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, 2023**

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 001-35195

CSI Compressco LP

(EXACT NAME OF THE REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware
(State or Other Jurisdiction of Incorporation or Organization)

94-3450907
(I.R.S. Employer Identification No.)

1735 Hughes Landing Boulevard, Suite 200 **The Woodlands,** **Texas**
(Address of Principal Executive Offices)

77380
(ZIP CODE)

(832) 365-2257
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
COMMON UNITS REPRESENTING LIMITED PARTNERSHIP INTERESTS	CCLP	NASDAQ

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.S. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. Yes ☐ No ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). Yes ☐ No ☒

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

The aggregate market value of common stock held by non-affiliates of the Registrant was $94,545,412 as of June 30, 2023. As of February 28, 2024, there were 142,496,840 Common Units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE- NONE

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Forward-Looking Statements

This Annual Report on Form 10-K (this "Annual Report") contains "forward-looking statements" and information based on our beliefs and those of our general partner. Forward-looking statements in this Annual Report are identifiable by the use of the following words, the negative of such words, and other similar words: "anticipates", "assumes", "believes", "could", "estimates", "expects", "forecasts", "goal", "intends", "may", "might", "plans", "predicts", "projects", "seeks", "should, "targets", "will" and "would".

Such forward-looking statements reflect our current views with respect to future events and financial performance and are based on assumptions that we believe to be reasonable but such forward-looking statements are subject to numerous risks, and uncertainties, including, but not limited to:

- economic and operating conditions that are outside of our control, including the trading price of our common units, and the supply, demand, and prices of oil and natural gas;
- the availability of adequate sources of capital to us, including changes to interest rates;
- our existing debt levels and our ability to obtain additional financing;
- our ability to continue to make cash distributions, or increase cash distributions from current levels, after the establishment of reserves, payment of debt service, and other contractual obligations;
- the restrictions on our business that are imposed under our long-term debt agreements;
- our dependence upon a limited number of customers and the activity levels of our customers;
- the levels of competition we encounter;
- our ability to renew our contracts with customers, which are generally short-term contracts;
- the availability of raw materials and labor at reasonable prices;
- risks related to acquisitions and our growth strategy;
- risks related to our potential merger with Kodiak, announced in December 2023;
- fluctuations in the price for shares of Kodiak Common Stock;
- the legal, financial, accounting, filing, printing and other costs related to the merger with Kodiak;
- the risk of any litigation related to the merger with Kodiak;
- the credit and risk profile of Spartan;
- information technology risks including the risk from cyberattacks and cybersecurity breaches;
- acts of terrorism, war or political or civil unrest in the United States or elsewhere, including the war between Russia and Ukraine, the conflict between Israel and Hamas and continued hostilities in the Middle East;
- operating hazards, natural disasters, weather-related impacts, casualty losses and other matters beyond our control;
- the effects of existing and future laws and governmental regulations;
- global or national health concerns, including the outbreak of pandemics or epidemics such as the COVID-19 pandemic, including operational challenges, workforce challenges, and supply chain disruptions;
- the effect and results of litigation, regulatory matters, settlements, audits, assessments, and contingencies; and
- other risks and uncertainties under "Item 1A. Risk Factors" in this Annual Report and as included in our other filings with the U.S. Securities and Exchange Commission ("SEC"), which are available free of charge on the SEC website at www.sec.gov.

The risks and uncertainties referred to above are generally beyond our ability to control and we cannot predict all the risks and uncertainties that could cause our actual results to differ from those indicated by the forward-looking statements. If any of these risks or uncertainties materialize, or if any of the underlying assumptions prove incorrect, actual results may vary from those indicated by the forward-looking statements, and such variances may be material.

All subsequent written and oral forward-looking statements made by or attributable to us or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to update or revise any forward-looking statements we may make, except as may be required by law.

Summary Risk Factors

Our business is subject to varying degrees of risk and uncertainty. Investors should consider the risks and uncertainties summarized below, as well as the risks and uncertainties discussed in Part I, Item 1A, "Risk Factors" of this Annual Report. Additional risks not presently known to us or that we currently deem immaterial may also affect us. If any of these risks occur, our business, financial condition or results of operations could be materially and adversely affected.

Our business is subject to the following principal risks and uncertainties:

- Fluctuations in the market price for shares of Kodiak Common Stock makes it difficult for holders of our common units to be sure of the value of Kodiak Common Stock that they will receive in the Mergers with Kodiak.
- The Mergers with Kodiak are subject to various closing conditions, and delays in completing the Mergers could reduce or eliminate the benefits expected from the Mergers.
- The Merger Agreement and the support agreements entered into in connection therewith impose material restrictions on our ability to pursue strategic alternatives to the Mergers.
- Failure to complete the Mergers could negatively impact the price of our common units and our future business and financial results.
- Reduced demand for or production levels of oil and gas adversely affect the demand for and prices we charge for our services, which could cause our revenue and cash available for distribution to our unitholders to decrease.
- Our results of operations, cash flows and financial condition were adversely impacted by the COVID-19 pandemic, and could in the future be impacted by a similar pandemic or public health event.
- Our substantial leverage.
- We may be unable to repurchase or refinance our senior secured notes in the event of a change of control as required by their respective indentures.
- The loss of any of our most significant customers would result in a decline in our revenue and cash available to pay distributions to our common unitholders.
- Our ability to manage and grow our business effectively and provide quality services to our customers may be adversely affected if our general partner loses its management or we are unable to retain trained personnel.
- Pressure from competitors may result in price reductions and periods of reduced demand for our products.
- Our operations in non-U.S. markets expose us to legal, political and economic risks that could have a material impact on our business.
- Regulatory initiatives related to hydraulic fracturing could result in operating restrictions or delays in the completion of oil and gas wells that may reduce demand for our services.
- A cyberattack or other failure or security breach of our information technology infrastructure, or the theft, loss or misuse of personal data, could adversely affect our business and operations.
- Armed conflict, war, and acts of terrorism could disrupt global supply lines and transportation of oil and gas and result in reduced production of oil and gas in the United States, which could adversely affect our business and operations.
- The market price of our common units has been and may continue to be volatile.
- Spartan has conflicts of interest, which may permit it to favor its own interests to our unitholders' detriment.
- Our partnership agreement limits our general partner's fiduciary duties to our common unitholders and restricts the remedies available to our common unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.
- Our common unitholders have limited voting rights and are not entitled to elect our general partner or its directors.
- We are exempt from certain corporate governance requirements that provide additional protection to stockholders of other public companies.
- Our tax treatment depends on our status as a partnership for federal income tax purposes. Our cash available for distribution to unitholders may be substantially reduced if we become subject to entity-level taxation as a result of the Internal Revenue Service ("IRS") treating us as a corporation or legislative, judicial or administrative changes, and may also be reduced by any audit adjustments if imposed directly on the Partnership.
- Even if unitholders do not receive any cash distributions from us, unitholders will be required to pay taxes on their share of our taxable income. A unitholder's share of our taxable income may be increased as a result of the IRS successfully contesting any of the federal income tax positions we take.
- Tax-exempt entities and non-U.S. unitholders face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Certain Defined Terms

Unless the context requires otherwise, when we refer to "we," "us," "our," "Registrant" and "the Partnership," we are describing CSI Compressco LP and its wholly owned subsidiaries on a consolidated basis. References to "CSI Compressco GP" or "our general partner" refer to our general partner, CSI Compressco GP LLC (f/k/a CSI Compressco GP Inc.). References to "TETRA" refer to TETRA Technologies, Inc., the former owner of our general partner, and TETRA's controlled subsidiaries. References to "Spartan" refer to Spartan Energy Partners LP. References to the "Initial Public Offering" refer to the Partnership's initial public offering of common units representing limited partner interests in the Partnership ("common units") completed on June 20, 2011 pursuant to a Registration Statement on Form S-1, as amended (File No. 333-155260), initially filed on November 10, 2008 by the Partnership with the SEC pursuant to the Securities Act of 1933, as amended (the "Securities Act"), including a prospectus regarding the Initial Public Offering filed with the SEC on June 16, 2011 pursuant to Rule 424(b).

PART I

Item 1. Business.

The financial statements presented in this Annual Report are the consolidated financial statements of CSI Compressco LP, a Delaware limited partnership and its subsidiaries.

We were formed in October 2008. Our headquarters are located at 1735 Hughes Landing Boulevard, Suite 200, The Woodlands, Texas, 77380. Our phone number is (832) 365-2257 and our website is www.csicompressco.com. Our common units are traded on the NASDAQ Exchange ("NASDAQ") under the symbol "CCLP."

Our Corporate Governance Guidelines, Code of Conduct, Financial Code of Ethics, Policy on Trading in Partnership Securities and Audit Committee Charter, as well as our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports are all available, free of charge, on our website at www.csicompressco.com as soon as practicable after we file the reports with the SEC. Information contained on or connected to our website is not, and shall not be deemed to be, a part of this Annual Report on Form 10-K or incorporated into any other filings with the SEC. The documents referenced above are available in print at no cost to any unitholder who requests them from our Corporate Secretary.

About CSI Compressco LP

We are a provider of contract services related to the exploration and production of oil and natural gas, including natural gas compression services and treating services. Natural gas compression is used for oil and natural gas production, gathering, artificial lift, transmission, processing, and storage. Treating services include removal of contaminants from a natural gas stream and cooling to reduce the temperature of produced gas and liquids. We also sell used standard compressor packages and provide aftermarket services and compressor package parts and components manufactured by third-party suppliers. We provide contract compression and treating services and compressor parts and component sales to a broad base of natural gas and oil exploration and production, midstream, transmission, and storage companies operating throughout many of the onshore producing regions of the United States, as well as in a number of international locations, including the countries of Mexico, Canada, Argentina and Chile.

We are one of the largest service providers of natural gas compression services in the United States, using our fleet of compressor packages that employ a full spectrum of low-, medium-, and high-horsepower engines. Low-horsepower compressor packages enhance production for dry gas wells and liquids-loaded gas wells by deliquefying the wells, lowering wellhead pressure, and increasing gas velocity. These packages are also used in connection with oil and liquids production and in vapor recovery and casing gas system applications. Low- to medium-horsepower compressor packages are typically selected for wellhead and natural gas gathering systems, artificial lift systems, and other applications primarily in connection with natural gas and oil production. Our high-horsepower compressor package offerings are typically deployed in natural gas production, natural gas gathering, centralized gas lift, centralized compression facilities, and midstream applications.

Our aftermarket business provides a wide range of services and compressor package parts and components manufactured by third-party suppliers to support the needs of customers who own compression equipment. These services include operations, maintenance, overhaul, and reconfiguration services and may be provided under turnkey engineering, procurement and construction contracts. Our aftermarket services are provided by our factory- and internally-trained technicians in most of the major oil and natural gas producing basins in the United States and Mexico.

Our long-term growth strategy includes expanding our existing businesses through organic growth and accretive acquisitions, both in the U.S. and internationally.

Our operations are organized into a single business segment. See Note 13 - "Segments" in the Notes to Consolidated Financial Statements in this Annual Report for further information. For financial information regarding our revenues and total assets, see Note 14 - "Geographic Information" contained in the Notes to Consolidated Financial Statements in this Annual Report.

Proposed Merger with Kodiak

On December 19, 2023, we entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Partnership, Kodiak Gas Services, Inc., a Delaware corporation ("Kodiak"), Kodiak Gas Services, LLC, a Delaware limited liability company and indirect, wholly owned subsidiary of Kodiak ("Kodiak Services"), Kick Stock Merger Sub, LLC, a Delaware limited liability company and indirect, wholly owned subsidiary of Kodiak, Kick GP Merger Sub, LLC, a Delaware limited liability company and direct, wholly owned subsidiary of Kodiak Services, and Kick LP Merger Sub, LLC, a Delaware limited liability company and direct, wholly owned subsidiary of Kodiak Services, pursuant to which Kodiak will acquire the Partnership through a series of mergers (the "Mergers"). Under the terms of the Merger Agreement, (i) our common unitholders (excluding certain holders described in clause (ii)) will receive 0.086 (the "Exchange Ratio") shares of common stock, par value $0.01 per share, of Kodiak ("Kodiak Common Stock") in exchange for each common unit, (ii) our common unitholders that meet certain specified conditions may elect to receive as consideration for each common unit, in lieu of a number of shares of Kodiak Common Stock equal to the Exchange Ratio, a number of units ("OpCo Units") in Kodiak Services, equal to the Exchange Ratio and an equal number of shares of Series A Preferred Stock of Kodiak ("Series A Preferred Stock"), and (iii) the owner of our general partner will receive, in consideration for the notional units representing the general partner interest in the Partnership, a number of OpCo Units and shares of Series A Preferred Stock equal to the Exchange Ratio for each such notional unit. Each OpCo Unit will be redeemable for one share of Kodiak Common Stock (together with the cancellation of one share of Series A Preferred Stock) pursuant to the terms of the Sixth Amended and Restated Limited Liability Company Agreement of Kodiak Services. On February 21, 2024, upon the delivery of written consents approving the Mergers by each of the Supporting Unitholders (as defined below), we received the requisite unitholder approval to consummate the Mergers. See "Item 1A. Risk Factors," for additional discussion of risks related to the Mergers.

Products and Services

We are a provider of contract services including natural gas compression services and treating services. Natural gas compression is a mechanical process in which the pressure of a given volume of natural gas is increased to a higher pressure. It is essential to the production and movement of natural gas. Compression is typically required numerous times in the natural gas production and sales cycle, including (i) at the wellheads, (ii) throughout gathering and distribution systems, (iii) into and out of processing and storage facilities, and (iv) in natural gas pipelines. Compression is also utilized for gas lift, an artificial lift technique for producing oil that has insufficient reservoir pressure. Natural gas treating encompasses several processes used to remove contaminants and improve the marketability of gas. We also provide aftermarket compression services and compressor package parts and components manufactured by third-party suppliers.

Contract Services

We use our fleet of compressor packages to provide a variety of compression services to our customers to meet their specific requirements. Our fleet includes approximately 4,300 compressor packages that provide approximately 1.2 million in aggregate horsepower, employing a wide spectrum of low-, medium-, and high-horsepower engines. The horsepower of our natural gas compressor package fleet as of December 31, 2023 is summarized in the following table:

Range of Horsepower Per Package	Number of Packages	Aggregate Horsepower	% of Aggregate Horsepower
Low-horsepower (0-100)	2,466	116,701	10 %
Medium-horsepower (101-1,000)	1,398	400,271	34 %
High-horsepower (1,001 and over)	460	658,945	56 %
Total	4,324	1,175,917	100 %

Low-Horsepower (0-100 Horsepower) Compression Services. Our natural gas-powered, low-horsepower compressor packages include our GasJack® compressor packages that are relatively compact and easy to transport to our customer's well site. We utilize our electric powered, low-horsepower VJack™ compressor packages to provide production enhancement services on wells where electric power is available. Our low-horsepower packages allow us to perform wellhead compression, fluids separation, and optional gas metering services all from one skid, thereby providing services that otherwise would generally require the use of multiple, more costly pieces of equipment. We utilize our low-horsepower compressor packages to provide production enhancement for dry gas wells and liquid-loaded gas wells and backside auto injection systems ("BAIS"). BAIS monitors tubing pressure to redirect gas flow into the casing annulus as needed to help gas wells unload liquids that hinder production. We also

utilize our low-horsepower compressor packages to collect hydrocarbon vapors that are a by-product of oil production and storage (“vapor recovery”) and to reduce casing pressure of pumping oil wells to enhance oil production (“casing gas systems”).

Medium-horsepower (101-1,000 Horsepower) Compression Services. Our medium-horsepower compressor packages are primarily utilized to move natural gas from the wellhead through the field gathering system by boosting the pressure of the natural gas flowing through the system. Additionally, these compressor packages are used to reinject natural gas into producing vertical and horizontal oil wells that have insufficient reservoir pressure, to help lift liquids to the surface (“gas lift operations”). Typically, these applications require medium-horsepower compressor packages located at or near the wellhead. These compressor packages are also used to increase the efficiency of low-capacity natural gas fields by providing a central compression point from which the natural gas can be further processed and transported. These compressor packages feature primarily two- and three-stage compressors powered by natural gas engines ranging from 101 to 1,000 horsepower and equipped with interstage cooling.

High-Horsepower (Over 1,000 Horsepower) Compression Services. Our high-horsepower compressor packages are primarily utilized in midstream applications including natural gas gathering, gas lift, and centralized compression facilities. They boost the pressure of natural gas flowing from individual wells or a group of wells into a gathering pipeline that leads to various types of processing facilities. A significant number of these compressor packages in midstream applications also serve the dual purpose of gas lift operations by injecting a percentage of the compressed natural gas into producing oil wells. Our high-horsepower compressor packages are also used for traditional midstream applications in gas gathering and processing facilities. These compressor packages feature primarily two- and three-stage compressors powered by natural gas engines.

Gas Treating. We provide a variety of natural gas treating services for natural gas producers and midstream companies, such as providing equipment for lease or sale, equipment installation services and the operation of equipment which Spartan Treating refers to as contract services. Spartan Treating’s two primary gas treating services provided for customers are the removal of contaminants from the customer’s gas stream and natural gas cooling to reduce the gas temperature. Spartan Treating maintains a fleet of amine plants ranging in size used to treat varying customer gas flow volumes by removing hydrogen sulfide and carbon dioxide to meet required pipeline specifications. Additionally, Spartan Treating’s equipment fleet includes natural gas cooling units used to reduce the temperature of natural gas so that it can be further treated, processed or compressed.

Other Related Services. In Mexico, we provide well monitoring and sand separation services in connection with our compression services. Well monitoring services include a variety of services that monitor and optimize production from oil and gas wells. We utilize automated sand separators, which are high-pressure vessels with automated valve operation functions, at the well to remove solids that would otherwise cause abrasive wear damage to compression and other equipment that is installed downstream and inhibit production from the well.

Contract Services Contract Terms. Our contract services are primarily performed under service contracts using our low-, medium-, and high-horsepower compressor packages and our treating assets. A significant portion of these compression services are provided under services contracts that our outside legal counsel has concluded generate qualifying income. Under these services contracts, we are responsible for providing our services in accordance with the particular specifications of a job. As owner and operator, we are responsible for operating and maintaining the equipment we utilize to provide our services. Our low horsepower compression service contracts typically have an initial term of one month and, unless terminated by us or our customers with 30-days’ notice, continue on a month-to-month basis thereafter. Our medium- and high- horsepower compression service and treating contracts typically have an initial term of twelve months, but range from six months to thirty-six months. After the initial terms on our medium- and high-horsepower compression service and treating contracts, customers typically continue on a month-to-month basis or renew for additional extensions. We charge our customers a fixed monthly fee for the services provided under the services contracts. Aside from factors beyond our control, if the level of services we provide falls below certain contractually specified percentages, our customers are generally entitled to request limited credits against our service fees. To date, these credits have been insignificant as a percentage of revenue.

We generally own the equipment we use to provide services to our customers, and we bear the risk of loss to this equipment to the extent not caused by (i) a breach of certain obligations of the customer, primarily involving the service site and the fuel gas being supplied to us, or (ii) an uncontrolled well condition. Utilizing our proprietary,

telemetry-based reporting system, we remotely monitor, in real time, whether our services are being continuously provided at our U.S. customer well sites.

As owner of the equipment, we are obligated to pay ad valorem taxes levied on the equipment and related insurance expenses, and we typically do not seek reimbursement for such taxes and expenses from our service agreement customers.

Aftermarket Services

Through our aftermarket operations, we provide a wide range of services to support the needs of customers who own compression equipment. The services provided are primarily operation, maintenance, overhaul and reconfiguration services, which may be provided under turnkey contracts. We also sell engine parts, compressor package parts and other parts manufactured by third parties that are utilized in natural gas compressor packages. We have factory- and internally-trained technicians in most of the major oil and natural gas producing basins in the United States to perform these services.

Market Overview and Competition

Oil and natural gas commodity prices gained strength through the first half of 2022 before remaining relatively stable with a slight decline during the remainder of 2022 and during 2023. While there has been a decline in commodity prices, they remain at strong levels. Accordingly, we did not have a negative impact in the demand for our contract services, aftermarket services and equipment rentals during 2023. Revenue from contract services increased each quarter in 2023. We secured orders from key customers for high-horsepower and electric compressors that started generating revenues in the fourth quarter of 2023 and continue to be deployed throughout 2024. The strengthening market environment has increased competition for field and corporate employees. Supply chain issues, increased commodity prices, and inflationary pressures have increased costs and impacted availability of our parts and supplies. External factors including Russia’s invasion of Ukraine, recent events in the Middle East, inflationary pressures, and related policy, such as Federal Reserve interest rate increases, could adversely affect our results of operations, impair our ability to raise capital, or otherwise adversely impact our ability to realize certain business strategies. We continue to monitor these risks and take the necessary actions to mitigate them. We have and will continue to evaluate the sale of non-core assets, including our low-horsepower compression fleet, but we can provide no assurance that we will consummate a future sale of our low-horsepower compression fleet.

Customers

We provide services to a broad base of natural gas and oil exploration and production, midstream, pipeline transmission, and storage companies operating throughout many of the onshore producing regions of the United States. We also have operations in Canada, Mexico, Argentina and Chile. While most of our services in the U.S. are performed throughout Texas (with a concentration in the Permian Basin), the Haynesville shale, the San Juan Basin, the Rocky Mountain region, and the Mid-Continent region, we also have a presence in the Marcellus / Utica and other producing regions. We continue to evaluate opportunities to further expand our operations into other regions in the U.S. and elsewhere in the world.

Following the expiration of the primary term, the parties may elect to renew or extend the term, or our service contracts typically will continue month to month until terminated upon thirty days’ notice. Our low-horsepower compression fleet is generally deployed on short-term contracts while our medium-horsepower is generally deployed on 12 month terms or greater and high-horsepower fleet is generally deployed with an initial term of 24 months or greater. Although we enter into short-term contracts on our lower horsepower units, the average duration a typical unit stays deployed with the same customer is greater than 30 months. Our significant customers for the year ended December 31, 2023 include various major integrated oil companies, public and private independent exploration and production companies and midstream companies, one of which individually accounted for more than 10% of our consolidated revenues for the year ended December 31, 2023. The loss of any of our major customers could have a material adverse effect on our business, results of operations, financial condition, and our ability to make cash distributions to our unitholders.

Competition

The natural gas compression services business is highly competitive. We experience competition from companies that may be able to more quickly adapt to changes within our industry and changes in economic conditions as a whole, more readily take advantage of available opportunities and technologies, and adopt more

aggressive pricing policies. Primary competition for our low-horsepower compression services business comes from smaller local and regional companies that utilize packages consisting of a screw or reciprocating compressor with a separate engine driver. These local and regional competitors tend to compete on the basis of price and availability, as opposed to our focus of adding value to the customer. Competition for our medium- and high-horsepower compression services business comes primarily from large companies that may have greater financial resources than we do. Such competitors include Archrock Compression Services, Kodiak Gas Services, USA Compression Partners and Natural Gas Compression Systems, Inc. Competitors for natural gas treating contract services include USA Compression Partners and Kinder Morgan.

Many of our competitors compete on the basis of price. We believe our pricing has proven to be competitive because of the significant increase in value that results from use of our services, our customer service, trained field personnel, and the quality of the compressor packages we use to provide our services.

Other Business Matters

Marketing

We use various marketing strategies to promote our services and compressor package products. Our account managers work to build close working relationships with our existing and potential future customers, educating them about our services and products by scheduling personal visits, hosting and attending workshops, tradeshows and conferences, and participating in industry organizations. We sponsor and make presentations at industry events that are targeted to production managers, compression specialists and other decision makers. Our marketing representatives also use these marketing opportunities to promote our value-added service initiatives, such as the use of our proprietary telemetry-based system, our wellsite optimization program and our fleet reliability center.

Human Capital Management

We collaborate as a team to execute for each other, our customers, and our unitholders. On December 31, 2023, we employed approximately 719 people worldwide. Our employees in the U.S. and Canada are not subject to collective bargaining agreements. Our employees in Argentina and Mexico are subject to collective bargaining agreements. We believe that the various employers of these employees have good relations with these employees and we have not experienced work stoppages in the past.

Career Development

Our executive team evaluates executive development and succession planning to prepare us for future success. The succession planning process covers all senior management positions and certain other key positions. This review of executive talent determines readiness to take on additional leadership roles and identifies developmental opportunities needed to prepare our executives for greater responsibilities. Our short and long-term business strategy is considered when evaluating candidates and their skills.

Compensation and Benefits

Our compensation programs are designed to incentivize performance, maximize returns, and build unitholder value. We work with consultants to benchmark our compensation and benefits programs to help us offer competitive compensation packages to attract and retain high-performing talent. We also offer competitive benefits to attract and retain exceptional talent.

Safety

Recognizing that safety, service quality, and environmental protection are conditions of employment, all employees and contractors are responsible for their safety, the safety of those around them, the quality of their work, and protection of the environment. As part of our safety-focused culture, it is customary that each meeting starts with an employee-led safety moment.

To ensure our work remains safe and of the highest quality, we have a comprehensive Health, Safety, Environment, and Quality (HSEQ) Management System and program designed to improve the capacity of the organization by controlling worksite risks, developing proper work practices and procedures, and empowering

employees with stop-work authority if they observe unsafe conditions, omissions, errors, or actions that could result in safety or environmental incidents, or product and service quality issues. If an incident takes place, we investigate all serious occurrences to root causes and implement corrective actions to ensure we expand our capacity to operate safely.

Driving is one of the highest exposure activities that we undertake in our day-to-day operations. We maintain a fleet of Department of Transportation (DOT) and non-DOT vehicles and provide positive, real-time behavior feedback to our drivers via real-time monitors. Coupled with vehicle selection guidelines and driver training, we have a comprehensive approach to reducing our driving exposure and incidents.

Proprietary Technology and Trademarks

It is our practice to enter into confidentiality agreements with employees, consultants, and third parties to whom we disclose our confidential and proprietary information. There can be no assurance, however, that these measures will prevent the unauthorized disclosure or use of our trade secrets and expertise or that others may not independently develop similar trade secrets or expertise. Our management believes, however, that it would require a substantial period of time and substantial resources to independently develop similar know-how or technology.

We sell various services and products under a variety of trademarks and service marks, some of which are registered in the United States.

Health, Safety, and Environmental Affairs Regulations

Our service and sales operations are subject to stringent and complex U.S. and foreign health, safety, and environmental laws and regulations, and, although we are committed to conducting all of our operations under the highest standards of safety and respect for the environment, risks of substantial costs and liabilities pursuant to laws and regulations are inherent in certain of our operations. Because of these risks, there can be no assurance that significant costs and liabilities will not be incurred now or in the future. Changes in health, safety, and environmental laws and regulations could subject us to more rigorous standards and could affect demand for our customer's product which in turn would impact demand for our products. We cannot predict the extent to which our operations may be affected by any changes to existing laws, regulations, and enforcement policies, new interpretations of existing laws, regulations, and policies, or any new laws, regulations, or policies promulgated in the future.

