the subordination terms set forth in the Subordinated Debt Documents.

SECTION 6.15 Property of Foreign Subsidiaries. Borrower will not permit the aggregate book value of the total assets owned by Foreign Subsidiaries of Borrower to exceed 10% of the aggregate book value of the total assets owned by Borrower and all of its Subsidiaries.

SECTION 6.16 Property of Immaterial Subsidiaries. Borrower will not permit the aggregate of all revenues of the Immaterial Subsidiaries for any twelve month period ending on the last day of any fiscal quarter of the Borrower to exceed \$100,000 and will not permit the aggregate value of assets owned by the Immaterial Subsidiaries to exceed \$250,000, unless the assets of an Immaterial Subsidiary are pledged, on terms reasonably satisfactory to the Administrative Agent, to secure the Obligations and such Immaterial Subsidiary shall execute a Guaranty of the Obligations, on terms reasonably satisfactory to the Administrative Agent (whereupon such Subsidiary shall no longer be deemed an Immaterial Subsidiary), within 45 calendar days after Borrower discovers the existence of such excess.

SECTION 6.17 Anti-Corruption Laws and Sanctions. The Borrower will not request any Borrowing or Letter of Credit, and the Borrower shall not use, and shall not permit any other Loan Party or any of its or their respective directors, officers, employees and agents to use, the proceeds of any Borrowing or Letter of Credit (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or anti-money laundering laws and regulations, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, business or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 6.18 Acquisitions. None of the Loan Parties will consummate any Acquisition without the prior written consent of the Required Lenders except for:

(a) any Acquisition to the extent funded with (i) proceeds resulting from the issuance of common Equity Interests of the Borrower or Solaris Inc. or cash capital contributions on account of common Equity Interests of the Borrower or Solaris Inc. or (ii) Equity Interests the Borrower or Solaris Inc. so long as such Acquisition satisfies the following conditions precedent:

- (i) immediately before and immediately after giving effect to any Acquisition, no Default or Event of Default shall have occurred and be continuing;
- (ii) all applicable requirements of Sections 5.03(b) and 6.12 shall have been satisfied;

(iii) Administrative Agent shall have received a copy of the fully executed acquisition agreement and all amendments thereto (each, as amended, an “Acquisition Agreement”), relating to the Acquisition;

(iv) Administrative Agent shall have received copies of the material documents evidencing the closing of the transactions contemplated by such Acquisition Agreement;

(v) Borrower shall deliver (or cause to be delivered) to the Administrative Agent evidence reasonably satisfactory to the Administrative Agent that all consents and approvals required to be obtained from any Governmental Authority or other Person in connection with the applicable Acquisition shall have been obtained, and all applicable waiting periods and appeal periods shall have expired, in each case without the imposition of any burdensome conditions; and

(vi) if such Acquisition is made by a Subsidiary that is not a Wholly-Owned Subsidiary, then any proceeds resulting from the issuance of common Equity Interests of the Borrower or Solaris Inc. or cash capital contributions on account of common Equity Interests of the Borrower or Solaris Inc. that are contributed to such Subsidiary to make such Acquisition is permitted under Section 6.04(m); and

(b) any Acquisition not permitted under clause (a) above so long such Acquisition satisfies the following conditions precedent:

(i) immediately before and immediately after giving effect to any Acquisition, no Default or Event of Default shall have occurred and be continuing;

(ii) the Administrative Agent shall have received reasonably satisfactory evidence that immediately after giving effect to such purchase or other acquisition, the Total Leverage Ratio (on a Pro Forma Basis) is equal to or less than 2.00 to 1.00;

(iii) all applicable requirements of Sections 5.03(b) and 6.12 shall have been satisfied;

(iv) both before and after an Acquisition, Liquidity is greater than 20% of the aggregate Commitments;

(v) Administrative Agent shall have received such other documents as may be reasonably requested by the Administrative Agent in connection with such Acquisition;

(vi) Administrative Agent shall have received a copy of the fully executed acquisition agreement and all amendments thereto (each, as amended, an “Acquisition Agreement”), relating to the Acquisition;



(vii) Administrative Agent shall have received copies of the material documents evidencing the closing of the transactions contemplated by such Acquisition Agreement; and

(viii) Borrower shall deliver (or cause to be delivered) to the Administrative Agent evidence reasonably satisfactory to the Administrative Agent that all consents and approvals required to be obtained from any Governmental Authority or other Person in connection with the applicable Acquisition shall have been obtained, and all applicable waiting periods and appeal periods shall have expired, in each case without the imposition of any burdensome conditions.