We are subject to numerous federal, state, and local laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of human health and the environment. The primary environmental laws that impact our operations in the U.S. include:

- the Clean Air Act ("CAA") and comparable state laws and regulations thereunder, which regulate air emissions;
- the Federal Water Pollution Control Act of 1972 (the "Clean Water Act") and comparable state laws, and regulations thereunder, which regulate the discharge of pollutants into regulated waters, including industrial wastewater discharges and storm water runoff;
- the Resource Conservation and Recovery Act ("RCRA") and comparable state laws and regulations thereunder, which regulate the management and disposal of solid and hazardous waste; and
- the federal Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA" or "Superfund") and comparable state laws, and regulations thereunder, which impose liability for the cleanup of releases of hazardous substances in the environment.

Our operations in the U.S. are also subject to regulation under the Occupational Safety and Health Act ("OSHA") and comparable state laws, and regulations thereunder, which regulate the protection of the health and safety of workers.

The CAA and implementing regulations, and comparable state laws and regulations, regulate emissions of air pollutants from various industrial sources and impose various monitoring and reporting requirements, including requirements related to emissions from certain stationary engines, including our compressor packages. These laws and regulations impose limits on the levels of various substances that may be emitted into the atmosphere from our compressor packages and require us to meet stringent air emission standards and install new emission control equipment on all of our engines built after July 1, 2008. In addition, regulations under the National Emission

Standards for Hazardous Air Pollutants (“NESHAP”) provisions of the CAA require control of hazardous air pollutants from new and existing stationary reciprocal internal combustion engines. Our equipment is also subject to prescribed maintenance practices and catalyst installation may also be required. Furthermore, in June 2016, the Environmental Protection Agency (“EPA”) finalized rules that establish new air emission controls under the EPA’s New Source Performance Standards (“NSPS”) and NESHAP for natural gas and natural gas liquids production, processing and transportation activities. These rules establish specific requirements associated with volatile organic compounds and methane emissions from compressor packages and controllers at natural gas gathering and boosting stations. In December 2023, the EPA finalized more stringent methane rules for new, modified, and reconstructed facilities, known as OOOOb, as well as standards for existing sources, known as OOOOc. Under the final rules, states have two years to prepare and submit their plans to impose methane emissions controls on existing sources. The presumptive standards established under the final rule are generally the same for both new and existing sources and include enhanced leak detection survey requirements using optical gas imaging and other advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions, reduction of emissions by 95% through capture and control systems, zero-emission requirements for certain devices, and the establishment of a “super emitter” response program that would allow third parties to make reports to EPA of large methane emission events, triggering certain investigation and repair requirements. Fines and penalties for violations of these rules can be substantial. It is likely, however, that the final rule and its requirements will be subject to legal challenges. Moreover, compliance with the new rules may affect the amount owed under the Inflation Reduction Act (“IRA 2022”), signed into law in August 2022, which imposes the first ever federal methane fee on excess methane emissions from sources required to report their GHG emissions to the EPA. The methane emissions charge imposes a fee on excess methane emissions from certain oil facilities starting at $900 per metric ton of leaked methane in 2024 and rising to $1,200 in 2025 and $1,500 in 2026 and thereafter. The requirements of the EPA’s final methane rules and the IRA 2022’s methane emissions fee could accelerate the transition away from fossil fuels, which could in turn reduce the demand for our services.

The EPA has determined that greenhouse gases (“GHGs”) present an endangerment to public health and the environment because, according to the EPA, they contribute to global warming and climate change. As a result, the EPA has begun to regulate certain sources of GHGs, including air emissions associated with oil and gas production particularly as they relate to the hydraulic fracturing of natural gas wells. In addition, the EPA has issued regulations requiring the reporting of GHG emissions from certain sources including onshore and offshore oil and natural gas production facilities and onshore oil and gas processing, transmission, storage, and distribution facilities. Reporting of GHG emissions from such facilities is required on an annual basis. President Biden has issued executive orders that commit to substantial action on climate change and the reduction of GHG emissions, calling for, among other things, the increased use of zero-emissions vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and an increased emphasis on climate-related risk across government agencies and economic sectors. Further, Congress has considered, and almost one-half of the states have adopted, legislation that seeks to control or reduce emissions of GHGs from a wide range of sources.

The Clean Water Act and implementing regulations, and comparable state laws and regulations, prohibit the discharge of pollutants into regulated waters without a permit and establish limits on the levels of pollutants contained in these discharges. In addition, the Clean Water Act and other comparable laws and regulations regulate storm water discharges associated with industrial activities depending on a facility’s primary standard industrial classification.

RCRA and implementing regulations, and comparable state laws and regulations, address the management and disposal of solid and hazardous waste. These laws and regulations govern the generation, storage, treatment, transfer, and disposal of wastes including, but not limited to, used oil, antifreeze, filters, sludges, paint, solvents and sandblast materials. The EPA and various state agencies have limited the approved methods of disposal for these types of wastes.

CERCLA and comparable state laws and regulations impose strict, joint, and several liabilities without regard to fault or the legality of the original conduct on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include the owner or operator of a disposal site where a hazardous substance release occurred and any company that transported, disposed of, or arranged for the transport or disposal of such hazardous substances released at a site. Under CERCLA, such persons may be liable for the costs of remediating the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies.

Although we believe that we have properly disposed of all historical waste streams and that we have no outstanding liability regarding any past waste handling or spill activities, there is always the possibility that future spills and releases of petroleum hydrocarbons, wastes, or other regulated substances into the environment could cause us to become subject to remediation costs and liabilities under CERCLA, RCRA, or other environmental laws. The costs and liabilities associated with the future imposition of remedial obligations could have the potential for a material adverse effect on our operations or financial position.

We are also subject to the requirements of OSHA and comparable state statutes. These laws and regulations strictly govern the protection of the health and safety of employees. The OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of CERCLA, and similar state statutes require that we maintain and/or disclose information about hazardous materials used or produced in our operations.

While we do not believe that compliance with existing requirements under applicable U.S. environmental laws and regulations will have a material adverse effect on our business and results of operations, we cannot guarantee that we will not incur substantial costs now or in the future with respect to compliance with or liability under such laws and regulations.

Our operations outside the U.S. are subject to foreign governmental laws and regulations relating to health, safety, and the environment and other regulated activities. While we do not believe that compliance with existing foreign environmental laws and regulations will have a material adverse effect on our business and results of operations, we cannot guarantee that we will not incur substantial costs now or in the future with respect to compliance with or liability under such foreign laws and regulations.

Related Party Agreements

In connection with the Contribution Agreement, the Partnership entered into a Management Services Agreement, dated November 10, 2021, by and among the Partnership, our general partner, Spartan, Spartan Energy Partners GP LLC, the general partner of Spartan (“Spartan GP”), and Spartan Operating Company LLC (the “Management Services Agreement”). Under the terms of the Management Services Agreement, our general partner, Spartan Operating Company LLC (“Spartan Operating”) and Spartan GP will provide certain services reasonably necessary for the operation of the businesses of the Partnership and its subsidiaries, Spartan, Spartan GP and Spartan Treating, including certain corporate and general and administrative services. Pursuant to the Management Services Agreement, our general partner and Spartan GP will allocate any costs and expenses incurred on a reasonable basis, and the parties will reimburse such other parties for costs and expenses allocated to them.

For a more comprehensive discussion on agreements we have entered into with related parties, please see “Item 13 - Certain Relationships and Related Transactions, and Director Independence.”

Item 1A. Risk Factors.

Certain Risks Related to Potential Mergers with Kodiak

Because the market price for shares of Kodiak Common Stock will fluctuate prior to the consummation of the Mergers, holders of our common units cannot be sure of the market value of shares of Kodiak Common Stock (or OpCo Units and shares of Series A Preferred Stock) that they will receive in the Mergers.

At the time the Mergers are completed, holders of our common units will receive 0.086 shares of Kodiak Common Stock, with cash paid in lieu of the issuance of fractional shares, if any (or, in the case of the Electing Unitholders, 0.086 OpCo Units, with cash paid in lieu of the issuance of fractional units, if any, and an equal number of shares of Series A Preferred Stock, which together will be redeemable, subject to certain limitations, for shares of Kodiak Common Stock) for each Partnership Common Unit they own as of immediately prior to the Mergers. At the time that Partnership Common Unitholders return their written consents regarding the approval of the Merger Agreement, holders of our common units will not know the actual market value of the shares of Kodiak Common Stock (or OpCo Units and shares of Series A Preferred Stock) that they will receive when the Mergers are completed. The actual market value of the shares of Kodiak Common Stock (or OpCo Units and shares of Series A Preferred Stock), when received by holders of our common units, will depend on the market value of the shares of Kodiak Common Stock on that date. This market value may be less than the value of the shares of Kodiak Common Stock on the date of the Merger Agreement and on the date that holders of our common units return their written

consents regarding the approval of the Merger Agreement. These fluctuations in the market value of shares of Kodiak Common Stock may be caused by a variety of factors, including general market and economic conditions, changes in Kodiak's businesses, operations and prospects and regulatory considerations. Such factors are difficult to predict and, in many cases, may be beyond the Partnership's and Kodiak's control. Neither the Partnership nor Kodiak is permitted to terminate the Merger Agreement as a result, in and of itself, of any increase or decrease in the market price of our common units or Kodiak Common Stock.

The Mergers are subject to various closing conditions, and any delay in completing the Mergers may reduce or eliminate the benefits expected and delay the payment of the consideration for the Mergers to holders of our common units.

The Mergers are subject to the satisfaction of a number of other conditions beyond the parties' control that may prevent, delay or otherwise materially adversely affect the completion of the Mergers. These conditions include, among other things, the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. Kodiak and the Partnership cannot predict with certainty whether and when any of these conditions will be satisfied. Any delay in completing the Mergers could cause the combined company not to realize, or delay the realization, of some or all of the benefits that the companies expect to achieve from the Mergers. In such context, the date on which our unitholders will receive the merger consideration is also uncertain.

Partnership Common Unitholders will have a reduced ownership and voting interest after the Mergers.

When the Mergers occur, each of our unitholders will become a stockholder of Kodiak (and those who receive OpCo Units (and corresponding shares of Series A Preferred Stock) will become unitholders of Kodiak Services and ultimately may become common stockholders of Kodiak upon the redemption of their OpCo Units (and cancellation of corresponding shares of Series A Preferred Stock)) with a percentage ownership of the combined company that is much smaller than such unitholder's percentage ownership of the Partnership. Based on the number of shares of Kodiak Common Stock and Partnership Common Units outstanding as set forth in their respective Quarterly Reports for the quarter ended September 30, 2023, our unitholders will own approximately 14% of the outstanding shares of Kodiak Common Stock and OpCo Units after the Mergers, on a fully diluted basis.

The merger agreement and the support agreements entered into with certain members of management and large unitholders limit the Partnership's ability to pursue alternatives to the Mergers.

The merger agreement contains provisions that make it more difficult for the Partnership to sell its business to a party other than Kodiak. These provisions include the general prohibition on the Partnership soliciting any proposal or offer for a competing transaction from a third party, and the requirement that the Partnership pay Kodiak a breakup fee of $15 million if the merger agreement is terminated in specified circumstances. In addition, our NEOs (as defined below) and certain large unitholders (collectively, the "Supporting Unitholders") entered into support agreements which obligated them to deliver their written consent to each of the matters for which we are soliciting consents of our unitholders after the registration statement became effective under the Securities Act. After the registration statement was declared effective by the SEC on February 20, 2024, each of the Supporting Unitholders delivered their written consent on February 21, 2024 approving the matters for which we are soliciting consent of our unitholders. The delivery of the written consents by the Supporting Unitholders is sufficient to approve the merger agreement. The foregoing may discourage a third party that might have an interest in acquiring all or a significant part of the Partnership from considering or proposing an acquisition, even if that party were prepared to pay consideration with a higher per unit value than the current proposed merger consideration.

The pendency of the Mergers could materially adversely affect the future business and operations of the Partnership or result in a loss of the Partnership's employees.

In connection with the pending Mergers, it is possible that some customers, suppliers and other persons with whom we have a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationship with us as a result of the Mergers, which could negatively impact our revenues, earnings and cash flows, as well as the market price of our common units, regardless of whether the Mergers are completed. Similarly, current and prospective employees may experience uncertainty

about their future roles with Kodiak and the Partnership following completion of the Mergers, which may materially adversely affect our ability to attract and retain key employees.

We will incur substantial transaction-related costs in connection with the Mergers, including fees paid to legal, financial and accounting advisors, filing fees and printing costs.

We have incurred and expect to incur a number of non-recurring costs associated with the Mergers. These costs include financial advisory, legal, accounting, consulting and other advisory fees, severance/employee benefit-related costs, public company filing fees and other regulatory fees, printing costs and other related costs. Some of these costs are payable by either Kodiak or the Partnership regardless of whether or not the Mergers are completed.

We may be subject to class action lawsuits relating to the Mergers, which could materially adversely affect our business, financial condition and operating results.

The Partnership or our general partner, or our general partners directors and officers, may be subject to class action lawsuits relating to the Mergers and other additional lawsuits that may be filed. Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into merger agreements. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition. Additionally, if a plaintiff is successful in obtaining an injunction prohibiting completion of the Mergers, then that injunction may delay or prevent the Mergers from being completed, which may adversely affect our business, financial position and results of operation. Currently, we are unaware of any securities class action lawsuits or derivative lawsuits having been filed in connection with the Mergers.

One of the conditions to consummating the Mergers is that no injunction, order or decree prohibiting or otherwise preventing or making unlawful the consummation of the Mergers will have been issued by any court or governmental entity of competent jurisdiction in the United States. Consequently, if any lawsuit is filed challenging the Mergers and is successful in obtaining an injunction preventing the parties to the merger agreement from consummating the Mergers, such injunction may prevent the Mergers from being completed in the expected timeframe, or at all.

Failure to complete the Mergers could negatively affect the per unit price of our common units and our future business and financial results.

If the Mergers are not completed, our ongoing business may be adversely affected and we will be subject to several risks and consequences, including the following:

- under the merger agreement, we may be required, under certain circumstances, to pay Kodiak a breakup fee of $15 million;
- we will be required to pay certain costs relating to the Mergers, whether or not the Mergers are completed, such as legal, accounting, financial advisor and printing fees;
- under the merger agreement, we are subject to certain restrictions on the conduct of its business prior to completing the Mergers without Kodiak’s consent, which may adversely affect our ability to execute certain of our business strategies; and
- matters relating to the Mergers may require substantial commitments of time and resources by our general partner’s management, which could otherwise have been devoted to other opportunities that may have been beneficial to the Partnership as an independent company.

In addition, if the Mergers are not completed, we may experience negative reactions from the financial markets, including negative impacts on the market price of our common units, and from our customers, employees, vendors, business partners and other third parties. We also could be subject to litigation related to any failure to complete the Mergers or to enforcement proceedings commenced against us to attempt to force us to perform our obligations under the merger agreement.

Certain Business Risks

Although it is not possible to identify all of the risks we encounter, we have identified the following significant risk factors that could affect our actual results and cause actual results to differ materially from any such results that might be projected, forecasted, or estimated by us in this Annual Report.

We depend on demand for and production of oil and natural gas, and a reduction in this demand or production could adversely affect the demand or the prices we charge for our services, which could cause our revenue and cash available for distribution to our unitholders to decrease.

Our operations are significantly dependent upon the demand for, and production of, oil and natural gas in the various U.S. and international markets in which we operate. Oil and natural gas production rates are volatile and may be affected by, among other factors, prices for such commodities, market uncertainty, weather and availability of alternative energy sources.

Oil prices averaged 18% lower in 2023 compared to 2022. This was due to global markets adjusting to new trade dynamics, with crude oil from Russia finding destinations outside the European Union (the “EU”) after the EU import ban on Russia’s crude oil and products, and global crude oil demand falling short of expectations. These dynamics offset the impacts from OPEC crude oil production cuts in the second half of the year. West Texas Intermediate oil prices reached a high of $93.67 per barrel in September 2023 and a low of $66.61 per barrel in March 2023. The West Texas Intermediate price averaged $77.58 per barrel during 2023. Over this same period, U.S. natural gas prices averaged 61% lower in 2023 compared to 2022. Record-high natural gas production, flat consumption and rising natural gas inventories contributed to these lower prices. Warmer-than-average temperatures in January and February 2023 led to the lowest U.S. natural gas consumption for these months in seven years. The Henry Hub price ranged from a high of $3.78 per million British thermal units ("MMBtu") in January 2023 to a low of $1.74 per MMBtu in June 2023. The Henry Hub price averaged $2.53 per MMBtu during 2023. As of February 26, 2024, the price of West Texas Intermediate oil was $78.53 per barrel and the Henry Hub price for natural gas was $1.65 per MMBtu. If oil and natural gas prices decline significantly, there could be a material adverse effect on our business, consolidated results of operations, and consolidated financial condition.

Factors affecting the prices of oil and natural gas include: the levels of supply and demand for oil and natural gas, worldwide; governmental regulations, including the policies of governments regarding the exploration for and production and development of their oil and natural gas reserves; weather conditions, natural disasters, and health or similar issues, such as pandemics or epidemics; worldwide political, military, and economic conditions; the ability or willingness of the Organization of Petroleum Exporting Countries ("OPEC") and non-OPEC countries, such as Russia, to set and maintain oil production levels; the levels of oil production in the U.S. and by other non-OPEC countries; oil refining capacity and shifts in end-customer preferences toward fuel efficiency and the use of natural gas; the cost of producing and delivering oil and natural gas; and acceleration of the development of, and demand for, alternative energy sources.

The COVID-19 pandemic has had, or may in the future have, certain negative impacts on our business, and such impacts have had, or may in the future have, an adverse effect on our business, our financial condition, results of operations, or liquidity.

During the first half of 2021, the COVID-19 pandemic and the resulting economic impact had a significant negative impact on the oil and gas industry. The deterioration in demand for oil caused by the pandemic, coupled with oil oversupply had an adverse impact on the demand for our services. Although global demand for oil and natural gas began to rebound in 2021 and has remained relatively steady throughout 2022 and 2023, any future pandemic, and the resulting actions that may be taken by governments, various regulatory agencies, our customers and our suppliers could have certain negative impacts on our financial condition, results of operations, and liquidity. In addition, the impact of COVID-19 in China continues to impact the global demand for oil and gas.

Continuing or worsening inflationary issues and associated changes in monetary policy have resulted in and may result in additional increases in the cost of our goods, services and labor, which in turn may cause our capital expenditures and operating costs to rise.

Inflationary pressures have resulted in and may result in additional increases to the costs of our goods, services and labor, which in turn has caused and may cause our capital expenditures and operating costs to rise. Due to high levels of high inflation in the U.S., the U.S. Federal Reserve and other central banks increased interest rates multiple times in 2022 and 2023, and although the U.S. Federal Reserve has indicated that such increases have ceased going into 2024, uncertainty remains as to when or if such elevated rates may be decreased. To the extent that rates remain high, this could have the effects of raising the cost of capital and depressing economic growth, either of which—or the combination thereof—could negatively impact the financial and operating results of our business. To the extent elevated inflation remains, we may experience additional cost increases for our operations, including services, labor costs and equipment if our operating activity increases.

Higher oil and natural gas prices may cause the costs of materials and services to continue to rise. We cannot predict any future trends in the rate of inflation and a significant increase in inflation, to the extent we are unable to recover higher costs through higher prices and revenues, would negatively impact our business, financial condition and results of operations.

We may be unable to repurchase our 7.50% First Lien Notes due 2025 and 10.000%/10.750% Second Lien Notes due 2026 in the event of a change of control as required by their respective indentures.

Holders of our 7.50% First Lien Notes due 2025 (the "First Lien Notes") and 10.000%/10.750% Second Lien Notes due 2026 (the "Second Lien Notes," collectively with First Lien Notes, "Notes") have the right to require us to repurchase their notes at a price equal to 101% of the principal amount, in each case, upon the occurrence of any specified change of control event.

Any change of control also would constitute a default under our Credit Agreement (as defined below) and the Spartan Credit Agreement (as defined below). Therefore, upon the occurrence of a change of control, the lenders under each of our Credit Agreement and Spartan Credit Agreement would have the right to accelerate the payment obligations with respect to our Credit Agreement and the Spartan Credit Agreement, respectively, and if so accelerated, we would be required to pay all of our outstanding obligations under our Credit Agreement and the Spartan Credit Agreement. In the event that our Credit Agreement and the Spartan Credit Agreement are not paid off or otherwise terminated contemporaneously therewith, the consummation of the transactions under the Merger Agreement would result in a change of control under each of the Credit Agreement and the Spartan Credit Agreement, which would constitute a default under such agreement. We may not be able to repay or repurchase our First Lien Notes and Second Lien Notes at that time because we may not have available funds to repay the debt or pay the repurchase price as applicable. Any requirement to repay or to offer to purchase any outstanding First Lien Notes and Second Lien Notes may result in us having to refinance our outstanding indebtedness, which we may not be able to do. In addition, even if we were able to refinance our outstanding indebtedness, such financing may be on terms unfavorable to us. A change of control under the indentures governing our First Lien Notes and Second Lien Notes could have a material adverse effect on our business, results of operations, and financial condition.

Our current capital structure, along with current debt and equity market conditions, may continue to limit our ability to obtain financing to pursue business growth opportunities.

Conditions in the markets for debt and equity securities in the energy sector have increased the difficulty of obtaining debt and equity financing to grow our business. We expect that the stock market volatility, which started in March 2020 and continued throughout 2021, 2022 and into 2023, may make it more difficult to obtain debt and equity financing in the near future. As of December 29, 2023, the market price for our common units was $1.63 per common unit, down from the 2023 high of $1.97 per common unit. The closing price of our common units was $1.97 as of February 28, 2024. The issuance of new common units or debt convertible into common units in the future, could be significantly dilutive to current common unitholders. In addition, as of December 31, 2023, we had approximately $629.5 million aggregate principal amount of debt outstanding, including borrowings under our credit agreements, the First Lien Notes and the Second Lien Notes. Obtaining equity or debt financing in the current market environment is particularly difficult for us, given our current levels of long-term debt.

During the year ended December 31, 2023, our aggregate capital expenditures totaled $57.9 million, which were primarily growth capital expenditures to increase our compression services equipment fleet. The majority of these capital expenditures were funded from our operating cash. As of December 31, 2023, our total cash balance was $7.0 million. We expect capital expenditures in 2024 to range from $52.0 million to $69.0 million. These capital expenditures include approximately $20.0 million to $27.5 million of maintenance capital expenditures, approximately $30.0 million to $37.5 million of capital expenditures primarily associated with the expansion of our contract services fleet, and $2.0 million to $4.0 million of capital expenditures related to investments in technology and facilities. We will continue to monitor such estimates going forward. We expect that the combination of $7.0 million of cash on hand at the beginning of 2024 and operating cash flows expected to be generated during the year will be sufficient to fund these capital expenditures without having to incur additional long-term debt and without having to access the equity markets. While we do not expect to have to incur additional long-term debt, we may elect to enter into capital lease transactions and/or raise additional equity. However, our ability to grow our business through capital expenditures or acquisitions beyond these sources of financing may be significantly limited or curtailed. Without the ability to increase our compression equipment fleet or otherwise grow our operations, our ability to continue to retain customers whose compression services needs are expanding and to increase distributions to our common unitholders in the future may be limited.

Our long-term debt levels result in a significant amount of our operating cash flows being used to fund debt service requirements.

The aggregate carrying value of our First Lien Notes and Second Lien Notes as of December 31, 2023 are $400.1 million and $172.6 million, respectively. In addition, we have an aggregate collective carrying value of $46.5 million outstanding on our Spartan Credit Agreement and our CSI Credit Agreement as of December 31, 2023. The interest expense related to our long-term indebtedness reduces our cash available to fund capital expenditures or for distribution. Our ability to service our indebtedness in the future will depend upon, among other things, our future financial and operating performance, which will be impacted by prevailing economic conditions and financial, business, regulatory and other factors, many of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we may be forced to consider taking actions such as reducing or delaying our business activities, acquisitions, investments and/or capital expenditures, delaying any desired increase of distributions, selling assets, restructuring or refinancing our indebtedness, or seeking additional equity capital or bankruptcy protection. We may not be able to take any of these courses of action.

We may not have sufficient cash from operations following the establishment of cash reserves and payment of debt service and other contractual obligations, fees and expenses, including cost reimbursements to our general partner, to enable us to increase cash distributions to our common unitholders.

Beginning with the first quarter of 2019, our common unit distributions decreased from $0.75 per unit per year (or $0.1875 per quarter) to $0.04 per unit per year (or $0.01 per quarter). Our Second Lien Notes indenture further restricts our ability to make distributions in respect of our common units in any amount exceeding $0.04 per common unit per year, unless such increased distribution is funded by proceeds from an equity offering. Under the terms of our partnership agreement, the amount of cash otherwise available for distribution is reduced by our operating expenses and the amount of cash reserves that our general partner establishes to provide for future operations, future capital expenditures, future debt service requirements, and future cash distributions to our common unitholders. In order to make cash distributions at this current distribution rate of $0.01 per common unit per quarter, or $0.04 per common unit per year, we will require available cash of approximately $1.4 million per quarter, or $5.7 million per year, based on the number of common units outstanding as of February 28, 2024. We may not have sufficient available cash each quarter to enable us to increase cash distributions or make any distribution at all. To the extent we issue additional partnership units in connection with our growth, the payment of distributions on those additional partnership units may further increase the risk that we will be unable to increase our per-unit distribution. There are no limitations in our partnership agreement or Credit Agreement on our ability to issue additional common units. The amount of cash we can distribute to our common unitholders principally depends upon the amount of cash we generate from our operations, which fluctuates from quarter to quarter based on, among other things, the market conditions described in these “Risk Factors.”

Many of our operating expenses have been volatile and may continue to be volatile or increase in the future. To the extent our efforts to contain these costs are not successful, our generation of operating cash flows to fund or increase our quarterly distributions will be negatively impacted.

Our long-term debt agreements contain covenants and other provisions that restrict our ability to take certain actions and may limit our ability to grow our business in the future.

Our Credit Agreement includes a maximum credit commitment of $35.0 million, which is available for loans, letters of credit (with a sublimit of $25.0 million), and swingline loans (with a sublimit of $3.0 million), subject to a borrowing base determined by reference to the value of certain of our accounts receivable and inventory. We are required to maintain a $3.5 million reserve with respect to the borrowing base, which results in reduced liquidity. The maximum credit commitment may be increased by $25.0 million, subject to the terms and conditions of the Credit Agreement. The Credit Agreement contains certain affirmative and negative covenants, including covenants that restrict our ability to take certain actions including, among other things and subject to certain significant exceptions, incurring debt, granting liens, making investments, entering into or amending existing transactions with affiliates, paying dividends, and selling assets.