SECTION 6.19 Solaris Inc. Assets and Indebtedness. Borrower shall at all times be and remain a consolidated subsidiary of Solaris Inc. under GAAP. If on any date Solaris Inc. shall hold any material assets, become liable for any material obligations, engage in any trade or business or conduct any business activity, other than:

- (a) the maintenance of its legal existence in compliance with applicable law,
- (b) the issuance of its Equity Interests to its shareholders,
- (c) the making of dividends or distributions on its Equity Interests,
- (d) the ownership of the Equity Interests of Borrower,
- (e) the filing of registration statements, and compliance with applicable reporting and other obligations, under federal, state or other securities laws,
- (f) the performance of obligations under and compliance with its organizational documents, or any applicable law, ordinance, regulation, rule, order, judgment, decree or permit, including as a result of or in connection with the activities of its Subsidiaries, or the customary conduct of the activities of a publicly traded holding company,
- (g) the incurrence and payment of its operating and business expenses and any Taxes for which it may be liable,
- (h) the execution and delivery of any Loan Documents to which it is a party and the performance of its obligations thereunder (and the acknowledgment of any related intercreditor agreement),
- (i) the making of payments under the Tax Receivables Agreement (and the compliance with other obligations thereunder), and
- (j) the management and payment for legal, tax and accounting matters in connection with any of the foregoing,

then, in such event, each of the references to “Solaris Inc.” in this Agreement (other than in (a) the definitions of Change in Control, Permitted Tax Distribution, Solaris Inc. and Tax Receivables Agreement, (b) Section 6.08(iv), (c) Section 7.02 and (d) this Section) shall thereafter be deemed to mean the Borrower (without any necessity for amendment of this Agreement), with the result, among other things, that the annual audited financial statements required under Section 5.01(a) shall be prepared for the Borrower rather than for Solaris Inc. and all financial covenants set forth herein shall be determined at the Borrower level.

ARTICLE VII  
Events of Default

SECTION 7.01 Events of Default. If any of the following events (“Events of Default”) shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower or any other Loan Party in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Sections 5.02, 5.03(b), 5.07, 5.11, 5.13 or 5.16 or in Article VI;

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in clauses (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 20 days after the earlier of (i) the Borrower becoming aware of such failure and (ii) written notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of the Required Lenders);

(f) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any other Loan Party or their debts, or of a substantial part of their assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any other Loan Party or for a substantial part of their assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Borrower or any other Loan Party shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any other Loan Party or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) the Borrower or any other Loan Party shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) one or more judgments for the payment of money in an aggregate amount in excess of \$500,000 (exclusive of amounts covered by insurance) shall be rendered against the Borrower or any other Loan Party and the same shall remain undischarged for a period of sixty (60) consecutive days during which execution shall not be effectively stayed or is not otherwise being paid in accordance with its terms (to the extent such execution is effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower or any other Loan Party to enforce any such judgment;

(k) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(l) any Lien purported to be created under any Security Document shall cease to be a valid and perfected Lien on any Collateral, with the priority required by the applicable Security Document, except as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents, and the same shall not be fully cured within 30 days after notice thereof to the Borrower by the Administrative Agent, or any Lien purported to be created under any Security Document shall be asserted by any Loan Party not to be a valid and perfected Lien on any Collateral, with the priority required by the applicable Security Document, except as a result of the sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents;

(m) a Change in Control shall occur;

(n) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.01 and such failure shall continue unremedied for a period of 20 days; then, and in every such event (other than an event described in clauses (g) or (h) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take any or all of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower, and (iii) require cash collateral for the LC Exposure in accordance with Section 2.04(j) hereof; and in case of any event described in clauses (g) or (h) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding and cash collateral for the LC Exposure, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