The Spartan Credit Agreement includes a maximum credit commitment of $70.0 million, which is available for loans, letters of credit (with a sublimit of $5.0 million), and swingline loans (with a sublimit of $7.0 million), subject to a borrowing base determined by reference to the value of certain of our accounts receivable and inventory. The maximum credit commitment may be increased by $30.0 million, subject to the terms and conditions of the Spartan Credit Agreement. The Spartan Credit Agreement contains certain affirmative and negative covenants, including covenants that restrict our ability to take certain actions including, among other things and subject to certain significant exceptions, incurring debt, granting liens, making investments, entering into or amending existing transactions with affiliates, paying dividends, and selling assets.

In addition, the indentures governing our First Lien Notes and Second Lien Notes contain customary covenants restricting our ability and the ability of our restricted subsidiaries to: (i) pay distributions on, purchase, or redeem our common units, make certain investments and other restricted payments, or purchase or redeem any subordinated debt; (ii) incur or guarantee additional indebtedness or issue certain kinds of preferred equity securities; (iii) create or incur certain liens securing indebtedness; (iv) sell assets, including dispositions of the collateral securing our First Lien Notes and Second Lien Notes; (v) consolidate, merge, or transfer all or substantially all of our assets; (vi) enter into transactions with affiliates; and (vii) enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us. Our Second Lien Notes indenture further restricts our ability to make distributions in respect of our common units in any amount exceeding $0.04 per common unit per year, unless such increased distribution is funded by proceeds from an equity offering. These covenants are subject to a number of important limitations and exceptions, including certain provisions permitting us, subject to the satisfaction of certain conditions, to transfer assets to certain of our unrestricted subsidiaries. The indentures also contain customary events of default and acceleration provisions relating to events of default, which provide that upon an event of default under the indentures, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding First Lien Notes and Second Lien Notes may declare all of the First Lien Notes and Second Lien Notes to be due and payable immediately.

The loss of any of our most significant customers would result in a decline in our revenue and cash available to pay distributions to our common unitholders.

Our five most significant customers collectively accounted for approximately 31% of our 2023 revenues. Our services and products are provided to these customers pursuant to short-term contract compression services agreements, many of which are cancellable with 30 days' notice. The loss of all or even a portion of the services we provide to these customers, as a result of competition or otherwise, could have a material adverse effect on our business, results of operations, financial condition, and our ability to make cash distributions to our unitholders.

The credit and risk profile of Spartan could adversely affect our business and our ability to make distributions to our common unitholders.

The credit and business risk profile of Spartan could adversely affect our ability to incur indebtedness in the future or obtain a credit rating, as credit rating agencies may consider the leverage and credit profile of Spartan and its affiliates in assigning a rating because of Spartan's control of us, their performance of certain administrative functions for us, and our contractual relationships with them. Furthermore, the trading price of our common units may be adversely affected by financial or operational difficulties or excessive debt levels at Spartan. If the pledge of Spartan ownership of our general partner becomes effective in the future, control over our general partner could be transferred to Spartan's lenders in the event of a default by Spartan.

Our ability to manage and grow our business effectively and provide quality services to our customers may be adversely affected if our general partner loses its management or is unable to retain trained personnel.

We rely primarily on the executive officers and other senior management of our general partner and Spartan to manage our operations and make decisions on our behalf. Our ability to provide quality compression services depends to a significant extent upon our general partner's and Spartan's ability to hire, train, and retain an adequate number of trained personnel. The departure of any of our general partner's executive officers or other senior management could have a significant negative effect on our business, operating results, financial condition, and our ability to compete effectively in the marketplace. In connection with Spartan's acquisition of our general partner, most of our general partner's executive officers and other senior management resigned their positions, and Spartan appointed new officers in their place. Such significant turnover in management of our general partner could have negative impact on our business. We operate in an industry characterized by highly competitive labor markets, and, similar to many of our competitors, we have experienced high employee turnover in certain regions. It is possible that our labor expenses could increase if there is a shortage in the supply of skilled regional service supervisors and other service professionals. Our general partner may be unable to maintain an adequate skilled labor force necessary for us to operate efficiently and to support our growth strategy. Failure to do so could impair our ability to operate efficiently and to retain current customers and attract prospective customers, which could cause our business to suffer materially. Additionally, increases in labor expenses may have an adverse impact on our operating results and may reduce the amount of cash available for distribution to our common unitholders.

Further changes in the economic environment, including any future supply disruptions, could result in further significant impairments of certain of our long-lived assets.

Beginning in 2020 and continuing into 2021, decreased commodity prices had a negative impact on oil and gas drilling and capital expenditure activity, which affected the demand for a portion of our products and services. In the latter half of 2021 and through 2022 and 2023, the prices of and demand for oil and natural gas began to recover to prior levels. If prices or demand levels begin to decline again, demand for our products and services may significantly decrease, which could impact the expected utilization rates of our compressor package fleet.

Although equipment used in providing services to our customers is normally readily available, market conditions could trigger constraints in the supply chain of certain equipment, and replacement parts for such equipment, used in providing services to our customers. If we experience future supply chain disruptions, it could also impact the expected utilization rate of our compressor package fleet.

Under U.S. GAAP, we review the carrying value of our long-lived assets when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable, based on their expected future cash flows. The impact of reduced expected future cash flow could require the write-down of all or a portion of the carrying value for these assets, which would result in impairments, resulting in decreased earnings.

We do not insure against all potential losses and could be seriously harmed by unexpected liabilities.

Our assets and operations are subject to inherent risks such as vehicle accidents, equipment defects, malfunctions and failures, as well as other incidents that result in releases or uncontrolled flows of gas or well fluids, fires, or explosions. These risks could expose us to substantial liability for personal injury, death, property damage, pollution, and other environmental damages. On occasion, we have experienced fires that have damaged or destroyed certain units in our compression services fleet, and additional accidents or fires could occur in the future. We do not insure all of our assets and the insurance we do obtain may be inadequate to cover our liabilities. Further, insurance covering the risks we face or in the amounts we desire may not be available in the future, or, if available, the premiums may not be commercially feasible. If we were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if we were to incur liability at a time when we did not maintain liability insurance, our business, results of operations, and financial condition could be adversely affected. In addition, our business interruption insurance does not cover all potential losses. Please read "Health, Safety, and Environmental Affairs Regulations" for a description of how we are subject to federal, state, and local laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of human health and environment.

Our sales to and operations in non-U.S. markets exposes us to additional risks and uncertainties, including with respect to U.S. trade and economic sanctions, export control laws, and the Foreign Corrupt Practices Act (“FCPA”), and similar anti-bribery laws. If we are not in compliance with applicable legal requirements, we may be subject to civil or criminal penalties and other remedial measures that could have a material impact on our business.

We have operations in Mexico, Canada, Argentina and Chile as well as a number of other non-U.S. markets. A portion of our expected future growth could include expansion in these and other non-U.S. markets. Non-U.S. operations carry special risks. Our operations in the countries in which we currently operate and those countries in which we may operate in the future, could be adversely affected by:

- government controls and actions, such as expropriation of assets and changes in legal and regulatory environments;
- import and export license requirements;
- political, social, or economic instability;
- trade restrictions;
- changes in tariffs and taxes;
- currency exposure;
- restrictions on repatriating foreign profits back to the United States; and
- the impact of anti-corruption laws.

Sanctions imposed by the U.S. Office of Foreign Assets Control (“OFAC”) prohibit our operations in or sales to customers in certain non-U.S. markets. We are also subject to the FCPA, which prohibits U.S. companies and their intermediaries from bribing overseas officials for the purpose of obtaining or keeping business or otherwise obtaining favorable treatment, and other similar laws governing our foreign operations. The FCPA’s non-U.S. counterparts, including the UK Bribery Act, contain similar prohibitions, although varying in both scope and jurisdiction. We operate in parts of the world that have experienced governmental corruption in the past.

We have policies and procedures to maintain our compliance with the FCPA, OFAC sanctions, export controls, and similar laws and regulations. The implementation of such policies and procedures may be time consuming and expensive and could result in the discovery of issues or violations with respect to the foregoing by us or our employees, independent contractors, subcontractors, or agents of which we were previously unaware. If we violate any of these regulations, significant administrative, civil, and criminal penalties could be assessed on us. In addition, foreign governments and agencies often establish permit and regulatory standards different from those in the U.S. If we cannot obtain foreign regulatory approvals or cannot obtain them in a timely manner, our growth and profitability from international operations could be adversely affected.

Security disruptions in regions of Mexico served by us could adversely affect our Mexican operations, and, as a result, the levels of revenue and operating cash flow from our Mexican operations could be reduced.

In recent years, incidents of security disruptions throughout many regions of Mexico have increased. Drug-related gang activity has grown in Mexico. Certain incidents of violence have occurred in regions in which we operate and have resulted in the interruption of our operations, and these interruptions could increase in the future. To the extent that such security disruptions increase, the levels of revenue and operating cash flow from our Mexican operations could be reduced.

Our operations in Argentina and Chile expose us to the changing economic, legal, and political environment in those countries, including changing regulations governing the repatriation of cash generated from our operations in Argentina.

The current economic, legal, and political environment in Argentina and the recent devaluations of the Argentine peso have created increased instability for foreign investment in Argentina. The Argentine government is currently attempting to address the current high rate of inflation and the continuing currency devaluation pressure. Fiscal and monetary expansion in Argentina has led to devaluations of the Argentine peso. Additional devaluation may be necessary to help boost the current Argentina economy, and they may be accompanied by fiscal and monetary tightening, including additional restrictions on the transfer of U.S. dollars out of Argentina. On June 30, 2018, we determined the economy in Argentina to be highly inflationary. As a result of this determination and in accordance with U.S. generally accepted accounting principles ("GAAP"), on July 1, 2018, the functional currency of

our operations in Argentina was changed from the Argentine peso to the U.S. dollar. The remeasurement did not have a material impact on our consolidated financial position or results of operations.

As a result of our operations in Argentina, consolidated revenues and operating cash flow generated in Argentina have experienced growth over the past five years. The process of repatriating this cash to the U.S. is subject to increasingly complex regulations. There can be no assurances that our growing Argentine operations will not expose us to the loss of liquidity, foreign exchange losses, and other potential financial impacts.

The Chilean government is currently attempting to address the current high rate of inflation and the continuing currency devaluation pressure. The government has raised borrowing costs, higher commodity prices are keeping consumer prices under pressure and the central bank has begun to withdraw monetary stimulus by raising the benchmark interest rate.

The employees conducting our operations in Mexico and Argentina are party to collective labor agreements, and a prolonged work stoppage of our operations in Mexico or Argentina could adversely impact our revenues, cash flows and net income.

The personnel conducting our operations in Mexico are currently subject to collective labor agreements. These collective labor agreements consist of “evergreen” contracts that have no expiration date and whose terms remain in full force and effect from year-to-year, unless the parties agree to negotiate new terms. The employees subject to these “evergreen” agreements may, however, request a renegotiation of their employee compensation terms on an annual basis or a renegotiation of the entire agreement on a biannual basis, although we are not required to honor any such request. The personnel conducting operations in Argentina are also subject to collective labor agreements. We have not experienced work stoppages in Mexico or Argentina in the past but cannot guarantee that we will not experience work stoppages in the future. A prolonged work stoppage could adversely impact our revenues, cash flows, and net income. Mexico’s Federal Labor Law was reformed effective August 1, 2021, in relation to labor subcontracting which resulted in an increase in statutory profit sharing.

A terrorist attack, armed conflict or political or civil unrest could harm our business.

Terrorist activities, anti-terrorist efforts, war and other armed conflicts and political or civil unrest could adversely affect the U.S. and global economies and could prevent us from meeting financial and other obligations. We could experience loss of business, delays or defaults in payments from payors or disruptions of fuel supplies and markets if pipelines, production facilities, processing plants, refineries or transportation facilities are direct targets or indirect casualties of an act of terror or war. Such activities could reduce the overall demand for oil and natural gas, which, in turn, could also reduce the demand for our services. War and other armed conflicts, including conflict related to Russia’s invasion of Ukraine, the conflict between Israel and Hamas, and regional conflict in the Middle-East and any resulting economic downturn could adversely affect our results of operations, impair our ability to raise capital or otherwise adversely impact our ability to realize certain business strategies. In addition, sanctions imposed on foreign countries by the U.S. or other foreign governments could adversely affect our results of operations, impair our ability to raise capital or otherwise adversely impact our ability to realize certain business strategies.

Our exposure to currency exchange rate fluctuations may result in fluctuations in our cash flows and could have an adverse effect on our results of operations.

Because we have operations in Mexico, Canada, Argentina and Chile, and in certain other non-U.S. jurisdictions, a portion of our business is conducted in foreign currencies. As a result, we are exposed to currency exchange rate fluctuations that could have an adverse effect on our results of operations. If a foreign currency weakened significantly, we would be required to convert more of that foreign currency to U.S. dollars to satisfy our obligations, which would cause us to have less cash available for distribution. A significant strengthening of the U.S. dollar could result in an increase in our financing expenses and could materially affect our financial results under U.S. GAAP. Because we report our operating results in U.S. dollars, changes in the value of the U.S. dollar also result in fluctuations in our reported revenues and earnings. Most of our billings under the contracts with PEMEX and other clients in Mexico are in U.S. dollars; however, a large portion of our expenses and costs under those contracts are incurred in Mexican pesos. In addition, future contract awards with PEMEX may require us to bill a larger portion of our revenues in Mexican pesos, which would expose us to additional foreign currency exchange rate risks.

As a result of the above, we are exposed to fluctuations in the values of the Mexican peso, Argentine peso and Chilean peso against the U.S. dollar. A material increase in the values of these foreign currencies relative to the U.S. dollar would adversely affect our cash flows and net income. On June 30, 2018, we determined the economy in Argentina to be highly inflationary. As a result of this determination and in accordance with U.S. GAAP, on July 1, 2018, the functional currency of our operations in Argentina was changed from the Argentine peso to the U.S. dollar. In addition, for our operations in Canada, where the Canadian dollar is the functional currency under U.S. GAAP, all U.S. dollar-denominated monetary assets and liabilities, such as cash and cash equivalents, accounts receivable, restricted cash, accounts payable, long-term debt and capital lease obligations, are revalued and reported based on the prevailing exchange rate at the end of the reporting period. This revaluation may cause us to report significant foreign currency exchange gains and losses in certain periods.

Environmental and Technology Risks

We are subject to environmental regulations, and changes in these regulations could increase our costs or liabilities.

We are subject to federal, state, local, and foreign laws and regulatory standards, including laws and regulations regarding the discharge of materials into the environment, emission controls, and other environmental protection and occupational health and safety concerns. Environmental laws and regulations may, in certain circumstances, impose strict and joint and several liability for environmental contamination, rendering us liable for remediation costs, natural resource damages, and other damages resulting from our ownership of property or conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior owners or operators or other third parties. In addition, where contamination may be present, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury, property damage, and recovery of response costs. Remediation costs and other damages arising as a result of environmental laws and regulations, and costs associated with new information, changes in existing environmental laws and regulations or the adoption of new environmental laws and regulations could be substantial and could adversely affect our financial condition or results of operations. Moreover, failure to comply with these environmental laws and regulations may result in the imposition of administrative, civil and criminal penalties, and the issuance of injunctions delaying or prohibiting operations.

We routinely deal with natural gas, oil, and other petroleum products. Hydrocarbons or other hazardous wastes may have been released during our operations or by third parties on wellhead sites where we provide services or store our equipment or on or under other locations where wastes have been taken for disposal. These properties may be subject to investigatory, remediation, and monitoring requirements under foreign, federal, state, and local environmental laws and regulations.

The modification or interpretation of existing environmental laws or regulations, the more vigorous enforcement of existing environmental laws or regulations, or the adoption of new environmental laws or regulations may also adversely affect oil and natural gas exploration and production, which in turn could have an adverse effect on us.

Climate change legislation or regulations restricting emissions of GHGs could result in increased operating costs and reduced demand for the oil and natural gas our customers produce, while the physical effects of climate change could disrupt production and cause us to incur costs in preparing for or responding to those effects.

The EPA has adopted regulations to restrict emissions of GHGs under existing provisions of the CAA. Such EPA rules regulate GHG emissions under the CAA and require a reduction in emissions of GHGs from motor vehicles and from certain large stationary sources. For example, the EPA published final rules in June 2016 that require the reduction of volatile organic compounds and methane emissions from certain hydraulically fractured natural gas wells and further require that most wells use so-called “green” completions at certain hydraulically fractured natural gas wells. These regulations also established new requirements regarding emissions from production-related wet seal and reciprocating compressors, and from pneumatic controllers and storage vessels. Certain of our compressor packages are subject to these requirements and additional control equipment and maintenance operations are required. In December 2023, the EPA finalized more stringent methane rules for new, modified, and reconstructed facilities, known as OOOOb, as well as standards for existing sources, known as OOOOc. Under the final rules, states have two years to prepare and submit their plans to impose methane emissions controls on existing sources. The presumptive standards established under the final rule are generally the same for both new and existing sources and include enhanced leak detection survey requirements using optical

gas imaging and other advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions, reduction of emissions by 95% through capture and control systems, zero-emission requirements for certain devices, and the establishment of a "super emitter" response program that would allow third parties to make reports to EPA of large methane emission events, triggering certain investigation and repair requirements. Fines and penalties for violations of these rules can be substantial. It is likely, however, that the final rule and its requirements will be subject to legal challenges. In addition, the EPA requires the annual reporting of GHG emissions from specified large GHG emission sources in the U.S., including petroleum refineries, as well as from certain oil and gas production facilities. The requirements of the EPA's final methane rules and other rules and regulations regarding GHG emissions could accelerate the transition away from fossil fuels, which could in turn reduce the demand for our services.

In addition, in December 2015, over 190 countries, including the U.S., reached an agreement to reduce global GHG emissions (the "Paris Agreement"). The Paris Agreement entered into force in November 2016 after more than 170 nations, including the U.S., ratified or otherwise indicated their intent to be bound by the Paris Agreement. Although the U.S. withdrew from the Paris Agreement in November 2020, President Biden recommitted the United States in February 2021, and, in April 2021, announced a new, more rigorous nationally determined emissions reduction level of 50-52% reduction from 2005 levels in economy-wide net GHG emissions by 2030. The international community gathered in Glasgow in November 2021 at the 26th Conference to the Parties ("COP26") during which multiple announcements were made, including a call for parties to eliminate fossil fuel subsidies, amongst other measures. Relatedly, the United States and European Union jointly announced at COP26 the launch of the Global Methane Pledge, an initiative committing to a collective goal of reducing global methane emissions by at least 30% from 2020 levels by 2030, including "all feasible reductions" in the energy sector. In December 2023, the United Arab Emirates hosted the 28th Conference to the Parties ("COP28") where parties signed onto an agreement to transition "away from fossil fuels in energy systems in a just, orderly, and equitable manner" and increase renewable energy capacity so as to achieve net zero by 2050, although no timeline for doing so was set. The full impact of these actions is uncertain at this time, and it is unclear what additional initiatives may be adopted or implemented that may have adverse effects on us and our customers' operations.

There are also increasing financial risks for fossil fuel producers as stockholders currently invested in fossil-fuel energy companies may elect in the future to shift some or all of their investments into non-fossil fuel related sectors. Institutional lenders who provide financing to fossil fuel energy companies also have become more attentive to sustainable lending practices and some of them may elect not to provide funding for fossil fuel energy companies. For example, 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. There is also a risk that financial institutions will be required to adopt policies that have the effect of reducing the funding provided to the fossil fuel sector. For example, in late October 2023, the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. released a finalized set of principles guiding financial institutions with $100 billion or more in assets on the management of physical and transition risks associated with climate change. Although we cannot predict the effect of these various actions, such limitation of investments in and financing for fossil fuel energy companies could adversely impact our customers and, therefore, our operations. Additionally, the SEC published a proposed rule that would require climate disclosures from registrants, include data on Scope 1 and Scope 2 GHG emissions and, in some cases, Scope 3. Although the final form and substance of these requirements is not yet known, this may result in additional costs to comply with any such disclosure requirements. Relatedly, California has enacted new laws requiring additional disclosure with respect to certain climate-related risks and GHG emission reduction claims. Other states are consisting similar laws. We cannot predict how financial institutions and investors might consider information disclosed under any such rules as these, and it is possible that as a result we could face increases with respect to the costs of, or restrictions imposed on, our access to capital. Additionally, any new laws or regulations imposing more stringent requirements on our business related to disclosure of climate-related risks may result in reputation harms.

President Biden has also issued executive orders that commit to substantial action on climate change, calling for, among other things, the increased use of zero-emissions vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and an increased emphasis on climate-related risk across government agencies and economic sectors. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from, our facilities and operations could require us to incur costs. Further, Congress has considered and almost one-half of the states have adopted legislation that seeks to

control or reduce emissions of GHGs from a wide range of sources and has passed laws such as the IRA 2022 that advance numerous climate-related activities. Any such legislation could adversely affect demand for the oil and natural gas our customers produce and, in turn, demand for our products and services. Litigation risks are also increasing as a number of parties have sought to bring suit against certain oil and natural gas companies in state or federal court, alleging among other things, that such companies created public nuisances by producing fuels that contributed to climate change or alleging that the companies have been aware of the adverse effects of climate change for some time, but defrauded their investors or customers by failing to adequately disclose those impacts.

Finally, it should be noted that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that have significant physical effects, such as the increased frequency or intensity of extreme weather events or changes in meteorological and hydrological patterns, which could adversely impact our operations. Such physical risks may result in damage to our customers' facilities and otherwise adversely impact their operations, such as if they become subject to water use curtailments in response to drought, or demand for their products, such as to the extent warmer winters reduce the demand for energy for heating purposes. If any such effects were to occur, they could have an adverse effect on our operations and cause us to incur costs in preparing for or responding to those effects.

Regulatory initiatives related to hydraulic fracturing in the countries where we and our customers operate could result in operating restrictions or delays in the completion of oil and gas wells that may reduce demand for our services.

Although we do not directly engage in hydraulic fracturing, our operations support many of our exploration and production customers in such activities. The practice continues to be controversial in certain parts of the country, resulting in increased scrutiny and regulation of the hydraulic fracturing process, including by federal and state agencies and local municipalities.

Hydraulic fracturing typically is regulated by state oil and gas commissions or similar state agencies, but several federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA asserted regulatory authority pursuant to the federal Safe Drinking Water Act, Underground Injection Control program over hydraulic fracturing activities involving the use of diesel and issued guidance covering such activities; published final rules under the CAA in 2012 and published additional final regulations in June 2016 governing methane and volatile organic compound performance standards, including standards for the capture of air emissions released by the oil and natural gas hydraulic fracturing industry; published in June 2016 an effluent limitations guidelines final rule prohibiting the discharge of waste water from shale natural-gas extraction operations to a treatment plant; and in 2014 published an Advance Notice of Proposed Rulemaking regarding Toxic Substances Control Act reporting of the chemical substances and mixtures used in hydraulic fracturing. In 2021, the Biden Administration took multiple actions to pause new oil and gas leases and drilling permits on non-Indian federal lands and waters for a period of 60 days. In addition, President Biden issued an executive order on January 27, 2021, that suspended 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 these federal leasing activities prompted legal action by several states against the Biden Administration resulting in the issuance of a nationwide permanent injunction by a federal district judge in Louisiana effectively halting implementation of the leasing suspension. Federal oil and gas leasing has since then resumed, although at a reduced level. Relatedly, the Department of the Interior released its report on federal gas leasing and permitting practices in November 2021, referencing a number of recommendations and an overarching intent to modernize the federal oil and gas leasing program, including by adjusting royalty and bonding rates, which have been addressed in the IRA 2022, prioritizing leasing in areas with known resource potential, and avoiding leasing that conflicts with recreation, wildlife habitat, conservation, and historical and cultural resources. Additionally, the Bureau of Land Management proposed a rule in November 2022 that would limit flaring from well sites on federal lands, as well as allow the delay or denial of permits if the Bureau finds that an operator's methane waste minimization plan is insufficient. A final rule is expected in 2024. Implementation of many of the recommendations in the report will require Congressional action and provisions of the reforms have been subject to litigation. We cannot predict the extent to which the recommendations may be implemented now or in the future, but restrictions on federal oil and gas activities have the potential to result in increased costs on our customers, decreased demand for our services on federal lands, and an adverse impact on our business.

The U.S. Congress ("Congress") has from time to time considered legislation to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the hydraulic fracturing process. At the state level, some states, including Texas, Oklahoma and New Mexico have adopted, and other states are considering adopting legal requirements that could impose new or more stringent permitting, public disclosure, or well construction requirements on hydraulic fracturing activities. States could elect to prohibit high volume hydraulic fracturing altogether, following the approach taken by the State of New York in 2015 and, more recently, California in 2024. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. If new or more stringent federal, state, or local legal restrictions relating to the hydraulic fracturing process are adopted, our customers could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development or production activities, and perhaps even be precluded from drilling wells.

Increased regulation and attention given to the hydraulic fracturing process could lead to greater opposition to oil and gas production activities using hydraulic fracturing techniques. Additional legislation or regulation could also lead to operational delays or increased operating costs for our customers in the production of oil and gas, including from the developing shale plays, or could make it more difficult to perform hydraulic fracturing. The adoption of any federal, state or local laws or the implementation of additional regulations regarding hydraulic fracturing 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 liquidity, consolidated results of operations, and consolidated financial condition.

Increased attention to Environmental, Social, and Governance ("ESG") matters and conservation measures may adversely impact our business.

Increasing attention to, and societal expectations on companies to address, climate change and other environmental and social impacts, investor and societal expectations regarding voluntary ESG disclosures, and consumer demand for alternative forms of energy may result in increased costs, reduced demand for fossil fuels and, consequently, demand for our services, reduced profits, increased risk of investigation and litigation, and negative impacts on the value of our services and access to capital. Increasing attention to climate change and environmental conservation, for example, may result in demand shifts for oil and natural gas products and additional governmental investigations and private litigation against our customers or us. 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 or contribution to the asserted damage, or to other mitigating factors. While we may in the future participate in various voluntary frameworks and certification programs to improve the ESG profile of our operations and services, we cannot guarantee that such participation or certification will have the intended results on our ESG profile.

Moreover, while we may create and publish voluntary disclosures regarding ESG matters from time to time, many of the statements in those voluntary disclosures will be based on hypothetical expectations and assumptions that may or may not be representative of current or actual risks or events or forecasts of expected risks or events, including the costs associated therewith. Such expectations and assumptions are necessarily uncertain and may be prone to error or subject to misinterpretation given the long timelines involved and the lack of an established single approach to identifying, measuring, and reporting on many ESG matters. Additionally, while we may also announce various voluntary ESG targets 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, but not limited to as a result of unforeseen costs or technical difficulties associated with achieving such results. To the extent that we do meet such targets, it may be achieved through various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate our ESG impact instead of actual changes in our ESG performance. Also, despite these aspirational goals, 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. Any failure or perceived failure to pursue our targets, goals and objectives could negatively impact our reputation.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters. Unfavorable ESG ratings and recent activism directed at shifting funding away from companies with energy-related assets could lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our access to and costs of capital. Additionally, to the extent ESG

matters negatively impact our reputation, we may not be able to compete as effectively to recruit or retain employees, which may adversely affect our operations. Such ESG matters may also impact our customers, which may adversely impact our business, financial condition, or results of operations.

Furthermore, public statements with respect to ESG matters, such as emissions reduction goals, other environmental targets or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from public and governmental authorities related to the risk of potential "greenwashing," i.e., misleading information or false claims overstating potential ESG benefits. For example, in March 2021, the SEC established the Climate and ESG Task Force in the Division of Enforcement to identify and address potential ESG-related misconduct, including greenwashing. Certain non-governmental organizations and other private actors have also filed lawsuits under various securities and consumer protection laws alleging that certain ESG-statements, goals or standards were misleading, false or otherwise deceptive. As a result, we and our customers may face increased litigation risks from private parties and governmental authorities related to ESG efforts. Additionally, we and our customers could face increasing costs as we attempt to comply with and navigate further regulatory focus and scrutiny.

The Inflation Reduction Act of 2021 could accelerate the transition to a low carbon economy and could impose new costs on our customers' operations.

In August 2022, President Biden signed the Inflation Reduction Act of 2021 (the "IRA 2022") into law. The IRA 2022 contains hundreds of billions in incentives for the development of renewable energy, clean hydrogen, clean fuels, electric vehicles and supporting infrastructure and carbon capture and sequestration, among other provisions. In addition, the IRA 2022 imposes the first ever federal fee on the emission of greenhouses gases through a methane emissions charge. The IRA 2022 amends the federal CAA to impose a fee on the emission of methane from sources required to report their GHG emissions to the EPA, including those sources in the onshore petroleum and natural gas production and gathering and boosting source categories. The methane emissions charge starts in calendar year 2024 at $900.00 per ton of methane, increases to $1,200.00 in 2025, and be set at $1,500.00 for 2026 and each year after. Calculation of the fee is based on certain thresholds established in the IRA 2022. Compliance with the EPA's new, finalized methane rules would exempt an otherwise covered facility from the requirement to pay the fee. Nevertheless, the methane charge imposed on our oil and gas customers could further accelerate the transition of the economy away from the use of fossil fuels towards lower- or zero-carbon emissions alternatives. This could decrease demand for oil and gas and consequently adversely affect the business of our customers, thereby reducing demand for our services.

Our operations and reputation may be impaired if certain information technology systems fail to perform adequately or if we are the subject of a data breach or cyberattack.

Our information technology systems and operational technology systems are critically important to operating our business efficiently. We rely on these information technology systems to manage business data, communications, supply chain, customer invoicing, employee information, and other business processes. We outsource certain business process functions to third-party providers and we rely on these third-parties to maintain and store confidential information on their systems. The failure of these information technology systems to perform as we anticipate could disrupt our business and could result in transaction errors, processing inefficiencies, and the loss of sales and customers, causing our business and results of operations to suffer.

In addition, as a general matter, the frequency and magnitude of cyberattacks is increasing and attackers have become more sophisticated. Cyberattacks are similarly evolving and include without limitation use of malicious software, surveillance, credential stuffing, spear phishing, social engineering, use of deepfakes (i.e., highly realistic synthetic media generated by artificial intelligence), attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. The Partnership may be unable to anticipate, detect or prevent future attacks, particularly as the methodologies used by attackers change frequently or are not recognizable until deployed. We may also be unable to investigate or remediate incidents as attackers are increasingly using techniques and tools designed to circumvent controls, to avoid detection, and to remove or obfuscate forensic evidence.

Although we allocate significant resources to protect these information technology and operational technology systems, we have experienced varying degrees of cyber-incidents in the normal conduct of our business, including viruses, worms, other destructive software, process breakdowns, phishing and other malicious

activities. On January 6, 2020, the Department of Homeland Security issued a public warning that indicated companies in the energy industry might be specific targets of cybersecurity threats. Such breaches have in the past and could again in the future result in unauthorized access to information including customer, supplier, employee, or other company confidential data. We are investing in security technology and designing business processes to attempt to mitigate the risk of such breaches. While we believe these measures are generally effective, there can be no assurance that security breaches will not occur. Moreover, the development and maintenance of these measures requires continuous monitoring as technologies change and efforts to overcome security measures evolve. We have experienced and expect to continue to experience, cybersecurity threats and incidents, none of which has been material to us to date. However, a successful breach or attack could have a material negative impact on our operations or business reputation and subject us to consequences such as litigation and direct costs associated with incident response and remediation.

Risks Inherent in an Investment in Us

The market price of our common units has been and may continue to be volatile.

The market price of our common units has fluctuated in the past and is subject to significant fluctuations in response to many factors, some of which are beyond our control, including the following:

- our operational performance;
- supply, demand, and prices of oil and natural gas;
- the activity levels of our customers;
- deviations in our earnings from publicly disclosed forward-looking guidance or analysts' projections;
- recommendations by research analysts that cover us and other companies in our industry;
- risks related to acquisitions and our growth strategy;
- uncertainty about current global economic conditions; and
- other general economic conditions.

During 2023, the market price for our common units ranged from a high of $1.97 per common unit to a low of $1.06 per common unit. In recent years, the stock market in general has experienced extreme price and volume fluctuations that have affected the market price for many companies in industries similar to ours. Some of these fluctuations have been unrelated to operating performance and are attributable, in part, to outside factors such as the COVID-19 pandemic, the conflict between Russia and Ukraine, or U.S. Federal Reserve policy, and their respective impacts on the world economy. The volatility of our common units may make it difficult for investors to resell our common units at attractive prices.

If we cannot meet the continued listing requirements of the NASDAQ Stock Market (the "NASDAQ"), the NASDAQ may delist our common units.

The Partnership has been notified by the NASDAQ in the past from time to time that the closing price of the Partnership's common units over the prior 30 consecutive trading day period was below $1.00 per unit, which is the minimum closing price per unit required to maintain listing on the NASDAQ under Rule 5450 ("Rule 5450"). While the Partnership is currently in compliance with Rule 5450, there can be no assurance that the Partnership will maintain compliance with such rule or the NASDAQ's other listing rules in the future. On February 28, 2024, the trading price of our common units closed at $1.97 per unit.

Upon receipt of notice of noncompliance from NASDAQ, the Partnership has a period of six months to regain compliance with Rule 5450, during which time our common units continue to be listed and traded on the NASDAQ, subject to our compliance with other continued listing standards. If we fail to regain compliance with Rule 5450 by the end of the cure period, the common units will be subject to the NASDAQ's suspension and delisting procedures. If necessary, to regain compliance with NASDAQ listing standards, we may, subject to approval of the board of directors of our general partner, implement a reverse split of our common units. A delisting of our common units from the NASDAQ could negatively impact us by, among other things, reducing the liquidity and market price of our common units, reducing the number of investors willing to hold or acquire our common units, limiting our ability to issue securities or obtain financing in the future, and limiting our ability to use a registration statement to offer and sell freely tradable securities, thereby restricting our ability to access the public capital markets.

Our partnership agreement requires us to distribute all of the available cash that we generate each quarter after paying expenses and establishing prudent operating reserves, which could limit our ability to grow.

Our partnership agreement requires us to distribute all of the available cash we generate each quarter. Under the terms of our partnership agreement, the amount of cash otherwise available for distribution will be reduced by our operating expenses and the amount of cash reserves that our general partner establishes to provide for future operations, future capital expenditures, future debt service requirements and future cash distributions to our common unitholders. As a result, our general partner relies primarily upon external financing sources, including existing debt arrangements and the issuance of additional debt and equity securities, as well as cash flows from operations to a certain extent, to fund our expansion capital expenditures. To the extent that we are unable to finance growth externally, this requirement significantly impairs our ability to grow. In addition, also as a result of this requirement, our growth may not be as fast as that of businesses that reinvest their available cash to expand ongoing operations. To the extent that we issue additional units in connection with any expansion of capital expenditures, the payment of distributions on those additional units may decrease the amount we distribute on each outstanding unit. Our Second Lien Notes indenture further restricts our ability to make distributions in respect of our common units in any amount exceeding $0.04 per common unit per year, unless such increased distribution is funded by proceeds from an equity offering. See also *"—We may not have sufficient cash from operations following the establishment of cash reserves and payment of debt service and other contractual obligations, fees and expenses, including cost reimbursements to our general partner, to enable us to increase cash distributions to our common unitholders."*

Spartan controls our general partner, which has sole responsibility for conducting our business and managing our operations, and thereby controls us. Spartan has conflicts of interest, which may permit it to favor its own interests to our unitholders' detriment.

Spartan controls our general partner, and through the general partner controls us. Some of our general partner's directors are directors or officers of Spartan or its affiliates that own our general partner. Therefore, conflicts of interest may arise between Spartan and its affiliates, including our general partner, on the one hand, and us and our common unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of Spartan and its affiliates over the interests of our common unitholders. These conflicts include, among others, the following situations:

- neither our partnership agreement nor any other agreement requires Spartan to pursue a business strategy that favors us. The directors and officers of Spartan and its affiliates have a fiduciary duty to make these decisions in the best interests of Spartan, which may be contrary to our interests;
- our general partner controls the interpretation and enforcement of contractual obligations between us and our affiliates, on the one hand, and Spartan, on the other hand, including provisions governing administrative services, acquisitions, and non-competition provisions;
- our general partner is allowed to take into account the interests of parties other than us, including Spartan and its affiliates, in resolving conflicts of interest;
- our general partner has limited its liability and reduced its fiduciary duties to our common unitholders and us, and has also restricted the remedies available to our common unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty;
- our general partner will determine the amount and timing of asset purchases and sales, capital expenditures, borrowings, repayment of indebtedness, and issuances of additional partnership interests, each of which can affect the amount of cash that is available for distribution to our common unitholders;
- our general partner determines the amount and timing of any capital expenditures which can affect the amount of cash that is distributed to our common unitholders;
- our general partner may cause us to borrow funds in order to permit the payment of cash distributions;
- our general partner determines which costs incurred by it and its affiliates are reimbursable by us and Spartan will determine the allocation of shared overhead expenses;
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf;
- our general partner intends to limit its liability regarding our contractual and other obligations and, in some circumstances, is entitled to be indemnified by us;
- our general partner decides whether to retain separate counsel, accountants, or others to perform services for us; and

- our general partner determines the amount and timing of distributions to our unitholders.

Our partnership agreement limits our general partner's fiduciary duties to our common unitholders and restricts the remedies available to our common unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our partnership agreement contains provisions that reduce the fiduciary standards to which our general partner would otherwise be held by state fiduciary duty laws. For example, our partnership agreement:

- permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to consider any interest of, or factors affecting, us, our affiliates or any limited partner. Examples include the exercise of its limited call right, the exercise of its rights to transfer or vote the partnership units it owns, the exercise of its registration rights and its determination whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement;
- provides that our general partner will not have any liability to us or our common unitholders for decisions made in its capacity as a general partner so long as it acted in good faith, meaning it believed the decision was in the best interests of our partnership;
- generally provides that affiliated transactions and resolutions of conflicts of interest not approved by the conflicts committee of the board of directors of our general partner acting in good faith and not involving a vote of our common unitholders must be on terms no less favorable to us than those generally being provided to or available from unrelated third parties or must be "fair and reasonable" to us, as determined by our general partner in good faith and that, in determining whether a transaction or resolution is "fair and reasonable," our general partner may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us;
- provides that our general partner and its executive officers and directors will not be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or those other persons acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and
- provides that in resolving conflicts of interest, it will be presumed that in making its decision our general partner acted in good faith, and in any proceeding brought by or on behalf of any limited partner or us, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Our common unitholders have limited voting rights and are not entitled to elect our general partner or its directors.

Unlike the holders of common stock in a corporation, our unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders will have no right to elect our general partner or its board of directors. The board of directors of our general partner will be chosen indirectly by Spartan through its subsidiary that is the sole shareholder of our general partner. Furthermore, if our unitholders are dissatisfied with the performance of our general partner, they will have little ability to remove our general partner. The vote of the holders of at least 66.7% of all outstanding common units is required to remove our general partner. As of February 28, 2024, our general partner and its affiliates own 44.6% of our aggregate outstanding common units. Due to these limitations, the price at which the common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

We can issue an unlimited number of partnership units in the future, including units that are senior in right of distributions, liquidation and voting to the common units, without the approval of our common unitholders and without the approval of the conflicts committee of our general partner, which would dilute our common unitholders' existing ownership interests.

Our partnership agreement does not limit the number of additional partnership units that we may issue at any time without the approval of our common unitholders. In addition, we may issue an unlimited number of partnership units that are senior to the common units in right of distribution, liquidation, or voting.

The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects:

- our previously existing common unitholders' proportionate ownership interests in us will decrease;
- the amount of cash available for distribution on each common unit may decrease;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding common unitholders may be diminished; and
- the market price of the common units may decline.

Control of our general partner has been and may be transferred to a third party without common unitholder consent.

On January 29, 2021, control of our general partner was transferred from TETRA to Spartan. Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, our partnership agreement does not restrict the ability of Spartan or its subsidiaries from transferring all or a portion of its indirect ownership interest in our general partner to a third party. The new owners of our general partner would then be in a position to replace the board of directors and executive officers of our general partner with its own choices and thereby influence the decisions taken by the board of directors and executive officers.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units, other than our general partner and its affiliates, including Spartan. Accordingly, such unitholders' voting rights may be limited.

Unitholders' voting rights are further restricted by the partnership agreement provision providing that any partnership units held by a person that owns 20% or more of any class of partnership units then outstanding, other than our general partner, its affiliates, including Spartan, its transferees and persons who acquired such partnership units with the prior approval of the board of directors of our general partner, cannot vote on any matter. Our partnership agreement also contains provisions limiting the ability of our common unitholders to call meetings or to acquire information about our operations.

Our general partner has a limited call right that may require our unitholders to sell common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 90% of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than the then-current market price. As a result, our unitholders may be required to sell common units at an undesirable time or price and may not receive any return on their investment. Our unitholders may also incur a tax liability upon a sale of common units. As of February 28, 2024, our general partner and its affiliates own an aggregate of 44.6% of our common units.

Our common unitholders' liability may not be limited if a court finds that common unitholder action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to our general partner. Our partnership is organized under Delaware law, and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. Our common unitholders could be liable for any and all of our obligations as if they were a general partner if:

- a court or government agency determined that we were conducting business in a state but had not complied with that particular state's partnership statute; or
- our common unitholders' right to act with other unitholders to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other actions under our partnership agreement constitutes "control" of our business.

Our common unitholders may have liability to repay distributions that were wrongfully distributed to them.

Under certain circumstances, our common unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to our common unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that are known to the substituted limited partner at the time it became a limited partner and for unknown obligations if the liabilities could be determined from the partnership agreement. Liabilities to partners because of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended.

While our partnership agreement requires us to distribute all of our available cash, our partnership agreement, including provisions requiring us to make cash distributions contained therein, may be amended. Our partnership agreement can be amended with the consent of our general partner and the approval of a majority of the outstanding common units (including common units held by affiliates of Spartan). As of February 28, 2024, our general partner and its affiliates own an aggregate of 44.6% of our common units.

We are exempt from certain corporate governance requirements that provide additional protection to stockholders of other public companies.

Companies listed on the NASDAQ are required to meet the high standards of corporate governance set forth in the NASDAQ Listing Rules. These requirements generally do not apply to limited partnerships or to a “controlled company,” within the meaning of the NASDAQ rules. We are a limited partnership and a “controlled company,” within the meaning of the NASDAQ rules, and, as a result, we rely on exemptions from certain corporate governance requirements that provide protection to stockholders of other public companies.

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes. If the IRS were to treat us as a corporation for U.S. federal income tax purposes, then our cash available for distribution to our unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes. Despite the fact that we are a limited partnership under Delaware law, we will be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement. Based upon our current operations and current Treasury Regulations, we believe that we satisfy the qualifying income requirement. However, no ruling has been or will be requested regarding our treatment as a partnership for U.S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

If we were treated as a corporation for U.S. federal income tax purposes, we would pay U.S. federal income tax on all of our taxable income at the corporate tax rate and would likely pay additional state and local income tax at varying rates. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units.

We have subsidiaries that are treated as corporations for U.S. federal income tax purposes and are subject to corporate-level income taxes.

We conduct a portion of our operations through subsidiaries that are organized as corporations for U.S. federal income tax purposes. We may elect to conduct additional operations through these corporate subsidiaries in the future. These corporate subsidiaries are subject to U.S. corporate-level tax, which reduces the cash available for distribution to us and, in turn, to our unitholders. If the IRS were to successfully assert that these corporations have more tax liability than we anticipate or legislation were enacted that increases the corporate tax rate, our cash available for distribution to our unitholders would be further reduced. Distributions from any such corporate subsidiary will generally be treated as dividend income to the extent of the current and accumulated earnings and profits of such corporate subsidiary. An individual unitholder's share of dividend income from any corporate subsidiary would constitute portfolio income that could not be offset by the unitholder's share of our other losses or deductions.

The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of the U.S. Congress have proposed and considered substantive changes to the existing U.S. federal income tax laws that would affect publicly traded partnerships, including proposals that would eliminate our ability to qualify for partnership tax treatment. Recent proposals have provided for the expansion of the qualifying income exception for publicly traded partnerships in certain circumstances, and other proposals have provided for the total elimination of the qualifying income exception upon which we rely for our partnership tax treatment. Further, while unitholders of publicly traded partnerships are, subject to certain limitations, entitled to a deduction equal to 20% of their allocable share of a publicly traded partnership’s “qualified business income,” this deduction is scheduled to expire with respect to taxable years beginning after December 31, 2025.

In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded partnerships. There can be no assurance that there will not be further changes to U.S. federal income tax laws or the Treasury Department’s interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a partnership in the future.

Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any similar or future legislative changes could negatively impact the value of an investment in our common units. You are urged to consult with your own tax advisor with respect to the status of regulatory or administrative developments and proposals and their potential effect on your investment in our common units.

If we were subjected to a material amount of additional entity-level taxation by individual states, it would reduce our cash available for distribution to our unitholders.

Changes in current state law may subject us to additional entity-level taxation by individual states. Because of state budget deficits and other reasons, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise, and other forms of taxation. For example, we are subject to an entity-level Texas franchise tax. Imposition of any such taxes may substantially reduce the cash available for distribution to our unitholders.

Although we are not subject to U.S. federal income tax other than with respect to our operating U.S. subsidiaries that are treated as corporations for U.S. federal income tax purposes, certain of our foreign operations are subject to certain non-U.S. taxes. If a taxing authority were to successfully assert that we have more tax liability than we anticipate or legislation were enacted that increased the taxes to which we are subject, our cash available for distribution to our unitholders could be further reduced.

Approximately 8.0% of our consolidated revenues for the year ended December 31, 2023, were generated in non-U.S. jurisdictions, primarily Mexico, Canada, Argentina and Chile. Our non-U.S. operations and subsidiaries

are generally subject to income, withholding, and other taxes in the non-U.S. jurisdictions in which they are organized or from which they receive income, reducing the amount of cash available for distribution. In computing our tax obligation in these non-U.S. jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing tax authorities, such as whether withholding taxes will be reduced by the application of certain tax treaties. Upon review of these positions the applicable authorities may not agree with our positions. A successful challenge by a tax authority could result in additional taxes being imposed on us, reducing the cash available for distribution to our unitholders. In addition, changes in our operations or ownership could result in higher than anticipated taxes being imposed in jurisdictions in which we are organized or from which we receive income and further reduce the cash available for distribution. Although these taxes may be properly characterized as foreign income taxes, our unitholders may not be able to credit them against the liability for U.S. federal income taxes on the unitholders' share of our earnings. In addition, our operations in countries in which we operate now or in the future may involve risks associated with the legal structure used and the taxation on assets transferred into a particular country. Tax laws of non-U.S. jurisdictions are subject to potential legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis. Any such changes may result in additional taxes above the amounts we currently anticipate and further reduce our cash available for distribution to our unitholders.

If the IRS contests the U.S. federal income tax positions we take, the market for our common units may be adversely impacted, and the cost of any IRS contest will reduce our cash available for distribution to our unitholders.

We have not requested a ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes. The IRS may adopt positions that differ from the positions we take, and the IRS's positions may ultimately be sustained. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders and our general partner, because the costs will reduce our cash available for distribution.

If the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from us, in which case our cash available for distribution to our unitholders may be substantially reduced.

If the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustments directly from us. To the extent possible, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each unitholder and former unitholder with respect to an audited and adjusted return. If we are required to pay taxes, penalties and interest as a result of audit adjustments, cash available for distribution to our unitholders may be substantially reduced. In addition, because payment would be due for the taxable year in which the audit is completed, unitholders during that taxable year would bear the expense of the adjustment even if they were not unitholders during the audited tax year.

Our unitholders are required to pay taxes on their share of our income, even if they do not receive any cash distributions from us.

Our unitholders are required to pay any U.S. federal income taxes, and, in some cases, state and local income taxes on their share of our taxable income, even if they do not receive cash distributions from us. Unitholders with a greater than 10% interest in us may also be required to include their pro rata share of any global intangible low-taxed income attributable to our foreign corporate subsidiaries in the year in which such income is earned, even if the unitholder receives no cash distributions from us. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability that results from that income.

In response to current market conditions, we may engage in transactions to de-lever the Partnership and manage our liquidity that may result in income and gain to our unitholders without a corresponding cash distribution. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, you may be allocated taxable income and gain resulting from the sale without receiving a cash distribution. Further, taking advantage of opportunities to reduce our existing debt, such as debt exchanges, debt repurchases, or modifications

of our existing debt, could result in “cancellation of indebtedness income” (also referred to as “COD income”) being allocated to our unitholders as taxable income. Unitholders may be allocated COD income, and income tax liabilities arising therefrom may exceed cash distributions. The ultimate effect of any such allocations will depend on the unitholder’s individual tax position with respect to its units. Unitholders are encouraged to consult their tax advisors with respect to the consequences to them of COD income.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If our unitholders sell common units, they will recognize a gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and their tax basis in those common units. Because distributions in excess of their allocable share of our net taxable income decrease the tax basis in their common units, the amount, if any, of such prior excess distributions with respect to the units our unitholders sell will, in effect, become taxable income to our unitholders if they sell such units at a price greater than their tax basis in those units, even if the price they receive is less than their original cost. In addition, because the amount realized includes a unitholder’s share of our nonrecourse liabilities, if our unitholders sell their units, they may incur a tax liability in excess of the amount of cash the unitholders receive from the sale.

A substantial portion of the amount realized from a unitholder’s sale of our units, whether or not representing gain, may be taxed as ordinary income to such unitholder due to potential recapture items, including depreciation recapture. Thus, a unitholder may recognize both ordinary income and capital loss from the sale of units if the amount realized on a sale of such units is less than such unitholder’s adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to $3,000 of ordinary income per year. In the taxable period in which a unitholder sells its units, such unitholder may recognize ordinary income from our allocations of income and gain to such unitholder prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, our deduction for “business interest” is limited to the sum of our business interest income and 30% of our “adjusted taxable income.” For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income.

If our “business interest” is subject to limitation under these rules, our unitholders will be limited in their ability to deduct their share of any interest expense that has been allocated to them. As a result, unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

Tax-exempt entities face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investment in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs), raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Additionally, all or part of any gain recognized by such tax-exempt organization upon a sale or other disposition of our units may be unrelated business taxable income and may be taxable to them. Tax-exempt entities should consult a tax advisor before investing in our common units.

Non-U.S. Unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our units.

Non-U.S. unitholders are generally taxed and subject to income tax filing requirements by the U.S. on income effectively connected with a U.S. trade or business (“effectively connected income”). Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be “effectively connected” with a U.S. trade or business. As a result, distributions to a non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a non-U.S. unitholder who sells or otherwise disposes of a unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit. In addition to the withholding tax imposed on distributions of effectively connected income, distributions to a non-U.S. unitholder will also be subject to a 10% withholding tax on the amount of any distribution in excess of our cumulative net income. As we do

not compute our cumulative net income for such purposes due to the complexity of the calculation and lack of clarity in how it would apply to us, we intend to treat all of our distributions as being in excess of our cumulative net income for such purposes and subject to such 10% withholding tax. Accordingly, distributions to a non-U.S. unitholder will be subject to a combined withholding tax rate equal to the sum of the highest applicable effective tax rate and 10%.

Moreover, the transferee of an interest in a partnership that is engaged in a U.S. trade or business is generally required to withhold 10% of the "amount realized" by the transferor unless the transferor certifies that it is not a foreign person. While the determination of a partner's "amount realized" generally includes any decrease of a partner's share of the partnership's liabilities, the Treasury regulations provide that the "amount realized" on a transfer of an interest in a publicly traded partnership, such as our units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and thus will be determined without regard to any decrease in that partner's share of a publicly traded partnership's liabilities. For a transfer of interests in a publicly traded partnership that is effected through a broker, the obligation to withhold is imposed on the transferor's broker. Current and prospective non-U.S. unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units.

We will treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Due to a number of factors, including our inability to match transferors and transferees of common units, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to our unitholders' tax returns.

We prorate our items of income, gain, loss, and deduction for U.S. federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge aspects of our proration method and could change the allocation of items of income, gain, loss, and deduction among our unitholders.

We prorate our items of income, gain, loss, and deduction for U.S. federal income tax purposes between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular unit is transferred. Similarly, we generally allocate (i) certain deductions for depreciation of capital additions, (ii) gain or loss realized on a sale or other disposition of our assets, and (iii) in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Although final Treasury Regulations allow publicly traded partnerships to use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders, these regulations do not specifically authorize all aspects of the proration method we have adopted. If the IRS were to successfully challenge our proration method, we may be required to change our allocation of items of income, gain, loss, and deduction among our unitholders.

Taxable income from our non-U.S. businesses is not eligible for the 20% deduction for qualified publicly traded partnership income.

For taxable years beginning after December 31, 2017 and ending on or before December 31, 2025, a unitholder is generally allowed a deduction equal to 20% of our "qualified publicly traded partnership income" that is allocated to such unitholder. For purposes of the deduction, the term qualified publicly traded partnership income includes the net amount of such unitholder's allocable share of our income that is effectively connected to our U.S. trade or business activities. Because our non-U.S. business operations earn income that is not effectively connected with a U.S. trade or business, unitholders may not apply the 20% deduction for qualified publicly traded partnership income to that portion of our income.