#### SECTION 7.02 Financial Covenant Cure.

(a) Notwithstanding anything to the contrary contained in Section 7.01, in the event of any Event of Default with respect to the covenants set forth in Section 5.13 for any applicable period (a “Financial Covenant Default”), and until the expiration of the tenth (10th) Business Day after the date on which financial statements are required to be delivered for such period pursuant to Section 5.01(a) or (b) and the corresponding Compliance Certificate to be delivered pursuant to Section 5.01(c) with respect to the applicable fiscal quarterly period hereunder, the Borrower may (in accordance with applicable law) sell or issue common Equity Interests to Solaris, Inc., or to any Person that is not a Loan Party (to the extent such transaction would not result in a Change in Control) or otherwise obtain cash capital contributions on account of common Equity Interests and, in either case, apply the proceeds of such issuance of Equity Interests to increase EBITDA (such application, a “Covenant Cure Payment”); provided that (i) the proceeds of such issuance of Equity Interests or cash capital contribution, as applicable, is actually received by the Borrower no later than ten (10) Business Days after the date on which financial statements, for the applicable period for which such Financial Covenant Default has occurred, are required to be delivered pursuant to Section 5.01(a) or (b) and the corresponding Compliance Certificate is required to be delivered pursuant to Section 5.01(c) with respect to such fiscal quarter hereunder and (ii) the amount of the Covenant Cure Payment shall not exceed the amount necessary to bring the Borrower into compliance with Section 5.13, if any. Subject to the terms set forth above and the terms in clause (b) and (c) below, upon (A) application of the proceeds of such issuance of Equity

Interests or cash capital contribution, as applicable, as provided above within the ten (10) Business Day period described above in such amounts sufficient to cure the Events of Default under the covenants set forth in Section 5.13, and (B) delivery of an updated Compliance Certificate executed by a Financial Officer to the Administrative Agent reflecting compliance with the covenants set forth in Section 5.13, as applicable, such Events of Default shall be deemed cured and no longer in existence. For the avoidance of doubt, the amount of any Covenant Cure Payment made in accordance with the terms of this Section 7.02 shall be deemed to increase EBITDA by a like amount for purposes of calculating the Total Leverage Ratio for the relevant fiscal quarter.

(b) The parties hereby acknowledge and agree that this Section 7.02 may not be relied on for purposes of calculating any financial ratios or other conditions or compliances other than the financial covenants set forth in Section 5.13 and shall not result in any adjustment to any amounts (including, for the avoidance of doubt, any decrease to Indebtedness with the proceeds of such issuance of Equity Interests or other cash capital contribution, as applicable) other than the amount of EBITDA referred to in Section 7.02(a) above for purposes of determining the Borrower's compliance with Section 5.13. To the extent a Covenant Cure Payment is applied to increase EBITDA, such Covenant Cure Payment shall only be taken into account in connection with the calculations of the covenants contained in Section 5.13 as of a particular fiscal quarter end and any subsequent calculations of such covenants which contain such particular fiscal quarter as part of its trailing twelve month period or trailing four quarter period.

(c) In each period of four consecutive fiscal quarters, there shall be at least two (2) fiscal quarters in which no cure set forth in this Section 7.02 is made. The cure rights provided in this Section 7.02 may not be exercised in any two consecutive quarters. The Borrower may not utilize more than three cures provided in this Section 7.02 during the duration of this Agreement

## ARTICLE VIII

### The Administrative Agent

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any of its Subsidiaries or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any

duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), (c) the Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other related matter related to the rates in the definition of “Term SOFR”; provided that the foregoing shall not excuse the Administrative Agent from performing any obligation expressly set forth herein, and (d) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct, BUT REGARDLESS OF THE PRESENCE OF ORDINARY NEGLIGENCE. The Administrative Agent shall not be deemed to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may (and, in the event (i) neither the Administrative Agent nor any Affiliate of the Administrative Agent, as a Lender, has any Revolving Exposure or unused Commitment and (ii) the Required Lenders so request, the Administrative Agent shall) resign at any time by notifying the Lenders, the Issuing Bank and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in the United States, or an Affiliate of any such bank.

Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning the Borrower and its Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a Lender or assign or otherwise transfer its rights, interests and obligations hereunder.

## ARTICLE IX

### Miscellaneous

#### SECTION 9.01 Notices.

(a) Except as expressly provided elsewhere in this Agreement (and subject to Section 9.01(b) below), all notices and other communications provided for herein shall be in writing and

shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to the Borrower, to it at 9811 Katy Freeway, Suite 700, Houston, Texas 77024, Attention: Chief Legal Officer, or to the following email addresses: Lindsay.bourg@solarisoilfield.com; Yvonne.fletcher@solarisoilfield.com;

(ii) if to the Administrative Agent, to Wells Fargo Bank, National Association, 1000 Louisiana Street, 9<sup>th</sup> Floor (MAC T0002-090), Houston, Texas 77002, Attention: Corbin Womac, Telephone: (713) 319-1632, Email: corbin.m.womac@wellsfargo.com;

(iii) if to the Issuing Bank, to Wells Fargo Bank, National Association, 1000 Louisiana Street, 9<sup>th</sup> Floor (MAC T0002-090), Houston, Texas 77002, Attention: Corbin Womac, Telephone: (713) 319-1632, Email: corbin.m.womac@wellsfargo.com; and

(iv) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.



(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

(d) Each Loan Party agrees that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Issuing Bank and the other Lenders by posting the Communications on Debt Domain, IntraLinks, Syndtrak, ClearPar or a substantially similar Electronic System. Any Electronic System used by the Administrative Agent is provided “as is” and “as available.” The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the “Agent Parties”) have any liability to the Borrower or any other Loan Party, any Lender, the Issuing Bank or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower’s, any Loan Party’s or the Administrative Agent’s transmission of communications through an Electronic System. “Communications” means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or any Issuing Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

#### SECTION 9.02 Waivers; Amendments.

(a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be permitted by Section 9.02(b), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Subject to Section 9.02(c) below or as otherwise specifically provided in any Loan Document (including Section 2.13(c)), neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except, in the case of this

Agreement, pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or, in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Obligor or Obligors that are parties thereto, in each case with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby (it being understood that the Administrative Agent and the Borrower may, without the consent of any Lender, enter into amendments or modifications to this Agreement or any of the other Loan Documents or enter into additional Loan Documents in order to implement any Benchmark Replacement or any Conforming Changes or otherwise effectuate the terms of Section 2.13(c) in accordance with the terms of such Section 2.13(c)), (iii) postpone the scheduled date of payment (including any mandatory prepayment) of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.17(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders required to waive, amend or modify any rights thereunder or make any determination or grant any consent thereunder, without the written consent of each Lender, (vi) release all or substantially all of the Guarantors from liability under the Guaranty or limit the liability of all or substantially all of the Guarantors in respect of the Guaranty, without the written consent of each Lender, or (vii) release all or substantially all of the Collateral from the Liens of the Security Documents, without the written consent of each Lender; provided further that (A) any change to Section 2.20 shall require the written consent of each of the Administrative Agent and the Issuing Bank, (B) no agreement shall amend, modify or otherwise affect any of the rights or duties of the Administrative Agent or the Issuing Bank without the prior written consent of the Administrative Agent or the Issuing Bank, as the case may be, (C) no such agreement shall amend or modify the provisions of Section 2.05 or any letter of credit application and any bilateral agreement between the Borrower and the Issuing Bank regarding the respective rights and obligations between the Borrower and the Issuing Bank in connection with the issuance of Letters of Credit without the prior written consent of the Administrative Agent and the Issuing Bank, respectively, and (D) any waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of the Lenders may be effected by an agreement or agreements in writing entered into by the Borrower and requisite percentage in interest of the Lenders.

(c) If the Administrative Agent and the Borrower acting together identify any ambiguity, omission, mistake, typographical error or other defect in any provision of this Agreement or any other Loan Document, then the Administrative Agent and the Borrower shall be permitted to amend, modify or supplement such provision to cure such ambiguity, omission, mistake, typographical error or other defect, and such amendment shall become effective without any further action or consent of any other party to this Agreement.