A unitholder whose units are loaned to a “short seller” to cover a short sale of units may be considered as having disposed of those units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose units are loaned to a “short seller” to cover a short sale of units may be considered as having disposed of the loaned units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller, and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss, or deduction with respect to those units may not be reportable by the unitholder, and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to consult a tax advisor to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

We have adopted certain valuation methodologies in determining a unitholder’s allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates ourselves using a methodology based on the market value of our common units as a means to determine the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction for U.S. federal income tax purposes.

A successful IRS challenge to these methods or allocations could adversely affect the timing or amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders’ sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders’ tax returns without the benefit of additional deductions.

Unitholders will likely be subject to non-U.S., state and local taxes, and return filing requirements in jurisdictions where they do not live as a result of investing in our common units.

In addition to U.S. federal income taxes, unitholders will likely be subject to other taxes, including non-U.S., state and local taxes, unincorporated business taxes and estate, inheritance, or intangible taxes that are imposed by the various jurisdictions in which we do business or control property now or in the future, even if they do not live in any of those jurisdictions. Unitholders will likely be required to file non-U.S., state, and local income tax returns and pay non-U.S., state and local income taxes in some or all of these various jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements. In the United States, we own assets and conduct business in many states, most of which currently impose a personal income tax on individuals and an income tax on corporations and other entities. As we make acquisitions or expand our business, we may own or control assets or conduct business in additional jurisdictions that impose a personal income tax. It is our unitholders’ responsibility to file all U.S. federal, non-U.S., state and local tax returns and pay any taxes due in these jurisdictions. Unitholders should consult with their own tax advisors regarding the filing of such tax returns, the payment of such taxes, and the deductibility of any taxes paid.

Unitholders may be subject to tax in one or more non-U.S. jurisdictions, including Canada, Mexico, Argentina and Chile as a result of owning our common units if, under the laws of any such jurisdiction, we are considered to be carrying on business there. If unitholders are subject to tax in any such jurisdiction, they may be required to file a tax return with, and pay taxes to, that jurisdiction based on their allocable share of our income. We may be required to reduce distributions to unitholders on account of any withholding obligations imposed upon us by that jurisdiction in respect of such allocation to the unitholders. In addition, the U.S. may not allow a tax credit for any foreign income taxes that unitholders directly or indirectly incur.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Description of Processes for Assessing, Identifying, and Managing Cybersecurity Risks

We seek to assess, identify and manage cybersecurity risks through the processes described below:

- *Risk Assessment:*
  A multi-layered system designed to protect and monitor data and cybersecurity risk has been implemented. An overall assessment of our cybersecurity safeguards was conducted by an independent cybersecurity vendor. Our internal Cybersecurity Team conducts regular evaluations designed to assess, identify and manage material cybersecurity risks, and we endeavor to update cybersecurity infrastructure, procedures, policies, and education programs on a regular basis. We use firewalls and protection software, and we additionally periodically rely on a third-party vendor for alerts regarding suspicious activity.

- *Incident Identification and Response:*
  A monitoring and detection system has been implemented to help promptly identify cybersecurity incidents. In the event of any breach or cybersecurity incident, we have a cross-functional incident response plan that includes an executive management team, established incident levels, and associated notification procedures, including escalation procedures upon discovery of cybersecurity risks deemed to have a moderate or higher business impact, even if immaterial to us, and identifies what is needed to restore normal operations efficiently.

- *Cybersecurity Training and Awareness:*
  All employees and contractors are required to receive annual cybersecurity awareness training. New hires also receive training in response to drills and simulated attacks. We perform cybersecurity quarterly exercises to test the effectiveness of our training and discuss “lessons learned” with management to enhance user awareness and increase users’ responses.

- *Access Controls*:
  The Partnership has endeavored to adopt a zero-trust architecture approach that authenticates and authorizes interactions between its network and users. Users are provided with access consistent with the principle of least privilege, which requires that users be given no more access than necessary to complete their job functions. A multi-factor authentication process has been implemented for employees accessing company information.

- *Encryption and Data Protection:*
  Encryption methods are used to protect sensitive financial information and other confidential data. We also have programs in place to monitor our retained data with the goal of identifying personal identifiable information and taking appropriate actions to secure the data.

We incorporate external expertise and reviews as part of our cybersecurity program. For example, we have engaged an independent cybersecurity advisor to review, assess, and make recommendations regarding our information security program and information technology strategic plan. We recognize that third-party service providers introduce cybersecurity risks. In an effort to mitigate these risks, before engaging with any third-party service provider for information technology (“IT”) services, we conduct due diligence to evaluate their cybersecurity capabilities. Additionally, we endeavor to include cybersecurity requirements in our contracts with these providers and endeavor to require them to adhere to security standards and protocols. Further, we request that third-party service providers with access to personally identifiable information enter into data processing services agreements and adhere to our policies and standards.

The above cybersecurity risk management processes are integrated into the Partnership’s overall enterprise risk management program**.** Cybersecurity risks are understood to be significant business risks, and as such, are considered an important component of our enterprise-wide risk management approach.

Impact of Risks from Cybersecurity Threats

As of the date of this Report, though the Partnership and our services providers have experienced certain cybersecurity incidents, we are not aware of any previous cybersecurity threats that have materially affected or are reasonably likely to materially affect the Partnership. However, we acknowledge that cybersecurity threats are continually evolving, and the possibility of future cybersecurity incidents remains. Despite the implementation of our cybersecurity processes, our security measures cannot guarantee that a significant cyberattack will not occur. A successful attack on our IT or operational technology (“OT”) systems could have significant consequences to the business. While we devote resources to our security measures to protect our systems and information, these measures cannot provide absolute security. No security measure is infallible. See “Risk Factors” for additional information about the risks to our business associated with a breach or compromise of our IT or OT systems.

Board of Directors’ Oversight and Management’s Role

Through the Partnership’s enterprise risk management program, the Board of Directors is responsible for overseeing cybersecurity, information security, and information technology risks, as well as management’s actions to identify, assess, mitigate, and remediate those risks. As part of its program of regular risk oversight, the Audit Committee assists the Board in exercising oversight of the Partnership’s cybersecurity, information security, and information technology risks. The Board or Audit Committee periodically reviews and discusses with management the Partnership’s policies, procedures and practices with respect to cybersecurity, information security and information and operational technology, including related risks. In addition, the IT Director is responsible for upward reporting of cybersecurity incidents deemed to have a moderate or higher business impact, even if immaterial to us.

Recognizing the importance of cybersecurity to the success and resilience of our business, the Board considers cybersecurity to be a vital aspect of corporate governance. To facilitate effective oversight, our cybersecurity leadership team holds discussions on cybersecurity risks, incident trends, and the effectiveness of cybersecurity measures as necessitated by emerging material cyber risks.

Our cybersecurity leadership team is made up of highly experienced professionals with an extensive background in information security, risk management, and incident response. This background includes a dynamic team, comprised of military veterans versed in forensic analysis and regulatory compliance with over 23 years of combined Cybersecurity experience in private and public sector, supported by a Master’s degree in Cybersecurity as well as several industry certifications.

Item 2. Properties.

As of December 31, 2023, we owned four service facilities in North Dakota and Texas. We lease 24 additional service facilities in Alabama, Arkansas, Colorado, Louisiana, New Mexico, Oklahoma, Texas, Utah, West Virginia, and Wyoming. We also lease service facilities and administrative offices in Argentina, Canada and Mexico. We also lease a number of storage facilities located across the geographic markets we serve. Since January 2022, we have leased our own office space in The Woodlands, Texas for our headquarters. Our primary assets include our fleet of compression and other equipment. See “Item 1 Business - Products and Services - Contract Services,” for a discussion and description of our compression fleet. All obligations under our First Lien Notes and our Second Lien Notes are secured by security interests in substantially all of our compression assets but excluding other real property assets. In January 2022, we sold our facilities in Oklahoma City, and we currently do not own real property in Oklahoma.

Item 3. Legal Proceedings.

From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. While the outcome of lawsuits against us cannot be predicted with certainty, management does not consider it reasonably possible that a loss resulting from such lawsuits in excess of any amounts accrued has been incurred that is expected to have a material adverse effect on our financial condition, results of operations, or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

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

Market Information

Our common units are traded on NASDAQ under the symbol “CCLP.” As of February 28, 2024, there were 46 holders of record of the common units. The actual number of common unitholders is greater than this number of record holders and includes common unitholders who are beneficial owners but whose shares are held in street name by banks, brokers and other nominees.

Distribution Policy

Our partnership agreement requires us to distribute, no later than 45 days after the end of each quarter, all of our available cash, as defined below, at the end of each quarter. There is no guarantee that we will pay any specific distribution in any quarter.

Definition of Available Cash. We define Available Cash in the partnership agreement, and it means, for any quarter, all cash on hand at the end of that quarter:

- less the amount of cash reserves established by our general partner to:
    - provide for the proper conduct of our business after the end of the quarter;
    - comply with applicable law, any of our future debt instruments or other agreements; or
    - provide funds for future distributions;
- plus, if our general partner so determines, all or any portion of any additional cash and cash equivalents on hand on the date of determination of Available Cash for the quarter resulting from working capital borrowings made after the end of the quarter.

Working capital borrowings are borrowings that are made under a credit agreement, commercial paper facility, or similar financing arrangement, and in all cases are used solely for working capital purposes or to pay distributions to partners and with the intent of the borrower to repay such borrowings within twelve months from sources other than additional working capital borrowings.

Common Units. We pay quarterly distributions to the holders of common units to the extent we have sufficient cash from our operations after establishment of cash reserves and payment of debt service and other contractual obligations, fees and expenses. Beginning with the distribution for the fourth quarter of 2018, we have paid a distribution of $0.01 per common unit, or $0.04 on an annualized basis. There is no guarantee that we will continue to pay the reduced current quarterly distribution on the common units or be able to increase it in the future. Our Second Lien Notes indenture further restricts our ability to make distributions in respect of our common units in any amount exceeding $0.04 per common unit per year, unless such increased distribution is funded by proceeds from an equity offering. Even if our cash distribution policy is not modified or revoked, the amount of distributions paid under our policy and the decision to make any distribution is determined by our general partner, taking into consideration the terms of our partnership agreement. Distributions attributable to the year ended 2023 totaled $0.04 per common unit. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources - Cash Flows - Financing Activities” for a discussion of restrictions on our ability to make distributions.

General Partner Interest. Initially, our general partner was entitled to approximately 2.0% of all distributions that we make prior to our liquidation. Our general partner has the right, but not the obligation, to contribute a proportionate amount of capital to us to maintain its initial 2.0% general partner interest. Our general partner’s initial 2.0% interest in our distributions has been decreased to approximately 0.5% and may be reduced further if we issue additional limited partner units in the future and our general partner does not contribute a proportionate amount of capital to us to maintain its current general partner interest.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Securities Authorized for Issuance under Equity Compensation Plans.

See "Item 12. Security Ownership of Certain Beneficial Owners and Management" for information regarding our equity compensation plans as of December 31, 2023.

Item 6. Reserved.

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

The following discussion is intended to analyze major elements of our consolidated financial statements and provide insight into important areas of management's focus. This section should be read in conjunction with the Consolidated Financial Statements and accompanying Notes included elsewhere in this Annual Report. Statements in the following discussion may include forward-looking statements. These forward-looking statements involve risks and uncertainties. See "Item 1A. Risk Factors," for additional discussion of these factors and risks.

Business Overview

We provide services including natural gas compression and treating services. Natural gas compression equipment is used for natural gas and oil production, gathering, artificial lift, production enhancement, transmission, processing and storage. We also provide a variety of natural gas treating services. Our compression business includes a fleet of approximately 4,300 compressor packages providing approximately 1.2 million in aggregate horsepower, utilizing a full spectrum of low-, medium-, and high-horsepower engines. Our treating fleet includes amine units, gas coolers, and related equipment. Our aftermarket business provides compressor package overhaul, repair, engineering and design, reconfiguration and maintenance services, as well as the sale of compressor package parts and components manufactured by third-party suppliers. Our customers operate throughout many of the onshore producing regions of the United States, as well as in a number of international locations, including Mexico, Canada, Argentina and Chile.

Demand for our services is directly driven by the production of crude oil and associated natural gas from unconventional shale plays, production of natural gas from conventional plays and the transmission of natural gas to and within sales pipelines. Our fleet of compressors, ranging from 20 to 2,500 horsepower per unit, allows us to service our customers' compression needs at the wellhead through high-horsepower compression needs at centralized gathering and gas lift facilities.

Oil and natural gas commodity prices decreased from the first half of 2022 through December 2023. West Texas Intermediate oil prices averaged $79 per barrel in the fourth quarter of 2023. Over this same time period, Henry Hub U.S. natural gas prices averaged $2.74 per million British thermal unit. While there has been a decline in commodity prices since 2022, they remained at strong levels through the end of 2023. Accordingly, we did not have a negative impact in the demand for our contract services, aftermarket services, and equipment rentals. In addition, as a result of increased customer demand, we were able to implement price increases and improved contract terms on many of our compression contracts. Revenue from contract services increased each quarter in 2023. The stronger market environment has increased, competition for field and corporate employees. Supply chain issues, increased commodity prices, and inflationary pressures have increased costs and impacted the availability of our parts and supplies. External factors including Russia's invasion of Ukraine, recent events in the Middle East, inflationary pressures and related monetary policy, such as Federal Reserve rate increases, could adversely affect our results of operations, impair our ability to raise capital, or otherwise adversely impact our ability to realize certain business strategies. We continue to monitor these risks and take the necessary actions to mitigate them. We have and will continue to evaluate the sale of non-core assets, including our low-horsepower compression fleet. We can provide no assurance that we will consummate a future sale of our low-horsepower compression fleet.

With the continued market strength and inflationary pressures, we will continue to proactively manage our capital allocation strategies, our liquidity requirements and monitor our expenses and financial performance. In addition, continued capital discipline throughout the energy sector may limit production growth even as the economy recovers from these external factors. Despite these challenges, we will continue to maintain our commitment to safety and service quality for our customers.

Results of Operations

The following data should be read in conjunction with the Consolidated Financial Statements and the associated Notes contained elsewhere in this document.

2023 Compared to 2022

	Year Ended December 31,					
			Period-to-Period Change	Percentage of Total Revenues		Perio Per Cha
Consolidated Results of Operations	**2023**	**2022**	**2023 vs. 2022**	**2023**	**2022**	**2023 vs**
		(In Thousands)				
Revenues:						
Contract services	$ 284,049	$ 263,241	$ 20,808	73.6 %	74.5 %	
Aftermarket services	83,621	72,928	10,693	21.7 %	20.6 %	
Equipment rentals	17,209	14,865	2,344	4.5 %	4.2 %	
Equipment sales	1,249	2,364	(1,115)	0.3 %	0.7 %	(
Total revenues	386,128	353,398	32,730	100.0 %	100.0 %	
Cost of revenues:						
Cost of contract services	140,663	135,639	5,024	36.4 %	38.4 %	
Cost of aftermarket services	66,355	58,199	8,156	17.2 %	16.5 %	
Cost of equipment rentals	2,094	2,346	(252)	0.5 %	0.7 %	(
Cost of equipment sales	1,344	1,382	(38)	0.3 %	0.4 %	
Total cost of revenues	210,456	197,566	12,890	54.5 %	55.9 %	
Depreciation and amortization	77,409	78,231	(822)	20.0 %	22.1 %	
Impairments and other charges	—	135	(135)	— %	— %	(1
Selling, general, and administrative expense	47,552	42,563	4,989	12.3 %	12.0 %	
Interest expense, net	53,899	49,481	4,418	14.0 %	14.0 %	
Other (income) expense, net	2,519	2,904	(385)	0.7 %	0.8 %	(
Loss before taxes and discontinued operations	(5,707)	(17,482)	11,775	(1.5)%	(4.9)%	(
Provision for income taxes	3,773	4,786	(1,013)	1.0 %	1.4 %	(
Loss from continuing operations	(9,480)	(22,268)	$ 12,788	(2.5)%	(6.3)%	(
Income (loss) from discontinued operations, net of taxes	—	173	$ (173)	— %	— %	(1
Net loss	$ (9,480)	$ (22,095)	$ 12,615	(2.5)%	(6.3)%	(

<u>Revenues</u>

Contract services revenues increased by $20.8 million, or 7.9%, during 2023 compared to the prior year. The increase in revenues is due to price increases and inflation adjustments built into contracts. Compression fleet horsepower utilization and operating horsepower remained consistent in 2023 compared to the prior year.

Aftermarket services revenues increased $10.7 million, or 14.7%, during 2023 compared to the prior year due to increased demand for compression parts and services resulting from an increase in activity levels by our customers. With the improvement in market conditions and the strong oil and gas commodity prices, customers have increased production of oil and gas which, in turn, increased the demand for parts and services needed to maintain their compression fleet.

Equipment rentals revenues increased $2.3 million, or 15.8%, compared to the prior year due to an increase in the number of revenue-generating gas coolers, an increase in customer demand, and higher activity levels.

Equipment sales revenues decreased $1.1 million, or 47.2%, during 2023 compared to the prior year due to a decrease in used unit sales.

Cost of revenues

Cost of contract services increased $5.0 million compared to the prior year due to an increase in revenues and higher activity levels. This increase is also due in part to the effect of inflation resulting in increased costs in certain operating cost categories including parts, field labor, and fluids costs.

Cost of aftermarket services increased $8.2 million in 2023 compared to 2022 consistent with the increase in revenues.

Cost of equipment rentals decreased $0.3 million compared to 2022 despite an increase in the corresponding revenues due to rate increases. Additionally, to support the growth in the gas cooler rental business, equipment rental expense increased compared to the prior year period.

Cost of equipment sales remained consistent during the current year as a result of selling aged units with decreased market value.

Depreciation and amortization

Depreciation and amortization expense consists primarily of the depreciation of compressor packages in our service fleet. In addition, it includes the depreciation of other operating equipment and facilities and the amortization of intangibles. Depreciation and amortization expense remained relatively consistent compared to the prior year.

Impairments and other charges

During 2023, we did not record any impairments or other charges. During 2022, a specific engine in inventory was written off due to an engine being sold at a loss, resulting in a charge of $0.1 million.

Selling, general, and administrative expense

Selling, general, and administrative expenses increased $5.0 million during 2023 compared to 2022 largely due to increased employment expenses, including wages, incentives, benefits, and other employee-related expenses of $3.7 million, increased bad debt expenses and other expenses of $1.3 million, and increased professional services fees of $0.2 million. These decreases were offset by decreased general expenses such as office, tax, and insurance expenses of $0.2 million.

Interest expense, net

Interest expense, net increased to $53.9 million during 2023 compared to $49.5 million in 2022 due to increased expenses associated with the balances of our credit agreements.

Other (income) expense, net

Other (income) expense, net, was $2.5 million of expense during 2023 compared to $2.9 million of expense in 2022. This increase in expense is primarily due to increased losses associated with foreign currency and the disposal of assets offset by investment income primarily from our operations in Mexico and Argentina.

Provision for income taxes

As a partnership, we are generally not subject to income taxes at the entity level, and our partners are separately taxed on their share of our taxable income. However, a portion of our business is conducted through taxable U.S. corporate subsidiaries. Accordingly, a U.S. federal and state income tax provision has been reflected in the accompanying statements of operations. Certain of our operations are located outside of the United States and the Partnership, through its foreign subsidiaries, is responsible for income taxes in these countries.

Our effective tax rate for the year ended December 31, 2023, was negative 66.1% primarily due to taxes in certain foreign jurisdictions and Texas gross margin taxes combined with losses generated in entities for which no

related tax benefit has been recorded. Included in our deferred tax assets are net operating loss carryforwards and tax credits that are available to offset future income tax liabilities in the U.S. as well as in certain foreign jurisdictions.

Income (loss) from discontinued operations, net of tax

Income (loss) from discontinued operations, net of tax was $0.2 million income for the prior year related to the warranty reserve related to our discontinued new unit sales business not being utilized. The Partnership exited the new unit sales business during 2020, with final deliveries made in October 2020.

How We Evaluate Our Operations

Operating Expenses. We use operating expenses as a performance measure for our business. We track our operating expenses using month-to-month, quarter-to-quarter, year-to-date, and year-to-year comparisons and as compared to budget. This analysis is useful in identifying adverse cost trends and allows management to investigate the cause of these trends and put corrective measures in place where possible. The most significant portions of our operating expenses are for our field labor, repair and maintenance of our equipment, and fluids cost. The costs of other materials consumed while performing our services, other labor costs, vehicle leases and maintenance cost, rent on facilities, and insurance expenses comprise the significant remainder of our operating expenses. Our operating expenses generally fluctuate with our level of activity.

Our labor costs consist primarily of wages and benefits for our field personnel, as well as expenses related to their training and safety. Additional information regarding our operating expenses for the year ended December 31, 2023, is provided within the Results of Operations sections above.

Adjusted EBITDA. We view Adjusted EBITDA as one of our primary management tools, and we track it on a monthly basis, both in dollars and as a percentage of revenues (typically compared to the prior month, prior year period, and to budget). We define Adjusted EBITDA as earnings before interest, taxes, depreciation and amortization, and before certain charges, including impairments, bad debt expense attributable to bankruptcy of customers, equity compensation, non-cash costs of compressors sold, gain on extinguishment of debt, write-off of unamortized financing costs, and excluding severance and other non-recurring or unusual expenses or charges. Adjusted EBITDA is used as a supplemental financial measure by our management to:

- assess our ability to generate available cash sufficient to make distributions to our common unitholders and general partner;
- evaluate the financial performance of our assets without regard to financing methods, capital structure, or historical cost basis;
- measure operating performance and return on capital as compared to those of our competitors; and
- determine our ability to incur and service debt and fund capital expenditures.

The following table reconciles net income (loss) to Adjusted EBITDA for the periods indicated:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Net loss	$ (9,480)	$ (22,095)
Provision for income taxes	3,773	4,786
Depreciation and amortization	77,409	78,231
Impairments and other charges	—	135
Interest expense, net	53,899	49,481
Equity compensation	1,798	1,622
Transaction costs	1,278	210
Severance	277	432
Non-cash cost of compressors sold	1,345	1,382
Outside services costs related to unit disposals	155	—
Fire damaged unit	893	—
(Benefit) provision for income taxes, depreciation, amortization and impairments attributed to discontinued operations	—	(173)
Other	430	440
Adjusted EBITDA	$ 131,777	$ 114,451

Free Cash Flow. We define Free Cash Flow as cash from operations less capital expenditures, net of sales proceeds. Management primarily uses this metric to assess our ability to retire debt, evaluate our capacity to further invest and grow, and measure our performance as compared to our peers. The following table reconciles cash provided by operations, net, to Free Cash Flow for the periods indicated:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Net cash provided by operating activities	$ 62,170	$ 35,544
Capital expenditures, net of sales proceeds	(51,459)	(43,939)
Free cash flow	$ 10,711	$ (8,395)

Net cash provided by operating activities for the year ended December 31, 2023, includes $72.1 million of revenues in excess of cash expenses partially offset by $10.0 million in working capital changes.

Adjusted EBITDA and Free Cash Flow are financial measures that are not in accordance with U.S. GAAP and should not be considered an alternative to net income, operating income, cash from operating activities, or any other measure of financial performance presented in accordance with U.S. GAAP. These measures may not be comparable to similarly titled financial metrics of other entities, as other entities may not calculate Adjusted EBITDA or Free Cash Flow in the same manner as we do. Management compensates for the limitations of Adjusted EBITDA and Free Cash Flow as analytical tools by reviewing the comparable U.S. GAAP measures, understanding the differences between the measures, and incorporating this knowledge into management's decision-making processes. Adjusted EBITDA and Free Cash Flow should not be viewed as indicative of the actual amount of cash we have available for distributions or that we plan to distribute for a given period, nor should it be equated with "available cash" as defined in our partnership agreement.

Horsepower Utilization Rate of our Compressor Packages. We measure the horsepower utilization rate across our fleet of compressor packages as the amount of horsepower of compressor packages used to provide services as of a particular date, divided by the amount of horsepower of compressor packages in our services fleet as of such date. Management primarily uses this metric to determine our future need for additional compressor packages for our service fleet and to measure marketing effectiveness.

The following table sets forth the total horsepower in our compression fleet, our total horsepower in service and our horsepower utilization rate by each horsepower class of our compression fleet as of the dates shown.

	December 31,	
	2023	**2022**
Horsepower in fleet		
Low-horsepower (0-100)	116,701	127,289
Medium-horsepower (101-1,000)	400,271	407,428
High-horsepower (1,001 and over)	658,945	652,640
Total horsepower in fleet	1,175,917	1,187,357
Horsepower in service		
Low-horsepower (0-100)	65,744	79,464
Medium-horsepower (101-1,000)	328,591	343,737
High-horsepower (1,001 and over)	630,195	607,370
Total horsepower in service	1,024,530	1,030,571
Horsepower utilization rate		
Low-horsepower (0-100)	56.3 %	62.4 %
Medium-horsepower (101-1,000)	82.1 %	84.4 %
High-horsepower (1,001 and over)	95.6 %	93.1 %
Total horsepower utilization rate	87.1 %	86.8 %

Net Increases/Decreases in Compression Fleet Horsepower. We measure the net increase (or decrease) in our compression fleet horsepower during a given period by taking the difference between the aggregate horsepower of compressor packages added to the fleet during the period, less the aggregate horsepower of compressor packages removed from the fleet during the period.

Liquidity and Capital Resources

Our primary cash requirements are for distributions, working capital requirements, debt service, normal operating expenses, and capital expenditures. Our potential sources of funds are our existing cash balances, cash generated from our operations, asset sales, and long-term and short-term borrowings, which we believe will be sufficient to meet our working capital and growth capital requirements during 2024. We have secured orders from key customers for high-horsepower and electric compressors which will drive our investment in growth capital and consume liquidity in 2024.

During 2023, oil and gas commodity prices remained strong resulting in an increase in activity levels by our customers and higher demand for our products and services. Although uncertainty remains, the outlook for the energy sector continues to be favorable. Despite these uncertainties, we remain committed to a long-term growth strategy. Our near-term focus is to reduce our leverage, preserve and enhance liquidity, and grow our profitability through strategic operating and financial measures. We periodically evaluate engaging in strategic transactions and may consider divesting assets where our evaluation suggests such transactions are in the best interests of our business. We are subject to business and operational risks that could materially and adversely affect our cash flows and, when coupled with risks associated with current debt and equity market conditions, our ability or desire to issue securities. Please read "Item 1A. Risk Factors."

Following the redeployment of our idle assets, meeting increased demand for our contract services will require ongoing capital expenditure investment, which could be significant. We will determine appropriate funding of future capital expenditures, along with potential acquisitions, on a case-by-case basis. Funding sources may include existing cash balances, cash flow generated from our operations, borrowing against our Credit Agreement and the Spartan Credit Agreement, finance leases with third parties, and issuance of equity.