SECTION 9.03 Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of one law firm for the Administrative Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with the Loan Documents, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) THE BORROWER SHALL INDEMNIFY THE ADMINISTRATIVE AGENT, THE ISSUING BANK AND EACH LENDER, AND EACH RELATED PARTY OF ANY OF THE FOREGOING PERSONS (EACH SUCH PERSON BEING CALLED AN “INDEMNITEE”) AGAINST, AND HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, LIABILITIES AND RELATED EXPENSES, INCLUDING THE FEES, CHARGES AND DISBURSEMENTS OF ONE LAW FIRM SERVING AS COUNSEL TO ALL AFFECTED INDEMNITEES, TAKEN AS A WHOLE, AND, IF REASONABLY NECESSARY, A SINGLE LOCAL LAW FIRM FOR ALL INDEMNITEES, TAKEN AS A WHOLE, IN EACH RELEVANT JURISDICTION, AND IN THE CASE OF AN ACTUAL OR PERCEIVED CONFLICT OF INTEREST, ONE ADDITIONAL LAW FIRM ACTING AS COUNSEL IN EACH RELEVANT JURISDICTION TO THE AFFECTED INDEMNITEES SIMILARLY SITUATED, TAKEN AS A WHOLE, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF (I) THE EXECUTION OR DELIVERY OF ANY LOAN DOCUMENT OR ANY OTHER AGREEMENT OR INSTRUMENT CONTEMPLATED HEREBY OR THEREBY, THE PERFORMANCE BY THE PARTIES TO THE LOAN DOCUMENTS OF THEIR RESPECTIVE OBLIGATIONS HEREUNDER OR THEREUNDER OR THE CONSUMMATION OF THE TRANSACTIONS OR ANY OTHER TRANSACTIONS CONTEMPLATED HEREBY, (II) ANY LOAN OR LETTER OF CREDIT OR THE USE OF THE PROCEEDS THEREFROM (INCLUDING ANY REFUSAL BY THE ISSUING BANK TO HONOR A DEMAND FOR PAYMENT UNDER A LETTER OF CREDIT IF THE DOCUMENTS PRESENTED IN CONNECTION WITH SUCH DEMAND DO NOT STRICTLY COMPLY WITH THE TERMS OF SUCH LETTER OF CREDIT), (III) ANY ACTUAL OR ALLEGED PRESENCE OR RELEASE OF HAZARDOUS MATERIALS ON OR FROM ANY PROPERTY CURRENTLY OR FORMERLY OWNED OR OPERATED BY THE BORROWER OR ANY OF ITS SUBSIDIARIES, OR ANY ENVIRONMENTAL LIABILITY RELATED IN ANY WAY TO THE BORROWER OR ANY OF ITS SUBSIDIARIES, OR (IV)

ANY ACTUAL OR PROSPECTIVE CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING RELATING TO ANY OF THE FOREGOING, WHETHER OR NOT SUCH CLAIM, LITIGATION, INVESTIGATION OR PROCEEDING IS BROUGHT BY ANY LOAN PARTY, OR EQUITY HOLDERS, AFFILIATES OR CREDITORS OR ANY LOAN PARTY OR ANY OTHER THIRD PERSON AND WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY THERETO; PROVIDED THAT SUCH INDEMNITY SHALL NOT, AS TO ANY INDEMNITEE, BE AVAILABLE TO THE EXTENT THAT SUCH LOSSES, CLAIMS, DAMAGES, LIABILITIES OR RELATED EXPENSES ARE DETERMINED BY A COURT OF COMPETENT JURISDICTION BY FINAL AND NON-APPEALABLE JUDGMENT TO HAVE RESULTED FROM THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR BREACH OF THIS AGREEMENT IN BAD FAITH BY, SUCH INDEMNITEE, BUT THE AVAILABILITY OF SUCH INDEMNITY SHALL NOT BE AFFECTED **IN ALL CASES, WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF ANY INDEMNITEE.** THIS SECTION 9.03(B) SHALL NOT APPLY WITH RESPECT TO TAXES OTHER THAN ANY TAXES THAT REPRESENT LOSSES, CLAIMS OR DAMAGES ARISING FROM ANY NON-TAX CLAIM.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent or the Issuing Bank under Sections 9.03(a) or 9.03(b), each Lender severally agrees to pay to the Administrative Agent or the Issuing Bank, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Issuing Bank in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon (without duplication) its share of the sum of the total Revolving Exposures and unused Commitments at the time.

(d) To the extent permitted by applicable law, no party hereto shall assert, and each such party hereby waives, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof; provided that, nothing in this clause (d) shall relieve the Borrower of any obligation it may have to indemnify an Indemnitee against special, indirect, consequential or punitive damages asserted against such Indemnitee by a third party.

(e) All amounts due under this Section shall be payable not later than three (3) Business Days after written demand therefor.

SECTION 9.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in Section 9.04(c)) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, participations in Letters of Credit and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee, and provided further that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received notice thereof; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment of any Commitment to an assignee that is a Lender (other than a Defaulting Lender) with a Commitment immediately prior to giving effect to such assignment; and

(C) the Issuing Bank.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$500,000 in respect of a Commitment, and shall not result in the assigning Lender holding a Commitment of less than \$2,500,000, unless each of the Borrower and the Administrative Agent otherwise consent,

provided that no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

For the purposes of this Section, the term "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business (excluding, for the avoidance of doubt, any investor a material part of whose business activity is investing in debt of entities with a view to acquiring an equity interest in such entities or its holding companies) and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender or its Lender Parent, (c) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof, or (d) the Borrower or any of its Affiliates; provided that such company, investment vehicle or trust shall not constitute an Ineligible Institution if it (x) has not been established for the primary purpose of acquiring any Loans or Commitments, (y) is managed by a professional advisor, who is not such natural person or a relative thereof, having significant experience in the business of making or purchasing commercial loans, and (z) has assets greater than \$25,000,000 and a significant part of its activities consist of making or purchasing commercial loans and similar extensions of credit in the ordinary course of its business; provided that upon the occurrence of an Event of Default, any Person (other than a Lender) shall be an Ineligible Institution if after giving effect any proposed assignment to such Person, such Person would hold more than 25% of the then outstanding Total Revolving Exposure or Commitments, as the case may be.

(iii) Subject to acceptance and recording thereof pursuant to Section 9.04(b)(iv), from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this

Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.13, 2.14, 2.15, 2.16 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 9.04(c).

(iv) The Administrative Agent, acting for this purpose as a non-fiduciary agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 9.04(b) and any written consent to such assignment required by Section 9.04(b), the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to this Agreement, the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this Section 9.04(b)(v).

(c) Any Lender may, without the consent of the Borrower, the Administrative Agent or the Issuing Bank, sell participations to one or more banks or other entities (a "Participant"), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and

obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Section 2.14, Section 2.15, Section 2.16 (subject to the requirements and limitations therein, including the requirements under Sections 2.16(f) and (g) (it being understood that the documentation required under Section 2.16(f) shall be delivered to such participating Lender and the information and documentation required under Section 2.16(g) will be delivered to the Borrower and the Administrative Agent)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 9.04(b); provided that such Participant (A) agrees to be subject to the provisions of Section 2.18 as if it were an assignee under Section 9.04(b); and (B) shall not be entitled to receive any greater payment under Section 2.15 or Section 2.16, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.18(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided that such Participant agrees to be subject to Section 2.17(c) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.



SECTION 9.05 Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.12(e), 2.14, 2.15, 2.16 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

SECTION 9.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to (i) fees payable to the Administrative Agent and (ii) the reductions of the Letter of Credit Commitment constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

(b) Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

(c) Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable

law, including the Federal Electronic Signatures in Global and National Commerce Act or any similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

SECTION 9.07 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09 Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the other Loan Documents and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) The Borrower irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender, the Issuing Bank, or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than (a) the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and (b) as to an action against any Lender, the courts of any other jurisdiction only to the extent the courts described in the preceding clause (a) does not have jurisdiction over such Lender notwithstanding the following agreement in the following sentence, and any appellate court from any thereof. The Borrower and each Lender irrevocably and unconditionally submit to the jurisdiction of such courts and agree that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive

and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in Section 9.09(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY EACH PARTY HERETO, AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY HERETO IS HEREBY AUTHORIZED TO FILE A COPY OF THIS SECTION IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER BY ANY OTHER PARTY.

SECTION 9.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12 Interest Rate Limitation. Borrower and the Lenders intend to strictly comply with all applicable federal and New York laws, including applicable usury laws (or the usury laws of any jurisdiction whose usury laws are deemed to apply to the Notes or any other Loan Documents despite the intention and desire of the parties to apply the usury laws of the State of New York). Accordingly, the provisions of this Section shall govern and control over every other provision of this Agreement or any other Loan Document which conflicts or is inconsistent with this Section, even if such provision declares that it controls. As used in this Section, the term “interest” includes the aggregate of all charges, fees, benefits or other compensation which constitute interest under applicable law, provided that, to the maximum extent permitted by