The level of future growth capital expenditures depends on demand for our contract services, the level of cash available to fund these expenditures and our decisions whether to utilize available cash to fund increases in our quarterly common unit distribution, retire debt, or make capital expenditures. We expect capital expenditures in 2024 will range from $52.0 million to $69.0 million. These capital expenditures include approximately $20.0 million to $27.5 million of maintenance capital expenditures, approximately $30.0 million to $37.5 million of capital expenditures primarily associated with the expansion of our contract services fleet and $2.0 million to $4.0 million of capital expenditures related to investments in technology and facilities. We expect cash on hand and cash generated from operations will be sufficient to meet cash needs throughout 2024.

On January 18, 2024, our general partner declared a cash distribution attributable to the quarter ended December 31, 2023, of $0.01 per common unit. This distribution equates to a distribution of $0.04 per outstanding common unit on an annualized basis. This quarterly distribution was paid on February 14, 2024, to each of the holders of common units of record as of the close of business on January 31, 2024.

Cash Flows

A summary of our sources and uses of cash during the year ended December 31, 2023 and 2022 is as follows:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Operating activities	$ 62,170	$ 35,544
Investing activities	$ (51,459)	$ (43,939)
Financing activities	$ (12,272)	$ 10,270

Operating Activities

Net cash provided by operating activities increased by $26.6 million during the year ended December 31, 2023, to $62.2 million compared to $35.5 million provided by operating activities in 2022. Our cash provided from operating activities was primarily generated from the provision of contract compression and treating services.

Cash provided from our foreign operations is subject to various uncertainties, including the volatility associated with interruptions caused by customer budgetary decisions, uncertainties regarding the renewal of our existing customer contracts, and other changes in contract arrangements, the timing of collection of our receivables, and the repatriation of cash generated by our international operations.

Investing Activities

Capital expenditures during the year ended December 31, 2023, increased by $5.8 million compared to 2022 driven by an increase in investments in growth capital. Maintenance capital expenditures increased compared to the prior year. Total capital expenditures during 2023 were $59.2 million, offset by $1.3 million from compression units sold. Total capital expenditures for 2023 include $21.3 million of maintenance capital expenditures.

The level of growth capital expenditures depends on our ability to redeploy existing fleet equipment and demand for compression services. Improved market conditions have provided opportunities with our customer base to provide new large horsepower compression, resulting in increased demand for growth capital. If the demand for compression services increases or decreases, the amount of planned expenditures on growth and expansion will be adjusted. We continue to review all capital expenditure plans carefully in an effort to conserve cash and fund our liquidity needs.

Financing Activities

Distributions

During the year ended December 31, 2023, we distributed $5.7 million of cash distributions to our common unitholders and general partner.

Credit Agreement

On June 30, 2022, the Partnership amended the Loan and Security Agreement dated June 29, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”). The Credit Agreement provides for maximum revolving credit commitments of $35.0 million and includes a $3.5 million reserve, which results in reduced borrowing availability.

The maturity date of the Credit Agreement is June 29, 2025. As of December 31, 2023, we had an outstanding balance of $9.8 million and had $1.3 million in letters of credit against our Credit Agreement, leaving availability under the Credit Agreement of $17.7 million, subject to compliance with the covenants, borrowing base, and other provisions of the agreements that may limit borrowings under the Credit Agreement. As of February 28, 2024, we had no balance outstanding under our Credit Agreement and $1.3 million in letters of credit, leaving availability under the Credit Agreement of $26.5 million, subject to compliance with the covenants, borrowing base, and other provisions of the agreements that may limit borrowings under the Credit Agreement. The amounts the Partnership may borrow under the Credit Agreement are based on the amounts of the Partnership’s accounts receivable and the value of certain inventory. Decreases in the amount of the Partnership’s accounts receivable and the value of its inventory would result in reduced borrowing availability under the Credit Agreement.

Spartan Credit Agreement

On October 19, 2022, certain unrestricted subsidiaries of the Partnership, Spartan Energy Services LLC, as borrower, and Treating Holdco, as guarantor, amended the Loan, Security and Guaranty Agreement dated January 29, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Spartan Credit Agreement”) with Bank of America, N.A., in its capacity as agent, and the other lenders and loan parties party thereto. As of December 31, 2023, and subject to compliance with the covenants, borrowing base, and other provisions of the agreements that may limit borrowings under the Spartan Credit Agreement, we had availability of $22.8 million.

The maturity date of the Spartan Credit Agreement is October 17, 2025. As of December 31, 2023, we had a $47.0 million outstanding balance. As of February 28, 2024, we have $44.4 million balance outstanding under the Spartan Credit Agreement and no letters of credit, leaving availability under the Spartan Credit Agreement of $25.4 million, subject to compliance with the covenants, borrowing base, and other provisions of the agreement that may limit borrowings under the Spartan Credit Agreement. The amounts that may be borrowed under the Spartan Credit Agreement are based on the amounts of accounts receivable, the value of certain inventory, and appraised value of fixed assets, and fixed asset net book value. Decreases in the amount of accounts receivable and the value of its inventory and fixed assets would result in reduced borrowing availability under the Spartan Credit Agreement.

Notes

We may from time to time seek to retire or purchase certain amounts of our outstanding senior notes through cash purchases, in open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

7.50% First Lien Notes due 2025

As of December 31, 2023, our 7.50% First Lien Notes due 2025 (the “First Lien Notes”) had $400.1 million outstanding net of unamortized discounts, unamortized deferred financing costs and deferred restructuring gains. Interest on these notes is payable on April 1 and October 1 of each year. The First Lien Notes are secured by a first-priority security interest in substantially all of the Partnership’s and its subsidiaries assets, subject to certain permitted encumbrances and exceptions, and are guaranteed on a senior secured basis by each of the Partnership’s U.S. restricted subsidiaries (other than CSI Compressco Finance Inc. (“Finance Corp,” certain immaterial subsidiaries and certain other excluded U.S. subsidiaries).

10.000%/10.750% Second Lien Notes due 2026

As of December 31, 2023, our 10.000%/10.750% Second Lien Notes due 2026 (the "Second Lien Notes") had $172.6 million outstanding, net of unamortized discounts, unamortized deferred financing costs and deferred restructuring gains. Interest on the Second Lien Notes is payable on April 1 and October 1 of each year. The Second Lien Notes are secured by a second-priority security interest in substantially all of the Partnership's and its subsidiaries assets, subject to certain permitted encumbrances and exceptions, and are guaranteed on a senior secured basis by each of the Partnership's U.S. restricted subsidiaries (other than Finance Corp, certain immaterial subsidiaries and certain other excluded U.S. subsidiaries). In connection with the payment of PIK Interest (as defined below), if any, in respect of the Second Lien Notes, the issuers will be entitled, to increase the outstanding aggregate principal amount of the Second Lien Notes or issue additional notes ("PIK notes") under the Second Lien Notes indenture on the same terms and conditions as the already outstanding Second Lien Notes. Interest will accrue at (1) the annual rate of 7.250% payable in cash, plus (2) at the election of the Issuers (made by delivering a notice to the Second Lien Trustee not less than five business days prior to the record date), the annual rate of (i) 2.750% payable in cash (together with the annual rate set forth in clause (1), the "Cash Interest Rate") or (ii) 3.500% payable by increasing the principal amount of the outstanding Second Lien Notes or by issuing additional PIK notes, in each case rounding up to the nearest $1.00 (such increased principal amount or additional PIK notes, the "PIK Interest"). We elected to cash pay interest starting April 1, 2022; prior to this we elected to pay interest by issuing additional PIK Notes.

In addition, the indentures governing our First Lien Notes and Second Lien Notes contain customary covenants restricting our ability and the ability of our restricted subsidiaries to: (i) pay distributions on, purchase, or redeem our common units, make certain investments and other restricted payments, or purchase or redeem any subordinated debt; (ii) incur or guarantee additional indebtedness or issue certain kinds of preferred equity securities; (iii) create or incur certain liens securing indebtedness; (iv) sell assets, including dispositions of the collateral securing our First Lien Notes and Second Lien Notes; (v) consolidate, merge, or transfer all or substantially all of our assets; (vi) enter into transactions with affiliates; and (vii) enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us. Our Second Lien Notes indenture further restricts our ability to make distributions in respect of our common units in any amount exceeding $0.04 per common unit per year, unless such increased distribution is funded by proceeds from an equity offering. These covenants are subject to a number of important limitations and exceptions, including certain provisions permitting us, subject to the satisfaction of certain conditions, to transfer assets to certain of our unrestricted subsidiaries. The indentures also contain customary events of default and acceleration provisions relating to events of default, which provide that upon an event of default under the indentures, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding First Lien Notes and Second Lien Notes may declare all of the First Lien Notes and Second Lien Notes to be due and payable immediately. We are in compliance with all covenants of the First Lien Notes and Second Lien Notes indentures as of December 31, 2023.

Finance Agreements

During the year ended December 31, 2022, we entered into Master Finance Agreements with a third party in the amount of $16.6 million to finance certain compression equipment. The notes are payable in monthly installments totaling $0.5 million for thirty-six months. The current portion of this amount is classified in accrued liabilities and other and the long-term portion is classified in other long-term liabilities on the accompanying consolidated balance sheet.

During the first quarter of 2023, CSI Compressco Leasing LLC and CSI Compressco Operating LLC (individually and collectively as Debtor), with CSI Compressco LP (as Guarantor), entered into a Master Equipment Finance Agreements with a third party totaling $5.1 million to finance certain compression equipment. The notes are payable in monthly installments totaling $0.2 million for 36 months. The current portion of these amounts are classified in accrued liabilities and other and the long-term portion is classified in other long-term liabilities on the accompanying consolidated balance sheet.

Leases

We have operating leases for some of our office space, warehouse space, operating locations, and machinery and equipment. Our leases have remaining lease terms up to 10 years. Some of our leases have options to extend for various periods or purchase the equipment, while some have termination options with prior notice of generally 30 days or six months. See Note 5 - "Leases" in the Notes to Consolidated Financial Statements in this Annual Report for further information.

Off Balance Sheet Arrangements

As of December 31, 2023, we had no "off balance sheet arrangements" that may have a current or future material effect on our consolidated financial condition or results of operations.

Supplemental Guarantor Financial Information

The $400.0 million and $172.7 million in aggregate principal amounts outstanding of the First Lien Notes and the Second Lien Notes, respectively, as of December 31, 2023 are fully and unconditionally guaranteed, subject to certain customary release provisions, on a joint and several senior secured basis, by the following U.S. restricted subsidiaries which are each a 100% owned subsidiary (each a "Guarantor Subsidiary" and collectively the "Guarantor Subsidiaries"):

CSI Compressco Field Services International LLC
CSI Compressco Holdings LLC
CSI Compressco International LLC
CSI Compressco Leasing LLC
CSI Compressco Operating LLC
CSI Compressco Sub, Inc.
CSI Compression Holdings, LLC
Rotary Compressor Systems, Inc.

As a result of these guarantees, we are presenting the following summarized financial information of the obligor group pursuant to Rule 1-02(bb) of Regulation S-X. These schedules are presented using the equity method of accounting for all periods presented. Under this method, investments in subsidiaries are recorded at cost and adjusted for our share in the subsidiaries' cumulative results of operations, capital contributions and distributions and other changes in equity. Elimination entries relate primarily to the elimination of investments in subsidiaries and associated intercompany balances and transactions. The Other Subsidiaries column includes financial information for those subsidiaries that do not guarantee the First Lien Notes or the Second Lien Notes. In addition to the financial information of the Partnership, financial information of the Issuers includes CSI Compressco Finance Inc., which had no assets or operations for any of the periods presented.

Year Ended December 31, 2023 (In Thousands)	Issuers	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
Revenues	$ —	$ 500,828	$ 69,544	$ (184,244)	$ 386,128
Cost of revenues (excluding depreciation and amortization expense)	—	363,157	31,543	(184,244)	210,456
Depreciation and amortization	—	66,436	10,973	—	77,409
Selling, general, and administrative expense	1,842	40,985	4,725	—	47,552
Interest (income) expense, net	56,168	(2,269)	—	—	53,899
Other (income) expense, net	(153)	1,304	1,368	—	2,519
Equity in net (income) loss of subsidiaries	(48,376)	(19,446)	—	67,822	—
Income (loss) before taxes and discontinued operations	(9,481)	50,661	20,935	(67,822)	(5,707)
Provision for income taxes	(1)	2,285	1,489	—	3,773
Income (loss) from continuing operations	(9,480)	48,376	19,446	(67,822)	(9,480)
Income from discontinued operations, net of taxes	—	—	—	—	—
Net income (loss)	(9,480)	48,376	19,446	(67,822)	(9,480)
Other comprehensive income	92	92	92	(184)	92
Comprehensive income (loss)	$ (9,388)	$ 48,468	$ 19,538	$ (68,006)	$ (9,388)

December 31, 2023 (In Thousands)	Issuers	Guarantor Subsidiaries	Other Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets	$ —	$ 86,992	$ 33,031	$ —	$ 120,023
Total non-current assets	545,625	543,106	118,689	(640,407)	567,013
Total assets	$ 545,625	$ 630,098	$ 151,720	$ (640,407)	$ 687,036
LIABILITIES AND PARTNERS' CAPITAL					
Other current liabilities	$ 11,817	$ 46,946	$ 11,609	$ —	$ 70,372
Long-term debt	572,667	9,420	46,500	—	628,587
Operating lease liabilities	—	17,669	1,857	—	19,526
Intercompany payables	—	306,419	(3,832)	(302,587)	—
Other long-term liabilities	—	6,606	804	—	7,410
Total liabilities	584,484	387,060	56,938	(302,587)	725,895
Total partners' capital	(38,859)	243,038	94,782	(337,820)	(38,859)
Total liabilities and partners' capital	$ 545,625	$ 630,098	$ 151,720	$ (640,407)	$ 687,036

Critical Accounting Policies and Estimates

This discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements. We prepared these financial statements in conformity with U.S. GAAP. In preparing our consolidated financial statements, we make assumptions, estimates, and judgments that affect the

reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented. We base these estimates on historical experience, available information, and various other assumptions that we believe are reasonable under the circumstances. We periodically evaluate these estimates and judgments, which may change as new events occur, as new information is acquired, and with changes in our operating environment. Actual results are likely to differ from current estimates, and those differences may be material.

While our significant accounting policies are more fully described in Note 2 – Summary of Significant Accounting Policies to our consolidated financial statements, we believe that there were no critical accounting policies and estimates that affect the preparation of financial statements.

Commitments and Contingencies

From time to time, we are involved in litigation relating to claims arising out of our operations in the normal course of business. While the outcome of these lawsuits or other proceedings against us cannot be predicted with certainty, management does not consider it reasonably possible that a loss resulting from such lawsuits or proceedings in excess of any amounts accrued has been incurred that is expected to have a material adverse effect on our financial condition, results of operations or cash flows.

Recently Issued Accounting Pronouncements

For a discussion of new accounting pronouncements that may affect our consolidated financial statements, see Note 2 - "Summary of Significant Accounting Policies, *New Accounting Pronouncements*," in the Notes to Consolidated Financial Statements in this Annual Report.

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

Not applicable.

Item 8. Financial Statements and Supplementary Data.

Our financial statements and supplementary data for us and our subsidiaries required to be included in this Item 8 are set forth in Item 15 of this Annual Report.

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

None.

Item 9A. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Principal Executive Officer and Principal Financial Officer of our general partner, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the Exchange Act) as of the end of the period covered by this Annual Report. Based on this evaluation, the Principal Executive Officer and Principal Financial Officer of our general partner concluded that our disclosure controls and procedures were effective as of December 31, 2023.

Management's Report on Internal Control over Financial Reporting

Management of our general partner is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of

financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, 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.

Under the supervision and with the participation of management of our general partner, including the Principal Executive Officer and Principal Financial Officer of our general partner, an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023 was conducted based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (“COSO”). Based on this assessment, management of our general partner has determined that our internal control over financial reporting was effective as of December 31, 2023.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the fourth quarter of the fiscal year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors of CSI Compressco GP LLC and the Unitholders of CSI Compressco LP

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of CSI Compressco LP (a Delaware limited partnership) and subsidiaries (the “Partnership”) as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Partnership as of and for the year ended December 31, 2023, and our report dated March 1, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion
The Partnership’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal control over Financial Reporting. Our responsibility is to express an opinion on the Partnerhsip’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting
A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,

accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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.

/s/ GRANT THORNTON LLP
Houston, Texas
March 1, 2024

Item 9B. Other Information.

During the three months ended December 31, 2023, none of our general partner's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as defined in Item 408 of Regulation S-K.

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

Not Applicable.

PART III

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

Corporate Governance and Director Independence

Our general partner is an indirect, wholly owned subsidiary of Spartan and has sole responsibility for conducting our business and managing our operations. The members of our board of directors (our "Board") oversee our operations. Unitholders are not entitled to elect the members of our Board or directly or indirectly participate in our management or operation. All of the members of our Board are appointed by Spartan Energy Holdco LLC, a direct, wholly owned subsidiary of Spartan. We do not hold annual unitholder meetings. References in this Part III to the "Board," "directors," "executive officers," or "officers" refer to the Board, directors, executive officers, and officers of our general partner, unless otherwise indicated.

Our Board has adopted Corporate Governance Guidelines that outline important policies and practices regarding our governance and provide a framework for the functioning of the Board and its committees. The Corporate Governance Guidelines and the charter of the Audit Committee are available in the Corporate Governance section of the Investor Relations area of our website at www.csicompressco.com. In addition, our Board and our general partner have adopted a Code of Business Conduct and a Financial Code of Ethics and a Policy on Trading in Partnership Securities, copies of which are also available in the Corporate Governance section of the Investor Relations area of our website at www.csicompressco.com. We will post on our website all waivers to or amendments of our Code of Business Conduct and Financial Code of Ethics and a Policy on Trading in Partnership Securities that are required to be disclosed by applicable law or the listing requirements of the NASDAQ. We will provide to our unitholders, without charge, printed copies of the foregoing materials upon written request to Investor Relations, CSI Compressco LP, 1735 Hughes Landing Boulevard, Suite 200, The Woodlands, Texas, 77380.

The NASDAQ does not require a listed limited partnership like us to have a majority of independent directors on the Board or to establish a compensation committee or a nominating committee. Our Board currently consists of nine directors, five of whom, Denise G. Essenberg, Stephen R. Gill, James R. Larson, Joseph P. McElroy and Michael J. Tucker are independent as defined under the listing standards of the NASDAQ.

Name	Age	Position with CSI Compressco GP
Derek J. Anchondo	50	Assistant General Counsel
Jonathan W. Byers	45	Chief Financial Officer, Director
Denise G. Essenberg	65	Independent Director
Ted A. Gardner	66	Director, Chairman of the Board of Directors
Stephen R. Gill	66	Independent Director
John E. Jackson	65	Chief Executive Officer, Director
James R. Larson	74	Independent Director
Joseph P. McElroy	39	Independent Director
Riplee L. Parkening	35	Controller
Matthew B. Pitcock	41	Vice President North America Sales, Compression Services
Robert W. Price	56	Chief Operating Officer, Director

Name	Age	Position with CSI Compressco GP
Rodney P. Pruski	51	Vice President of Operations
Michael J. Tucker	52	Independent Director

Directors and Executive Officers

.Our directors hold office until the earlier of their death, resignation, removal, or until their successors have been appointed. Our executive officers are appointed by and serve at the discretion of our Board. There are no family relationships among any of our directors or executive officers. The following table shows information regarding our current directors and executive officers. Directors are appointed for one-year terms.

Biographical summaries of the directors and executive officers, including the experiences, qualifications, attributes, and skills of each director that have been considered by the Board in determining that these individuals should serve as directors, are set forth below. See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters - Beneficial Ownership of Certain Unitholders and Management" included under Item 12 of this Annual Report for information regarding the number of common units owned by each individual.

Derek J. Anchondo has served as Assistant General Counsel of our general partner since August 2021. Prior to his current role, he was a Partner with large domestic and international law firms from 2011 to 2021. Prior to that, Mr. Anchondo held the role of Chief Counsel and Division Counsel with Pride International from 2006 to 2011 and held the role of Counsel – U.S. Operations with Hanover Compressor Company from 2003 to 2006. He began his career as an attorney in 1999 with large domestic and international law firms. Mr. Anchondo received his B.A. from Trinity University and his J.D. from the University of Houston Law Center. He is admitted to practice in the State of Texas and the State of New York.

Jonathan W. Byers has served as the Chief Financial Officer of our general partner and as a member of its Board since January 2021 and as Head of Corporate Development and Secretary of Spartan since 2010. Prior to joining Spartan, Mr. Byers served as Vice President, Corporate Development for Price Gregory Services ("Price Gregory"), a leading energy infrastructure services provider specializing in pipeline construction. Prior to joining Price Gregory, Mr. Byers held positions at SCF Partners (an energy focused investment firm) and General Atlantic (a global, growth focused private equity firm). Prior to General Atlantic, Mr. Byers was employed with Goldman Sachs Group in the Investment Banking Division. Mr. Byers holds a B.S. in Business Administration from Georgetown University and an M.B.A. from Harvard Business School.

Denise G. Essenber**g** has served as an independent director of our general partner's Board since February 2021. Ms. Essenberg is a retired Partner with PwC, retiring in June 2019 after forty years serving numerous insurance clients across the property/casualty, life and health payor sectors of the insurance industry and advising on acquisitions, pre- and post-transaction integration issues, business divestitures and the adoption of new technologies. Ms. Essenberg served as the managing partner of the PwC Grand Rapids and Hartford offices from 2003 to 2008 and 2008 to 2011, respectively, with oversight and responsibility for client service, office operations and resource management and was the audit transformation leader of PwC's insurance practice from 2014 to 2019. Ms. Essenberg has served on the board of directors and as a member of its audit and compliance committee and finance committee of Health Alliance Plan of Michigan since January 2021 and as a member of the board of directors and audit committee chairperson of Atain Insurance Company and Atain Specialty Insurance Company since June 2020. In December 2021, Ms. Essenberg was elected to the board of directors and was appointed audit committee chairperson of Frankenmuth Mutual Insurance Company. Ms. Essenberg received her B.A. from Michigan State University and attended the Kellogg School of Management Women's Director Development Program at Northwestern University in 2015.

Ted A. Gardner has served as a director and as Non-Executive Chairman of our general partner's Board since January 2021. Mr. Gardner is a co-founder and Managing Partner of Silverhawk Capital Partners. Mr. Gardner is currently a director of Incline Energy Partners, L.P., Kinder Morgan, Inc. (NYSE: KMI), Meridian Chemicals and Spartan. He was previously a director of Kinder Morgan Energy Partners, Athlon Energy, Summit Materials Inc. and Encore Acquisition Company. Ted earned a B.A. degree in Economics from Duke University and both a J.D. and an MBA from the University of Virginia.

Stephen R. Gill has served as an independent director of our general partner's Board and as member of its Audit Committee since January 2021. Mr. Gill has served as the Chief Executive Officer of Lindsayca Solutions, an EPC firm specializing in production and processing facilities, since December 2018. From March 2017 to December 2018, Mr. Gill was retired. From January 2014 to January 2017, Mr. Gill was the Chief Executive Officer of Valerus, a global provider of compression, production, and processing equipment and turnkey facilities. Prior to Valerus, Mr. Gill served in various senior positions at Exterran Corporation (NYSE: EXTN) and Hanover Compression Company, including Vice President – International and at Ingersoll Rand & Dresser Rand. Mr. Gill holds a B.S. degree in Mechanical Engineering from Texas A&M University.

John E. Jackson has served as the Chief Executive Officer of our general partner and as a member of its Board since January 2021 and as President and Chief Executive Officer of Spartan since 2010. Prior to joining Spartan, Mr. Jackson was the Chairman and CEO of Price Gregory. Prior to serving in his roles at Price Gregory, Mr. Jackson served as President and Chief Executive Officer of Hanover Compressor Company. Prior to that, he held several positions at Duke Energy Field Services, including Chief Financial Officer, and Union Pacific Resources. Mr. Jackson has served on the board of directors of Main Street Capital Corporation (NYSE: MAIN) since May 2014. He was previously a director of CNX Midstream Partners and Basic Energy Services, Inc. Mr. Jackson holds a B.B.A. in Accounting from Baylor University.

James R. Larson has served as an independent director of our general partner's Board and as Chairman of its Audit Committee since July 2011 and as a member of its Conflicts Committee since April 2012. Since January 1, 2006, Mr. Larson has been retired. From September 2005 until January 1, 2006, Mr. Larson served as senior vice president of Anadarko Petroleum Corporation ("Anadarko"). From December 2003 to September 2005, Mr. Larson served as senior vice president, finance and chief financial officer of Anadarko. From 2002 to 2003, Mr. Larson served as senior vice president, finance of Anadarko where he oversaw treasury, investor relations, internal audits and acquisitions and divestitures. From 1995 to 2002, Mr. Larson served as vice president and controller of Anadarko where he was responsible for accounting, financial reporting, budgeting, forecasting, and tax. Prior to that, he held various tax and financial positions within Anadarko after joining the company in 1981. Mr. Larson currently serves as a director, chairman of the audit committee and a member of the governance committee of Magnolia Oil & Gas Corporation, a publicly traded company that is subject to the reporting requirements of the Exchange Act. From September 2006 until June 2018, Mr. Larson served as a director of EV Management, LLC, the general partner of EV Energy GP, which was the general partner of EV Energy Partners, L.P. a publicly traded limited partnership. Mr. Larson is a current member of the American Institute of Certified Public Accountants, Financial Executives International, the Tax Executives Institute and the National Association of Corporate Directors. He received his B.B.A. degree in business from the University of Iowa.

Joseph P. McElroy has served as an independent director of our general partner's Board since July 2023. Mr. McElroy has fifteen years of analytical and investing experience, with the past eight years at Merced Capital, preceded by analytical and investment positions at Merrill Lynch, Norwest Equity, and CarVal. He received his B.A. in Finance, Investment, and Banking from the University of Wisconsin and an M.B.A. from Harvard Business School.

Riplee L. Parkening has served as the Principal Accounting Officer as of October 2022. She served as Controller of the Partnership since July 2022 and as Director of Accounting since 2018. Prior to joining the Partnership, Ms. Parkening served as Controller of Premium Inspection and Testing from 2016 to 2018 where her responsibilities included managing the accounting process, financial reporting, and working with the external auditors. Prior to joining Premium Inspection and Testing, Ms. Parkening held positions at Martin Resource Management Corporation from 2011 to 2016. Her responsibilities included managing the accounting department, internal operational reporting, and communicating with auditors. Ms. Parkening received her B.B.A. in accounting from The University of Texas at Tyler, is a certified public accountant in the State of Texas, and a certified fraud examiner.