applicable law, (a) any non-principal payment shall be characterized as an expense or as compensation for something other than the use, forbearance or detention of money and not as interest, and (b) all interest at any time contracted for, reserved, charged or received shall be amortized, prorated, allocated and spread, using the actuarial method, during the full term of the Notes. In no event shall Borrower or any other Person be obligated to pay, or any Lender have any right or privilege to reserve, receive or retain, (a) any interest in excess of the maximum amount of nonusurious interest permitted under the laws of the State of New York or the applicable laws (if any) of the United States or of any other jurisdiction, or (b) total interest in excess of the amount which such Lender could lawfully have contracted for, reserved, received, retained or charged had the interest been calculated for the full term of the Notes at the Highest Lawful Rate. None of the terms and provisions contained in this Agreement or in any other Loan Document (including, without limitation, Article VII hereof) which directly or indirectly relate to interest shall ever be construed without reference to this Section, or be construed to create a contract to pay for the use, forbearance or detention of money at any interest rate in excess of the Highest Lawful Rate. If the term of any Note is shortened by reason of acceleration or maturity as a result of any Default or by any other cause, or by reason of any required or permitted prepayment, and if for that (or any other) reason any Lender at any time, including but not limited to, the stated maturity, is owed or receives (and/or has received) interest in excess of interest calculated at the Highest Lawful Rate, then and in any such event all of any such excess interest shall be canceled automatically as of the date of such acceleration, prepayment or other event which produces the excess, and, if such excess interest has been paid to such Lender, it shall be credited pro tanto against the then-outstanding principal balance of Borrower's obligations to such Lender, effective as of the date or dates when the event occurs which causes it to be excess interest, until such excess is exhausted or all of such principal has been fully paid and satisfied, whichever occurs first, and any remaining balance of such excess shall be promptly refunded to its payor.

SECTION 9.13 Keepwell. Each Qualified ECP Loan Party hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under any Loan Document in respect of Swap Obligations (provided, however, that each Qualified ECP Loan Party shall only be liable under this Section for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section or otherwise under any applicable Loan Document voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Each Qualified ECP Loan Party intends that this Section constitute, and this Section shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

SECTION 9.14 Patriot Act. Each Lender that is subject to the requirements of the Patriot Act hereby notifies the Borrower that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act.

SECTION 9.15 Other Agents. Any Lender identified herein as a lead arranger, arranger or any other corresponding title, other than “Administrative Agent” shall have no right, power, obligation, liability, responsibility or duty under this Agreement or any other Loan Document except those applicable to all Lenders as such. Each Lender acknowledges that it has not relied, and will not rely, on any Lender so identified in deciding to enter into this Agreement or in taking or not taking any action hereunder.

SECTION 9.16 Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and
- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

SECTION 9.17 Certain ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

- (i) Such Lender is not using “plan assets” (within the meaning of Section 3(42) of ERISA or otherwise) of one or more “Benefit Plans” with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments or this Agreement (with “Benefit Plans” meaning any of (a) an “employee benefit plan” (as defined in ERISA) that is subject to Title I of ERISA,

(b) a “plan” as defined in an subject to Section 4975 of the Code or (c) any Person whose assets included (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”);

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a “Qualified Professional Asset Manager” (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that the Administrative Agent is not a fiduciary with respect to the assets of such Lender involved in such Lender’s entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

SECTION 9.18 Erroneous Payments.

(a) Each Lender, each Issuing Bank, each other holder of any Obligation, and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Lender or Issuing Bank or any other holder of any Obligation (or the Lender Affiliate of a holder of any Obligation) or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Lender, Issuing Bank or other holder of any Obligation (each such recipient, a "Payment Recipient") that the Administrative Agent has determined in its sole discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 9.18(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than two Business Days thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the

date such amount is repaid to the Administrative Agent at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an “Erroneous Payment Return Deficiency”), then at the sole discretion of the Administrative Agent and upon the Administrative Agent’s written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the “Erroneous Payment Impacted Loans”) to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent’s applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Loans, the “Erroneous Payment Deficiency Assignment”) plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 9.04 and (3) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under this Section 9.18 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by the Borrower or any other Loan Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from the Borrower or any other Loan Party for the purpose of making a payment on the Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received.



(f) Each party's obligations under this Section 9.18 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

(g) Nothing in this Section 9.18 will constitute a waiver or release of any claim of the Administrative Agent hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

SECTION 9.19 Acknowledgement Regarding Any Supported QFCs. To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Swap Agreements or any other agreement or instrument that is a QFC (such support, "QFC Credit Support" and, each such QFC, a "Supported QFC"), the parties acknowledge and agree as follows with respect to the resolution power of the FDIC under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "U.S. Special Resolution Regimes") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a "Covered Party") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 9.19, the following terms have the following meanings:

"BHC Act Affiliate" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"Covered Entity" means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

**SECTION 9.20 Amendment and Restatement.** This Agreement amends and restates in its entirety that certain Credit Agreement dated as of January 19, 2018 executed by and among Woodforest National Bank, as administrative agent, certain lenders therein named, and Borrower (as the same may have been amended prior to the date hereof) (the “Existing Credit Agreement”). The outstanding commitments under the Existing Credit Agreement have been assigned, renewed, extended, modified, and rearranged as Commitments under and pursuant to the terms of this Agreement. Certain of the Lenders (as Lenders under the Existing Credit Agreement) have agreed among themselves, in consultation with the Borrower, to adjust their respective Commitments and to terminate the commitments of certain lenders under the Existing Credit Agreement who will not become a Lender hereunder (each an “Exiting Lender”). The Administrative Agent, the Borrower and each Exiting Lender (by receipt of the payment in full of the Loans as defined in, and owing to it under, the Existing Credit Agreement and, at such Exiting Lender’s request, under a separate exiting agreement executed by such Exiting Lender) consented to such reallocation and each Existing Lender’s adjustment of, and each Existing Lender’s assignment of, an interest in the commitments and the Existing Lenders’ partial assignments of their respective commitments. On the date hereof, and after giving effect to such reallocations, adjustments, assignments and decreases, the Commitment of each Lender shall be as set forth on Schedule 2.01A. The Lenders shall make all appropriate adjustments and payments between and among themselves to account for the revised pro rata shares resulting from the initial allocation of the Lenders’ commitments under the Existing Credit Agreement after adjustment as provided for by this Agreement. The Borrower and each Lender party hereto that was a “Lender” under the Existing Credit Agreement hereby agrees and this Section 9.20, and any exiting agreement executed by an Exiting Lender that is acceptable to the Administrative Agent and the Borrower shall be deemed approved assignment forms as required under the Existing Credit Agreement.

**THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR**

**SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the day and year first above written.

SOLARIS OILFIELD INFRASTRUCTURE, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Kyle Ramachandran  
President and Chief Financial Officer

[Amended and Restated Credit Agreement Signature Page]

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WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Administrative Agent, Issuing Bank, and a Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Amended and Restated Credit Agreement Signature Page]

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WOODFOREST NATIONAL BANK, as a Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[Amended and Restated Credit Agreement Signature Page]

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Consent of Independent Registered Public Accounting Firm

Solaris Oilfield Infrastructure, Inc.  
Houston, Texas

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-260289) and on Form S-8 (No. 333-218043) of Solaris Oilfield Infrastructure, Inc. of our report dated February 24, 2022, relating to the consolidated financial statements, which appears in this Annual Report on Form 10-K.

/s/BDO USA, LLP

Houston, Texas  
February 24, 2022

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**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002**

I, William A. Zartler, certify that:

1. I have reviewed this annual report on Form 10-K of Solaris Oilfield Infrastructure, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) 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;
  - d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) 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: February 24, 2022

/s/ William A. Zartler

William A. Zartler

Chairman and Chief Executive Officer (Principal Executive Officer)

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**CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002**

I, Kyle S. Ramachandran, certify that:

1. I have reviewed this annual report on Form 10-K of Solaris Oilfield Infrastructure, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) 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;
  - d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) 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: February 24, 2022

/s/ Kyle S. Ramachandran

Kyle S. Ramachandran

President and Chief Financial Officer (Principal Financial Officer)

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**CERTIFICATION PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b))  
OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, William A. Zartler, Chairman and Chief Executive Officer of Solaris Oilfield Infrastructure, Inc. (the “Company”), hereby certify, to my knowledge, that:

(1) the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: February 24, 2022

/s/ William A. Zartler

William A. Zartler  
Chairman and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION PURSUANT TO SECTION 906 OF  
THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b)  
OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Kyle S. Ramachandran, President and Chief Financial Officer of Solaris Oilfield Infrastructure, Inc. (the "Company"), hereby certify, to my knowledge, that:

(1) the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Dated: February 24, 2022

/s/ Kyle S. Ramachandran  
Kyle S. Ramachandran  
President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the U.S. Securities and Exchange Commission or its staff upon request.

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