Matthew B. Pitcock has served as Vice President North America Sales, Compression Services of our general partner since January 2020 and as Regional Sales Manager for the Permian Basin from March 2014 to January 2020. Mr. Pitcock returned to work for our general partner in 2014 after serving for two years as a Category Management Advisor (Compression) at Devon Energy. In 2006, Mr. Pitcock joined the Account Manager Training Program of Compressor Systems Inc., which was acquired by the partnership in 2014. He continued to serve in several sales leadership roles with increasing responsibilities for Compressor Systems through 2012. Mr. Pitcock received his B.B.A. in Management from Angelo State University in 2004 and his M.B.A from Oklahoma Christian University in 2012.

Robert W. Price has served as the Chief Operating Officer of our general partner and as a member of its Board since January 2021 and as Chief Operating Officer of Spartan since 2010. Prior to joining Spartan, Mr. Price held senior management positions with Exterran Corporation (NYSE: EXTN), Hanover Compressor Company and Ariel Compressor Corporation. Mr. Price has spent most of his career developing and executing gas treating and processing applications in the U.S. and Latin America. Mr. Price holds a B.S. in Mechanical Engineering from The University of Notre Dame and an M.B.A from Carnegie Mellon.

Rodney P. Pruski has served as Vice President of Operations of our general partner since January 2022, responsible for North American Compression Services, Aftermarket Operations and Supply Chain. Mr. Pruski joined Compressor Systems, Inc. in November 1998, which was acquired by the partnership in 2014. He served in numerous roles as Controller (1999-2006), Operational Support (2006-2012), Regional Manager for South Texas (2012-2020), and as Director of Operations (2020-2022). Mr. Pruski earned a B.B.A. in Accounting and Computer Information Systems from Texas State University.

Michael J. Tucker has served as an independent director of our general partner's Board since October 2022. Mr. Tucker is the Founder and Managing Partner of Orvieto Partners, L.P. Mr. Tucker has twenty-six years of experience investing in the publicly traded debt and equity securities companies in the gaming, lodging, leisure and energy sectors and 28 years of experience in finance. Before founding Orvieto Partners, Mr. Tucker was a Partner/Portfolio Manager at PAR Capital Management, Inc, a Boston-based long/short equity fund founded in 1990, which makes concentrated investments based on narrowly focused and rigorous fundamental research with a long-term orientation. Prior to joining PAR capital, Mr. Tucker was a Partner and Portfolio Manager at Andover Capital Advisors, LLC, a long-short hedge fund that made concentrated investments in the debt and equity securities of companies with levered capital structures. Before Andover Capital, Mr. Tucker worked at Standish Mellon Assets Management (formerly Standish, Ayer, & Wood, Inc.) He serves on the Providence College Business Advisory Council and the Men's Basketball Vision Team. Mr. Tucker is a graduate of Providence College and received an MBA from the Carroll School of Management at Boston College.

Board Meetings and Committees

During 2023, the Board held seven meetings. The standing committees of the Board during 2023 consisted of an Audit Committee. During 2023, the Audit Committee held five meetings. The Conflicts Committee did not hold any meetings during 2023.

Audit Committee. During 2023, the Audit Committee was composed of Mr. Larson, as Chairman, Mr. Gill and Ms. Essenberg. The purposes of the Audit Committee are to (i) oversee the financial and reporting processes of the Partnership and the general partner, and the audit of the Partnership's financial statements, (ii) assist the Board in fulfilling its oversight responsibilities with regard to the integrity of the Partnership's financial statements, the Partnership's and the general partners' compliance with legal and regulatory requirements, the qualifications, independence and performance of the Partnership's independent registered public accounting firm, and the effectiveness and performance of the Partnership's and the general partner's internal audit function, and (iii) perform such other functions as the Board may assign from time to time. The Audit Committee has sole authority to retain and terminate our independent registered public accounting firm, approve all auditing services and related fees and terms, and approve any non-audit service to be performed by our independent registered public accounting firm. To promote the independence of its audit, the Audit Committee consults separately and jointly with the independent registered public accounting firm, our internal auditor, and management.

As required by NASDAQ and SEC rules regarding audit committees, the Board has reviewed the qualifications of the Audit Committee and has determined that no current committee member has a relationship with us that might interfere with the exercise of his independence from us or our affiliates. Included within such determination, the Board has determined that Messrs. Larson and Gill and Ms. Essenberg are independent as defined in Section 10A of the Exchange Act and the listing standards of the NASDAQ. In addition, the Board has determined that Mr. Larson, the Chairman of the Audit Committee, is an audit committee financial expert within the definition established by the SEC.

Conflicts Committee. Membership of the Conflicts Committee, which was formed in April 2012, was on an ad hoc basis during 2023. It is anticipated that committee membership will be established on an ad hoc basis going forward. The purposes of the Conflicts Committee are to (i) as requested by the Board, review and evaluate any

potential conflicts of interest between us and the owner of our general partner or its affiliates or us and Spartan or its subsidiaries or affiliates, and (ii) carry out any other duties assigned by the Board that relate to potential conflicts of interest between us and the owner of our general partner or its affiliates or us and Spartan or its subsidiaries or affiliates. The Conflicts Committee has the sole authority to retain and terminate any consultants, attorneys, independent accountants or other service providers to assist it in the evaluation of conflicts matters, including the sole authority to approve their fees and other terms of retention.

As required by the Third Amended and Restated Agreement of Limited Partnership of the Partnership, the Board reviewed the independence of Messrs. Larson and Gill and Ms. Essenberg and determined that each of them meets the independence standards established thereunder as required for service on the Conflicts Committee. Included within such determination, the Board also determined that each of Messrs. Larson, Gill and Tucker and Ms. Essenberg was independent as defined in Section 10A of the Exchange Act and the listing standards of the NASDAQ.

Item 11. Executive Compensation.

Compensation of Named Executive Officers

Introductory Note

Beginning in February 2021, we reimbursed our general partner under the terms of our partnership agreement for any expenses and expenditures incurred or payments made on our behalf, including operating expenses related to our operations and for the provision of various general and administrative services for our benefit.

Pursuant to the Management Services Agreement dated November 10, 2021, the general partner, Spartan Operating and Spartan GP will provide certain services reasonably necessary for the operation of the businesses of the Partnership and its subsidiaries, Spartan, Spartan GP and Spartan Treating, including certain corporate and general and administrative services. The general partner and Spartan GP will allocate any costs and expenses incurred on a reasonable basis, and the parties will reimburse such other parties for costs and expenses allocated to them.

Summary Compensation

The following table sets forth the aggregate compensation earned by (i) each individual serving as our President or Chief Executive Officer (our “Principal Executive Officer”), and (ii) each of our two other most highly compensated executive officers (each a “Named Executive Officer” or “NEO”) for the fiscal years ended December 31, 2023 and 2022.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Unit Awards	Non-Equity Incentive Plan Compensation (1)	All Other Compensation (2)	Total (3)
		($)	($)	($)	($)	($)	($)
John E. Jackson	2023	$ 529,616	$ —	$ —	$ 732,000	$ 23,496	$ 1,285,112
Chief Executive Officer, Director	2022	$ 516,202	$ —	$ —	$ 660,000	$ 19,623	$ 1,195,825
Jonathan W. Byers	2023	$ 422,962	$ —	$ —	$ 365,000	$ 23,496	$ 811,458
Chief Financial Officer, Director	2022	$ 412,962	$ —	$ —	$ 330,000	$ 16,373	$ 759,335
Robert W. Price	2023	$ 422,962	$ —	$ —	$ 365,000	$ 23,496	$ 811,458
Chief Operations Officer, Director	2022	$ 412,962	$ —	$ —	$ 330,000	$ 19,623	$ 762,585

(1) Amounts shown in the “Non-Equity Incentive Compensation Plan” column are the earned portions of awards granted under CSI Compressco’s Cash Incentive Compensation Plan (the “CICP”) for the annual performance period ending December 31, 2022, and the annual performance period ending December 31, 2023. Such awards are payable, to the extent earned, based on financial and operational performance measures. Amounts earned as of December 31, 2023, are expected to be paid by April 2024.

(2) The amounts reflected represent (i) matching contributions under the CSI Compressco 401(k) Retirement Plan for 2022 and 2023, and (ii) the value of distribution equivalent rights settled in connection with the vesting of phantom unit awards that relate to CSI Compressco’s common units which was $12,246 for Mr. Jackson, Mr. Byers, and Mr. Price in fiscal year ended December 31, 2023.

(3) As noted above, the formula that determines the compensation costs allocated to us pursuant to the Management Services Agreement does not divide the costs between specific compensation elements, therefore out of an abundance of caution we have chosen to report the total compensation provided to each of the applicable Named Executive Officers for fiscal years 2022 and 2023 within this column.

Salary and Bonus Compensation

None of the NEOs were a party to an employment agreement during the 2023 year. Base salary amounts were determined by the Board of Directors. As noted above, each NEO participated in the CICP during the 2023 year. The CICP budget pool for the 2023 awards under the CICP is based on EBITDA and Net Debt to EBITDA and pays out in accordance with the following table:

	Threshold	Target	Maximum
EBITDA	$120M	$130M	$140M
Net Debt to EBITDA	5.0x	4.8x	4.6x
Payout %	30%	100%	150%

Individual bonus payouts may be increased or decreased by 0-200% of the CICP target based on individual performance at the discretion of the Board of Directors. The 2023 CICP target for John Jackson was 120% and 75% for Jonathan Byers and Robert Price, respectively.

Retirement, Health and Welfare Benefits

Our employees are eligible to participate in a variety of health and welfare and retirement programs sponsored by the Partnership. Our NEOs are generally eligible for the same benefit programs on the same basis as the remainder of our employees. Our health and welfare programs are intended to protect employees against catastrophic loss and to encourage a healthy lifestyle. These health and welfare programs include medical, wellness, pharmacy, dental, life insurance, short-term and long-term disability insurance, and insurance against accidental death and disability.

401(k) Plan

The NEOs became eligible to participate in the CSI Compressco 401(k) Retirement plan (the "CSI Compressco 401(k) Plan") effective January 1, 2022. The CSI Compressco 401(k) Plan is intended to supplement a participant's personal savings and social security. Under this plan, the NEOs may contribute on a pre-tax basis up to 70% of their compensation, subject to an annual maximum established under the Internal Revenue Code (the "Code"). The Partnership makes a matching contribution under these plans equal to 50% of the first 8% of the NEOs annual compensation that is contributed to the plan. All employees (other than nonresident aliens) who have reached the age of eighteen are eligible to participate in the CSI Compressco 401(k) Plan beginning on the first day of the month following their completion of thirty (30) days of service with us.

Perquisites

Perquisites ("perks") are not a material component of our compensation. In general, NEOs do not receive reimbursements for meals, airline and travel costs other than those costs allowed for all employees, or for tickets to sporting events or entertainment events, unless such costs are incurred for business purposes. During 2023, no NEO received an allowance from us for any of the above or a reimbursement for any expense incurred for non-business purposes.

Outstanding Equity Awards at Fiscal Year End

The Partnership continued to maintain our LTIP following the GP Sale, and each of Messrs. Jackson, Byers and Price were eligible to receive a grant of phantom unit awards during fiscal year 2021. Each phantom unit award granted on February 19, 2021, was granted in tandem with distribution equivalent rights ("DERs") that entitle the award holder to receive an additional number of units equal in value to any distributions we pay during the period the award is outstanding times the number of units subject to the award. The awards are intended to cover equity-based incentive awards for these NEOs for a period of three years and no new equity-based awards are currently planned for Messrs. Jackson, Byers and Price until 2024.

The following table discloses the number and value of unvested phantom unit awards granted under the CSI Compressco LP Second Amended and Restated 2011 Long Term Incentive Plan as of December 31, 2023.

Outstanding Equity Awards at Fiscal Year End Table

	Unit Awards	
Name	Number of Units that Have Not Vested(1)	Market Value of Units that Have Not Vested(2)
	(#)	($)
John E. Jackson	153,062	$ 249,491
Jonathan W. Byers	153,062	$ 249,491
Robert W. Price	153,062	$ 249,491

(1) One-third of the unvested phantom unit awards granted on February 19, 2021, vested on February 19, 2022, and one-third vested on February 19, 2023, and February 19, 2024.
(2) All outstanding unit awards relate to our common units. Market value is determined by multiplying the number of units that have not vested by $1.63, the closing price of our common units on December 29, 2023.

Potential Payments upon a Change of Control or Termination

For the majority of the 2023 year, we did not have a severance plan for, or any agreement with, any Named Executive Officer that would require us to make any termination payments. However, on December 19, 2023, in connection with the Merger Agreement between the Partnership and Kodiak, we entered into individual agreements with the Named Executive Officers (the "CIC Agreements") pursuant to which, each NEO is eligible to receive certain payments and benefits in the event they are terminated by us without Cause (as defined in the CIC Agreement) or in the event the NEO terminates his employment for Good Reason (as defined in the CIC Agreement) (in each case, a "Qualifying Termination") on or within the twelve month period following the closing of the Merger.

Upon a Qualifying Termination, each NEO will be eligible to receive: (i) a severance payment in an amount equal to 2 (or, in the case of Mr. Jackson, 2.5) times the sum of (x) the NEO's annualized base salary immediately prior to the date of termination plus (y) the target value of the NEO's annual cash bonus opportunity, if any, for the calendar year during which the date of termination occurs; (ii) a pro-rated portion of the NEO's target annual bonus for the calendar year that includes the NEO's date of termination, multiplied by a fraction, (x) the numerator of which equals the number of calendar days that the NEO was employed by us or one of our affiliates during the calendar year in which the date of termination occurs and (y) the denominator of which equals 365 or 366, as applicable; and (iii) twenty-four (24) months of continued group health coverage or payments for the costs thereof following the date of termination. Each NEO will be subject to customary restrictive covenant agreements pursuant to the CIC Agreements, including a noncompetition restriction for a two year period following the date of NEO's termination of employment.

In addition to the CIC Agreements, under the LTIP, our general partner's Board of Directors, in its sole discretion, may accelerate the vesting of restricted units, phantom units, and performance phantom units held by our Named Executive Officers upon termination of their employment. Solely for purposes of these disclosures, we have assumed that all outstanding unit awards would be accelerated if the Named Executive Officer's employment was terminated without cause in connection with a change of control, or upon the death, disability, or retirement of such officer, although such an acceleration is not a guaranteed benefit. The amount that each NEO who was providing services to us as of December 31, 2023, could receive in connection with the potential acceleration of their outstanding equity awards would have been $249,491.

Director Compensation

Each director who is not an employee of our general partner or any of its subsidiaries, receives non-cash compensation of $60,000 per year for attending regularly scheduled board meetings. The non-cash compensation is paid for the upcoming service year in the form of phantom unit awards that have an intended grant date value of $60,000, prorated for any newly elected director to such director's date of election and that vest over the service year as set forth below. All such awards of phantom units are granted under our LTIP. Each phantom unit award granted to the directors on February 28, 2023, was granted in tandem with distribution equivalent rights ("DERs") that entitle the award holder to receive an additional number of units equal in value to any distributions we pay during the period the award is outstanding times the number of units subject to the award. Directors are reimbursed for out-of-pocket expenses incurred in connection with their service as directors. In addition, each non-employee director is paid an annual cash retainer of $60,000 per year, paid in quarterly cash installments. Directors who are appointed as chairmen of the Audit Committee receive an additional cash retainer of $10,000 per year paid in quarterly installments.

Directors who are also our officers or employees, or officers or employees of our general partner or any of its subsidiaries, did not receive any compensation for duties performed as our directors. Consequently, none of Mr. Jackson (our current Chief Executive Officer), Mr. Byers (our current Chief Financial Officer) or Mr. Price (our current Chief Operating Officer) was compensated for their respective service to us as a director during 2023.

The following table discloses the cash, equity awards, and other compensation earned, paid, or awarded, as the case may be, to each of our non-employee directors during the fiscal year ended December 31, 2023.

Director Compensation Table

Name	Fees Earned or Paid in Cash(1)	Unit Awards(2)	All Other Compensation(3)	Total
Denise Essenberg	$ 60,000	$ 60,000	$ 1,727	$ 121,727
Ted Gardner	$ 60,000	$ 60,000	$ 1,727	$ 121,727
Stephen Gill	$ 60,000	$ 60,000	$ 1,727	$ 121,727
James R. Larson(4)	$ 70,000	$ 60,000	$ 1,727	$ 131,727
Michael Tucker	$ 60,000	$ 60,000	$ —	$ 120,000
Joseph McElroy(5)	$ 30,000	$ —	$ —	$ 30,000

(1) The amounts in this column reflect the annual cash retainer payments earned for service as a non-employee director during 2023.
(2) The amounts included in the "Unit Awards" column reflect the aggregate grant date fair value of awards granted on February 28, 2023 (which will vest on February 28, 2024), in accordance with FASB ASC Topic 718. Phantom unit awards granted under the LTIP on February 28, 2023, relate to our common units and were valued at $1.36 per common unit in accordance with FASB ASC Topic 718. As of December 31, 2023, each of Messrs. Essenberg, Gardner, Gill, and Larson held 44,118 outstanding phantom units.
(3) The amounts reflected represent the value of distribution equivalent rights settled in connection with the vesting of unit awards that relate to CSI Compressco's common units.
(4) In 2023 Mr. Larson received an additional $10,000 cash retainer for his service as the Board of Directors Audit Committee Chairman.
(5) In 2023 Mr. McElroy elected that his cash retainer be paid to Merced Capital, L.P.

Indemnification Agreements

We have entered into indemnification agreements with each of our current directors and officers, which will provide that we will indemnify them to the fullest extent permitted by our Third Amended and Restated Agreement of Limited Partnership, Bylaws, and applicable law. The indemnification agreement also provides that our directors and officers will be entitled to the advancement of fees as permitted by applicable law and sets out the procedures required for determining entitlement to and obtaining indemnification and expense advancement. In addition, our charter documents provide that each of our directors and officers and any person serving at our request as a director or officer of another corporation, partnership, joint venture, trust, or other enterprise shall be indemnified to the fullest extent permitted by law in connection with any threatened, pending, or completed action, suit, or proceeding (including civil, criminal, administrative, or investigative proceedings) arising out of or in connection with his or her services to us or to another corporation, partnership, joint venture, trust, or other enterprise, at our request. We purchase and maintain insurance on behalf of any person who is a director or officer of the aforementioned corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as an officer or director, subject to the terms and conditions of that insurance.

Management and Compensation Committee Interlocks and Insider Participation

As previously discussed, our Board is not required to maintain, and does not maintain, a compensation committee. Please read "Item 13. Certain Relationships and Related Party Transactions, and Director Independence" below, for information about relationships among us, our former general partner, and TETRA.

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

Beneficial Ownership of Certain Unitholders and Management

The following table sets forth the beneficial ownership of our units held by each person who beneficially owned 5% or more of our outstanding common units as of February 21, 2024, and (i) our directors; (ii) our Named Executive Officers ("NEOs"); and (iii) our directors and executive officers as a group.

The amounts and percentages of units beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote

or to direct the voting of such security, or “investment power,” which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest.

Except as indicated by footnote, the persons named in the following table have sole voting and investment power with respect to all units shown as beneficially owned by them, subject to community property laws where applicable.

Name and Business Address of Beneficial Owner	Common Units Beneficially Owned		Percentage of Class[1]
Spartan Energy Partners LP 1735 Hughes Landing, Boulevard, Suite 200 The Woodlands, Texas 77380	63,824,877	(2)	44.9 %
Invesco Ltd. 1555 Peachtree Street, NE, Suite 1800 Atlanta, GA 30309	10,234,420	(3)	7.2 %
Merced Capital, L.P. 601 Carlson Parkway, Suite 200 Minnetonka, MN 55305	7,736,528	(4)	5.4 %
Hill City Capital Master Fund LP 89 Nexus Way Camara Bay, Grand Cayman KY1-9009	7,459,259	(5)	5.3 %
John E. Jackson	830,120		*
Jonathan W. Byers	705,524		*
Robert W. Price	523,484		*
Denise Essenberg	120,028		*
Ted Gardner	1,296,139		*
James R. Larson	270,775		*
Stephen R. Gill	290,028		*
Joseph McElroy	—		
Michael J. Tucker	4,343,268	(6)	3.1 %
Director and executive officers as a group (14 persons)	9,075,372		6.4 %

* Less than 1%.
(1) Reflects common units beneficially owned as a percentage of common units outstanding.
(2) The number of Partnership Common Units is based solely on a Schedule 13D/A filed by Spartan Energy Partners LP (“Spartan LP”) on December 21, 2023. The common units beneficially owned by Spartan Energy Partners LP are directly held of record by our general partner, CSI Compressco GP LLC, and CSI Compressco Investment LLC, each a wholly owned subsidiary of Spartan Energy Holdco LLC. Each of our general partner and CSI Compressco Investment, L.L.C. has sole voting and investment power over the common units held by them. As a result, Spartan Energy Holdco LLC has indirect, sole voting and investment power over the common units held by our general partner and CSI Compressco Investment LLC.
(3) Based on a Schedule 13G/A filed by Invesco Ltd. on February 12, 2024. Invesco Ltd., in its capacity as a parent holding company to its investment advisers, may be deemed to beneficially own 10,234,420 common units which are held of record by clients of Invesco Ltd. Invesco Advisers, Inc. is a subsidiary or Invesco Ltd. and it advises the Invesco SteelPath MLP Select 40 Fund which owns the securities reported above. However, no one individual has greater than 5% economic ownership. The shareholders of the Fund have the right to receive or the power to direct the receipt of dividends and proceeds from the sale of securities listed above.
(4) Based solely on a Schedule 13D/A filed by Merced Capital, L.P. on December 21, 2023. The common units beneficially owned by Merced Capital, L.P. are held for the account of Merced Partners Limited Partnership, Merced Partners V, L.P. and Athilon Capital Corp. LLC. Merced Capital, L.P. is the general partner of Merced Partners Limited Partnership, Merced Partners V, L.P. and Athilon Capital Corp. LLC. Merced Capital, L.P. is managed by Series E of Merced Capital Partners, LLC, a series of a Delaware limited liability company. David A. Ericson, Vincent C. Vertin and Stuart B. Brown have voting control over the interests in Series E of Merced Capital Partners, LLC and may be deemed to have voting and investment control over the subject common units.
(5) Based solely on a Schedule 13G/A filed by Hill City Capital Master Fund LP on February 13, 2024. The common units beneficially owned by Hill City Capital Master Fund LP are directly held of record by Hill City Capital Master Fund LP. Hill City Capital Master Fund LP is managed by Hill City Capital LP. Herbert Frazier is the Managing Member of Hill City Capital LP and may be considered to have voting and investment control over the subject common units.

(6) The common units beneficially owned by Michael J. Tucker include 44,118 held directly by Mr. Tucker and 4,299,150 which are directly held by Orvieto Fund LP, a Delaware limited partnership. Orvieto Fund LP is managed by Orvieto Partners, LP, a Delaware limited partnership. As Managing Partner of Orvieto Partners, L.P., Mr. Tucker has voting and investment control of Orvieto Partners, LP, and may be deemed to have voting and investment control over the common units.

Equity Compensation Plan Information

The following table provides information as of December 31, 2023, regarding compensation plans (including individual compensation arrangements) under which our common units are authorized for issuance.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants or Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants or Rights		Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Shown in the First Column)
Equity compensation plans approved by security holders[1]	1,763,587	$ —	(2)	9,911,311
Equity compensation plans not approved by security holders	—	$ —		—
Total	1,763,587	$ —		9,911,311

(1) Consisted of the Second Amended and Restated 2011 Long Term Incentive Plan as of December 31, 2023.
(2) Represents phantom unit awards and performance phantom unit awards outstanding under the Second Amended and Restated 2011 Long Term Incentive Plan as of December 31, 2023. These phantom unit awards and performance phantom unit awards do not have an exercise price.

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

Certain Transactions

Review, Approval or Ratification of Transactions with Related Persons

The related person transactions in which we engaged in 2023 were typically of a recurring, ordinary course nature, were previously made known to the Board of our general partner, and generally were of the sort contemplated by our Partnership Agreement. We do not have formal, specified policies for the review, approval or ratification of transactions required to be reported under paragraph (a) of Regulation S-K Item 404. However, because related person transactions may result in potential conflicts of interest among management and board-level decision makers, our Partnership Agreement does set forth procedures that the general partner may utilize in connection with resolutions of potential conflicts of interest, including the referral of such matters to an independent conflicts committee for its review and approval or disapproval of such matters.

Transactions with our General Partner and its Affiliates

As of February 28, 2024, Spartan and certain of its subsidiaries, including our general partner, owned 63,824,877 common units, which constitutes a 44.8% limited partner interest in us, and an approximate 0.5% general partner interest in us. Spartan is, therefore, a “related person” to us as such term is defined by the SEC.

Distributions and Payments to the General Partner and its Affiliates

We will generally make cash distributions 99.5% to unitholders on a pro rata basis, including our general partner, as the holders of 63,824,877 common units and approximately 0.5% to our general partner.

For the year ended December 31, 2023, we paid aggregate cash distributions of approximately $5.7 million on our common units, and approximately $27,000 on our general partner interest. On February 14, 2024, we paid quarterly distributions with respect to the period from October 1, 2023 through December 31, 2023, including approximately $0.8 million aggregate cash distribution on our common units and $6,746 on our general partner interest, including approximately $0.6 million of such cash distribution paid to Spartan and its affiliates.

Management Services Agreement

In connection with the Contribution Agreement, the Partnership entered into the Management Services Agreement with the general partner, Contributor, Spartan Energy Partners GP LLC, Spartan GP, and Spartan Operating. Under the terms of the Management Services Agreement, the general partner, Spartan Operating and Spartan GP will provide certain services reasonably necessary for the operation of the businesses of the Partnership and its subsidiaries, Spartan, Spartan GP and Spartan Treating, including certain corporate and general and administrative services. Pursuant to the Management Services Agreement, the general partner and Spartan GP will allocate any costs and expenses incurred on a reasonable basis, and the parties will reimburse such other parties for costs and expenses allocated to them.

Director Independence

Please see "Item 10. Directors, Executive Officers, and Corporate Governance" of this Annual Report for a discussion of director independence matters, which discussion is incorporated by reference into this Item 13.

Item 14. Principal Accounting Fees and Services.

Fees Paid to Principal Accounting Firm

The following table sets forth the aggregate fees for professional services rendered to us by Grant Thornton and its member firms and respective affiliates during the fiscal years ended December 31, 2023 and 2022, respectively (in thousands):

	2023	2022
Audit fees	$ 1,173	$ 1,058
Audit related fees	—	—
Tax fees	—	—
All other fees	—	—
Total fees	$ 1,173	$ 1,058

Audit Committee Pre-Approval of Audit and Non-Audit Services

The Audit Committee of our general partner has adopted a pre-approval policy with respect to services which may be performed by our independent registered public accounting firm (the "Audit Firm"). This policy provides that all audit and non-audit services to be performed by the Audit Firm must be specifically pre-approved on a case-by-case basis by the Audit Committee. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the entire Audit Committee at or before its next scheduled meeting. As of the date hereof, the Audit Committee has delegated this authority to the Chairman of the Audit Committee. Neither the Audit Committee, nor the person to whom pre-approval authority is delegated, may delegate their responsibilities to pre-approve services performed by the Audit Firm to our management.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) List of documents filed as part of this Report

1. Financial Statements of the Partnership

	Page
Report of Independent Registered Public Accounting Firms (PCAOB ID Number 248); 700 Milam St, Ste. 300, Houston, TX 77002	F-1
Consolidated Balance Sheets at December 31, 2023 and 2022	F-4
Consolidated Statements of Operations for the years ended December 31, 2023 and 2022	F-5
Consolidated Statements of Comprehensive Income for the years ended December 31, 2023 and 2022	F-6
Consolidated Statements of Partners' Capital for the years ended December 31, 2023 and 2022	F-7
Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022	F-8
Notes to Consolidated Financial Statements	F-9

2. Financial statement schedules have been omitted as they are not required, are not applicable, or the required information is included in the financial statements or notes thereto.
3. List of Exhibits

2.1	Agreement and Plan of Merger, dated as of December 19, 2023, by and among CSI Compressco LP, CSI Compressco GP LLC, Kick Stock Merger Sub, LLC, Kick GP Merger Sub, LLC, Kick LP Merger Sub, LLC and Kodiak Gas Services, Inc. (incorporated by reference to Exhibit 2.1 to the Partnership's Current Report on Form 8-K filed on December 19, 2023 (SEC File No. 001-35195)) *
3.1	Certificate of Limited Partnership of Compressco Partners, L.P., dated October 31, 2008 (incorporated by reference to Exhibit 3.1 to the Partnership's Registration Statement on Form S-1 filed on November 10, 2008 (SEC File No. 333-155260)).
3.2	Certificate of Correction of the Certificate of Limited Partnership of Compressco Partners, L.P. (incorporated by reference to Exhibit 3.5 to Amendment No.1 to the Partnership's Registration Statement on Form S-1/A filed on December 19, 2008 (SEC File No. 333-155260)).
3.3	Amendment to the Certificate of Limited Partnership of Compressco Partners, L.P., dated November 19, 2014 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on December 1, 2014 (SEC File No. 001-35195)).
3.4	Third Amended and Restated Agreement of Limited Partnership of CSI Compressco LP, dated as of January 6, 2022 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on January 11, 2022 (SEC File No. 001-35195)).
3.5	Certificate of Conversion of CSI Compressco GP LLC, dated January 27, 2021 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on January 29, 2021 (SEC File No. 001-35195)).
3.6	Certificate of Formation of CSI Compressco GP LLC, dated January 27, 2021 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed on January 29, 2021 (SEC File No. 001-35195)).
3.7	Limited Liability Company Agreement of CSI Compressco GP LLC, dated as of January 27, 2021 (incorporated by reference to Exhibit 3.3 to the Current Report on Form 8-K filed on January 29, 2021 (SEC File No. 001-35195)).
4.1	Specimen Unit Certificate representing Common Units (incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the Partnership's Registration Statement on Form S-1/A filed on April 12, 2011 (SEC File No. 333-155260)).
4.2	Indenture, dated as of March 22, 2018, by and among CSI Compressco LP, CSI Compressco Finance Inc., the Guarantors party thereto and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Partnership's Form 8-K filed on March 27, 2018 (SEC File No. 001-35195)).
4.3	Form of 7.500% Senior Secured First Lien Note due 2025 (incorporated by reference to Exhibit 4.1 to the Partnership's Form 8-K filed on March 27, 2018 (SEC File No. 001-35195)).
4.4	First Supplemental Indenture, dated as of June 12, 2020, by and among CSI Compressco LP, CSI Compressco Finance, Inc., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Partnership's Form 8-K filed on June 12, 2020 (SEC File No. 001-35195)).
4.5	First Lien Supplemental Indenture, dated as of June 12, 2020, by and among CSI Compressco LP, CSI Compressco Finance, Inc., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Partnership's Form 8-K filed on June 12, 2020 (SEC File No. 001-35195)).

4.6	10.000%/10.750% Senior Secured Second Lien Notes due 2026 Indenture, dated as of June 12, 2020, by and among CSI Compressco LP, CSI Compressco Finance, Inc., the Guarantors named therein and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.3 to the Partnership's Form 8-K filed on June 12, 2020 (SEC File No. 001-35195).
4.7	Form of 10.000%/10.750% Senior Secured Second Lien Note due 2026 (incorporated by reference to Exhibit 4.3 to the Partnership's Form 8-K filed on June 12, 2020 (SEC File No. 001-35195)).
4.8	Second Lien Supplemental Indenture, dated as of November 16, 2021, by and among CSI Compressco LP, CSI Compressco Finance, Inc., the Guarantors named therein, U.S. Bank National Association, as trustee, and U.S. Bank National Association, as collateral trustee (incorporated by reference to Exhibit 4.2 to the Partnership's Current Report on Form 8-K filed November 16, 2021 (SEC File No. 001-35195)).
4.9	Registration Rights Agreement, dated November 10, 2021, by and among CSI Compressco LP and each of the holders party thereto (incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K filed November 16, 2021 (SEC File No. 001-35195)).
4.10	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
10.1	Contribution, Conveyance and Assumption Agreement, dated June 20, 2011, by and among Compressco, Inc., Compressco Field Services, Inc., Compressco Canada, Inc., Compressco de Mexico, S. de R.L. de C.V., Compressco Partners GP Inc., Compressco Partners, L.P., Compressco Partners Operating, LLC, Compressco Netherlands B.V., Compressco Holdings, LLC, Compressco Netherlands Coöperatief U.A., Compressco Partners Sub, Inc., TETRA International Incorporated, Production Enhancement Mexico, S. de R.L. de C.V. and TETRA Technologies, Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on June 24, 2011 (SEC File No. 001-35195)).
10.2	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.5 to Amendment No. 4 to the Partnership's Registration Statement on Form S-1/A filed on May 27, 2011 (SEC File No. 333-155260)).
10.3***	Form of Cash Retention Award Agreement under the CSI Compressco LP Second Amended and Restated 2011 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Partnership's Quarterly Report on Form 10-Q filed on November 2, 2020 (SEC File No. 001-35195)).
10.4***	CSI Compressco LP Third Amended and Restated 2011 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on February 28, 2023 (SEC File No. 001-35195)).
10.5***	Form of Phantom Unit Agreement under the CSI Compressco LP Second Amended and Restated 2011 Long Term Incentive Plan (incorporated by reference to Exhibit 10.3 to the Partnership's Quarterly Report on Form 10-Q filed on May 9, 2019 (SEC File No. 001-35195)).
10.6***	Form of Non-Employee Director Phantom Unit Agreement under the CSI Compressco LP Second Amended and Restated 2011 Long Term Incentive Plan (incorporated by reference to Exhibit 10.4 to the Partnership's Quarterly Report on Form 10-Q filed on May 9, 2019 (SEC File No. 001-35195)).
10.7	Loan and Security Agreement, dated as of June 29, 2018, by and among CSI Compressco LP, CSI Compressco Sub Inc., CSI Compressco Operating LLC, as borrowers, certain subsidiaries the borrowers named as guarantors therein, the lenders from time to time party thereto, and Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line issuer (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on July 3, 2018 (SEC File No. 001-35195)).
10.8	First Amendment to Loan and Security Agreement, dated June 26, 2019, by and among CSI Compressco LP, CSI Compressco Sub Inc., and CSI Compressco Operating LLC, as borrowers, and Bank of America, N.A., as administrative agent, collateral agent, letter of credit issuer and swing line issuer (incorporated by reference to Exhibit 10.1 to the Partnership's Quarterly Report on Form 10-Q filed on August 8, 2019 (SEC File No. 001-35195)).
10.9	Second Amendment to Loan and Security Agreement, dated June 11, 2020, by and among CSI Compressco LP, CSI Compressco Sub, Inc. and Bank of America, N.A., in its capacity administrative agent, issuing bank and swing line issuer, and the other lenders and loan parties party thereto (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on June 12, 2020 (SEC File No. 001-35195)).
10.10	Third Amendment to Loan and Security Agreement, dated January 29, 2021, by and among CSI Compressco LP, CSI Compressco Sub, Inc. and Bank of America, N.A., in its capacity administrative agent, issuing bank and swing line issuer, and the other lenders and loan parties party thereto (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on January 29, 2021 (SEC File No. 001-35195)).
10.11	Fourth Amendment to Loan and Security Agreement, dated November 10, 2021, by and among CSI Compressco LP, certain of its subsidiaries, Bank of America, N.A., as administrative agent, issuing bank and swing line lender, and the lenders party thereto (incorporated by reference to Exhibit 10.3 to the Partnership's Form 8-K filed on November 16, 2021 (SEC File No. 001-35195)).
10.12	Fifth Amendment to Loan and Security Agreement, dated June 30, 2022, by and among CSI Compressco LP, certain of its subsidiaries, Bank of America, N.A., as administrative agent, issuing bank and swing line lender, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on July 1, 2022 (SEC File No. 001-35195)).
10.13	Loan, Security and Guaranty Agreement, dated January 29, 2021, by and among Spartan Energy Partners LP, Spartan Energy Services LLC, Spartan Terminals Operating, Inc., Spartan Operating Company LLC, Treating Holdco LLC, Bank of America, N.A., as agent for the lenders, and the lenders party thereto.

10.14	First Amendment to Loan, Security and Guaranty Agreement, dated November 10, 2021, by and among Spartan Energy Services LLC, Treating Holdco LLC, Spartan Energy Partners LP, Spartan Terminals Operating, Inc., Spartan Operating Company LLC, Bank of America, N.A., as agent for the lenders, and the lenders party thereto (incorporated by reference to Exhibit 10.4 to the Partnership's Form 8-K filed on November 16, 2021 (SEC File No. 001-35195)).
10.15	Second Amendment to Loan, Security and Guaranty Agreement, dated October 19, 2022, by and among Spartan Energy Services LLC, Treating Holdco LLC, Bank of America, N.A., as agent for the lenders, and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on October 21, 2022 (SEC File No. 001-35195)).
10.16	Collateral Trust Agreement, dated as of March 22, 2018, by and among CSI Compressco LP, CSI Compressco Finance Inc., the other Grantors from time to time party thereto, U.S. Bank National Association, as Trustee, the other Priority Lien Representatives from time to time party thereto, and U.S. Bank National Association, as Collateral Trustee (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on March 27, 2018 (SEC File No. 001-35195)).
10.17	Collateral Trust Agreement, dated June 12, 2020, by and among CSI Compressco LP, CSI Compressco Finance Inc., the other Grantors from time to time party thereto, U.S. Bank National Association, as Trustee, the other Junior Lien Representatives from time to time party thereto, and U.S. Bank National Association, as Collateral Trustee (incorporated by reference to Exhibit 10.2 to the Partnership's Form 8-K filed on June 12, 2020 (SEC File No. 001-35195)).
10.18	Management Services Agreement, dated November 10, 2021, by and among CSI Compressco LP, CSI Compressco GP LLC, Spartan Energy Partners LP, Spartan Energy Partners GP LLC and Spartan Operating Company LLC (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on November 16, 2021 (SEC File No. 001-35195)).
10.19+***	Form of Change in Control Severance Agreement entered into between the Partnership and each of John E. Jackson, Jonathan W. Byers and Robert W. Price.
10.20	Support Agreement, dated as of December 19, 2023, by and among Kodiak Gas Services, Inc., CSI Compressco LP, CSI Compressco Investments LLC, CSI Compressco GP LLC and Spartan Energy Partners LP (incorporated by reference to Exhibit 10.1 to the Partnership's Form 8-K filed on December 19, 2023 (SEC File No. 001-35195)).
10.21	Support Agreement, dated as of December 19, 2023, by and among Kodiak Gas Services, Inc., CSI Compressco LP, CSI Compressco GP LLC and Orvieto Fund L.P. (incorporated by reference to Exhibit 10.2 to the Partnership's Form 8-K filed on December 19, 2023 (SEC File No. 001-35195))
10.22	Support Agreement, dated as of December 19, 2023, by and among Kodiak Gas Services, Inc., CSI Compressco LP, CSI Compressco GP LLC and Merced Capital L.P. (incorporated by reference to Exhibit 10.3 to the Partnership's Form 8-K filed on December 19, 2023 (SEC File No. 001-35195))
10.23	Support Agreement, dated as of December 19, 2023, by and among Kodiak Gas Services, Inc., CSI Compressco LP, CSI Compressco GP LLC, John E. Jackson, Jonathan Byers and Robert Price. (incorporated by reference to Exhibit 10.4 to the Partnership's Form 8-K filed on December 19, 2023 (SEC File No. 001-35195)).
21+	Subsidiaries of the Partnership
22+	List of Subsidiary Guarantors
23.1+	Consent of Grant Thornton LLP
31.1+	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer Furnished Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer Furnished Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*	CSI Compressco LP Clawback Policy (adopted July 27, 2023)
101.INS++	XBRL Instance Document
101.SCH++	XBRL Taxonomy Extension Schema Document
101.CAL++	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF++	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB++	XBRL Taxonomy Extension Label Linkbase Document
101.PRE++	XBRL Taxonomy Extension Presentation Linkbase Document
104++	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

+ Filed with this report.

* Schedules to this Exhibit have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

** Furnished with this report.

*** Management contract or compensatory plan or arrangement.

++ Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2023 and 2022; (ii) Consolidated Balance Sheets as of December 31, 2023 and 2022; (iii) Consolidated Statements of Partners' Capital/Net Parent Equity for the years ended December 31, 2023 and 2022; (iv) Consolidated Statements of Comprehensive Income for the years ended December 31, 2023 and 2022; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022; and (vi) Notes to Consolidated Financial Statements for the year ended December 31, 2023.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, CSI Compressco LP has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CSI COMPRESSCO LP

By: CSI Compressco GP LLC,
its general partner

Date: March 1, 2024

By: /s/John E. Jackson
John E. Jackson, Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities with CSI Compressco GP LLC, its general partner, and on the dates indicated:

Signature	Title	Date
/s/Ted A. Gardner Ted A. Gardner	Chairman of the Board of Directors	March 1, 2024
/s/John E. Jackson John E. Jackson	Chief Executive Officer and Director (Principal Executive Officer)	March 1, 2024
/s/Jonathan W. Byers Jonathan W. Byers	Chief Financial Officer and Director (Principal Financial Officer)	March 1, 2024
/s/Riplee L. Parkening Riplee L. Parkening	Controller (Principal Accounting Officer)	March 1, 2024
/s/Denise G. Essenberg Denise G. Essenberg	Director	March 1, 2024
/s/Stephen R. Gill Stephen R. Gill	Director	March 1, 2024
/s/James R. Larson James R. Larson	Director	March 1, 2024
/s/Robert W. Price Robert W. Price	Director	March 1, 2024
/s/Michael J. Tucker Michael J. Tucker	Director	March 1, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors of CSI Compressco GP LLC and the Unitholders of CSI Compressco LP

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of CSI Compressco LP (a Delaware limited partnership) and subsidiaries (the "Partnership") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss) partners' capital, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Partnership's internal control over financial reporting as of December 31, 2023, sed on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated March 1, 2024 expressed an unqualified opinion.

Basis for opinion
These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership's 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 financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters
The critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Partnership's auditor since 2020.

Houston, Texas
March 1, 2024

CSI Compressco LP
Consolidated Balance Sheets
(In Thousands, Except Unit Amounts)

	December 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,012	$ 8,475
Trade accounts receivable, net of allowance for credit losses of $460 in 2023 and $736 in 2022	58,648	65,085
Trade receivable - affiliate	780	948
Inventories	44,932	45,902
Prepaid expenses and other current assets	8,651	7,905
Total current assets	120,023	128,315
Property, plant, and equipment:		
Land and building	7,241	7,227
Compressors and equipment	1,134,451	1,103,657
Vehicles	8,783	8,640
Construction in progress	34,880	37,183
Total property, plant, and equipment	1,185,355	1,156,707
Less accumulated depreciation	(666,075)	(611,734)
Net property, plant, and equipment	519,280	544,973
Other assets:		
Deferred tax assets	17	3
Intangible assets, net of accumulated amortization of $39,586 in 2023 and $36,627 in 2022	16,181	19,140
Operating lease right-of-use assets	28,244	27,205
Other assets	3,291	2,767
Total other assets	47,733	49,115
Total assets	$ 687,036	$ 722,403
LIABILITIES AND PARTNERS’ CAPITAL		
Current liabilities:		
Accounts payable	$ 21,996	$ 34,589
Unearned income	2,525	2,590
Accrued liabilities and other	45,851	47,076
Current liabilities associated with discontinued operations	—	—
Total current liabilities	70,372	84,255
Other liabilities:		
Long-term debt, net	628,587	634,016
Deferred tax liabilities	1,768	1,245
Operating lease liabilities	19,526	19,419
Other long-term liabilities	5,642	8,742
Total other liabilities	655,523	663,422
Commitments and contingencies		
Partners’ capital:		
General partner interest	(1,690)	(1,618)
Common units (141,995,028 units issued and outstanding at December 31, 2023 and 141,237,462 units issued and outstanding at December 31, 2022)	(22,855)	(9,250)
Accumulated other comprehensive loss	(14,314)	(14,406)
Total partners’ capital (deficit)	(38,859)	(25,274)
Total liabilities and partners’ capital	$ 687,036	$ 722,403

See Notes to Consolidated Financial Statements

CSI Compressco LP
Consolidated Statements of Operations
(In Thousands, Except Unit and Per Unit Amounts)

	Year Ended December 31,	
	2023	2022
Revenues:		
Contract services	$ 284,049	$ 263,241
Aftermarket services	83,621	72,928
Equipment rentals	17,209	14,865
Equipment sales	1,249	2,364
Total revenues	386,128	353,398
Cost of revenues (excluding depreciation and amortization expense):		
Cost of contract services	140,663	135,639
Cost of aftermarket services	66,355	58,199
Cost of equipment rentals	2,094	2,346
Cost of equipment sales	1,344	1,382
Total cost of revenues	210,456	197,566
Depreciation and amortization	77,409	78,231
Impairments and other charges	—	135
Selling, general, and administrative expense	47,552	42,563
Interest expense, net of capitalized interest of $18 in 2023 and $318 in 2022	53,899	49,481
Other (income) expense, net	2,519	2,904
Loss before taxes and discontinued operations	(5,707)	(17,482)
Provision for income taxes	3,773	4,786
Loss from continuing operations	(9,480)	(22,268)
Income (loss) from discontinued operations, net of taxes	—	173
Net loss	$ (9,480)	$ (22,095)
General partner interest in net loss	$ (44)	$ (104)
Common units interest in net loss	$ (9,436)	$ (21,991)
Basic and diluted net loss per common unit:		
Loss from continuing operations per common unit	$ (0.07)	$ (0.16)
Income (loss) from discontinued operations per common unit	—	—
Net loss per common unit	$ (0.07)	$ (0.16)
Weighted average common units outstanding:		
Basic and diluted	141,900,481	141,109,230

See Notes to Consolidated Financial Statements

CSI Compressco LP
Consolidated Statements of Comprehensive Income (Loss)
(In Thousands)

	Year Ended December 31,	
	2023	2022
Net loss	$ (9,480)	$ (22,095)
Foreign currency translation adjustment	92	(2)
Comprehensive loss	$ (9,388)	$ (22,097)

See Notes to Consolidated Financial Statements

CSI Compressco LP
Consolidated Statement of Partners' Capital
(In Thousands)

	Partners' Capital				
		Limited Partners			
	General Partner	Common Unitholders			
	Amount	Units	Amount	Accumulated Other Comprehensive Income (Loss)	Total Partners' Capital (Deficit)
Balance as of December 31, 2021	$ (1,486)	140,386	$ 17,049	$ (14,404)	$ 1,159
Net loss for 2022	(104)	—	(21,991)	—	(22,095)
Distributions ($0.04 per unit)	(28)	—	(5,641)	—	(5,669)
Equity compensation, net	—	—	1,333	—	1,333
Vesting of Phantom Units	—	851	—	—	—
Translation adjustment, net of taxes of $0	—	—	—	(2)	(2)
Balance as of December 31, 2022	$ (1,618)	141,237	$ (9,250)	$ (14,406)	$ (25,274)
Net loss for 2023	(44)	—	(9,436)	—	(9,480)
Distributions ($0.04 per unit)	(28)	—	(5,674)	—	(5,702)
Equity compensation, net	—	—	1,505	—	1,505
Vesting of Phantom Units	—	758	—	—	—
Translation adjustment, net of taxes of $0	—	—	—	92	92
Balance as of December 31, 2023	$ (1,690)	141,995	$ (22,855)	$ (14,314)	$ (38,859)

See Notes to Consolidated Financial Statements

CSI Compressco LP
Consolidated Statements of Cash Flows
(In Thousands)

	Year Ended December 31,	
	2023	2022
Operating activities:		
Net loss	$ (9,480)	$ (22,095)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	77,409	78,231
Impairments and other charges	—	135
Provision (benefit) for deferred income taxes	343	376
Equity-based compensation expense, net	1,505	1,333
Provision (recovery) for credit losses	99	(407)
Amortization of deferred financing costs	182	318
Other non-cash charges and credits	279	95
Gain (loss) on sale of property, plant, and equipment	1,798	(961)
Changes in operating assets and liabilities:		
Accounts receivable	6,480	(12,292)
Inventories	(6,027)	(17,563)
Prepaid expenses and other current assets	(1,055)	3,781
Accounts payable and accrued expenses	(9,028)	4,277
Other	(335)	316
Net cash provided by operating activities	62,170	35,544
Investing activities:		
Purchases of property, plant, and equipment, net	(57,871)	(52,073)
Proceeds from sale of property, plant, and equipment	6,412	8,134
Net cash used in investing activities	(51,459)	(43,939)
Financing activities:		
Proceeds from long-term debt	343,979	115,513
Payments of long-term debt	(349,409)	(113,360)
Distributions	(5,701)	(5,669)
Debt issuance costs and other financing activities	(104)	(343)
Equipment financing lease, net	(1,037)	14,129
Net cash provided by (used in) financing activities	(12,272)	10,270
Effect of exchange rate changes on cash	98	2
Increase (decrease) in cash and cash equivalents and restricted cash	(1,463)	1,877
Cash and cash equivalents at beginning of period	8,475	6,598
Cash and cash equivalents at end of period	$ 7,012	$ 8,475
Supplemental cash flow information:		
Interest paid	$ 53,399	$ 47,272
Income taxes paid	$ 3,748	$ 6,559
Decrease (increase) in accrued capital expenditures	$ 5,304	$ (4,225)

See Notes to Consolidated Financial Statements

CSI COMPRESSCO LP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 — ORGANIZATION AND OPERATIONS

CSI Compressco LP, a Delaware limited partnership, is a provider of compression and treating services. Natural gas compression is used for oil production, gathering, artificial lift, transmission, processing, and storage. Treating services include the removal of contaminants from a natural gas stream and cooling to reduce the temperature of produced gas and liquids. We also sell used standard compressor packages and provide aftermarket services and compressor package parts and components manufactured by third-party suppliers. We provide contract and treating services and compressor parts and component sales to a broad base of natural gas and oil exploration and production, midstream, and transmission companies operating throughout many of the onshore producing regions of the United States as well as in a number of international locations, including the countries of Mexico, Canada, Argentina and Chile. Unless the context requires otherwise, when we refer to "the Partnership," "we," "us," and "our," we are describing CSI Compressco LP and its wholly owned subsidiaries.

Planned Mergers with Kodiak Gas Services, Inc.

On December 19, 2023, we entered into an Agreement and Plan of Merger (the "Merger Agreement"), by and among the Partnership, Kodiak Gas Services, Inc., a Delaware corporation ("Kodiak"), Kodiak Gas Services, LLC, a Delaware limited liability company and indirect, wholly owned subsidiary of Kodiak ("Kodiak Services"), Kick Stock Merger Sub, LLC, a Delaware limited liability company and indirect, wholly owned subsidiary of Kodiak, Kick GP Merger Sub, LLC, a Delaware limited liability company and direct, wholly owned subsidiary of Kodiak Services, and Kick LP Merger Sub, LLC, a Delaware limited liability company and direct, wholly owned subsidiary of Kodiak Services, pursuant to which Kodiak will acquire the Partnership through a series of mergers (the "Mergers"). Under the terms of the Merger Agreement, (i) our common unitholders (excluding certain holders described in clause (ii)) will receive 0.086 (the "Exchange Ratio") shares of common stock, par value $0.01 per share, of Kodiak ("Kodiak Common Stock") in exchange for each common unit, (ii) our common unitholders that meet certain specified conditions may elect to receive as consideration for each common unit, in lieu of a number of shares of Kodiak Common Stock equal to the Exchange Ratio, a number of units ("OpCo Units") in Kodiak Services, equal to the Exchange Ratio and an equal number of shares of Series A Preferred Stock of Kodiak ("Series A Preferred Stock"), and (iii) the owner of our general partner will receive, in consideration for the notional units representing the general partner interest in the Partnership, a number of OpCo Units and shares of Series A Preferred Stock equal to the Exchange Ratio for each such notional unit. Each OpCo Unit will be redeemable for one share of Kodiak Common Stock (together with the cancellation of one share of Series A Preferred Stock) pursuant to the terms of the Sixth Amended and Restated Limited Liability Company Agreement of Kodiak Services.

On February 21, 2024, upon the delivery of written consents approving the Mergers by each of our named executive officers and certain large unitholders, we received the requisite unitholder approval to consummate the Mergers. Completion of the Mergers remains subject to certain conditions, including certain governmental and regulatory approvals. The closing of the Mergers is currently expected to take place in the second quarter of 2024; however, no assurance can be given as to when, or if, the Mergers will occur.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our consolidated financial statements include the accounts of our wholly owned subsidiaries. All intercompany balances and transactions have been eliminated.

Segments

We operate in one reportable segment. The Partnership's Chief Executive Officer, who is considered to be the chief operating decision maker, manages the Partnership's operations as a whole and reviews financial

information presented on a consolidated basis, accompanied by information about product revenue, for purposes of evaluating financial performance and allocating resources.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and impairments during the reporting period. Actual results could differ from those estimates, and such differences could be material.

Reclassifications

Certain previously reported financial information has been reclassified to conform to the current year's presentation. The impact of such reclassifications was not significant to the prior year's overall presentation.

Cash Equivalents

We consider all highly liquid cash investments with maturities of three months or less when purchased to be cash equivalents. We have concentrated credit risk for cash by maintaining deposits in a major bank, which may at times exceed amounts covered by insurance provided by the United States Federal Deposit Insurance Corporation (“FDIC”). We monitor the financial health of the bank and have not experienced any losses in such accounts and believe we are not exposed to any significant credit risk. Management believes the financial institutions are financially sound and risk of loss is minimal.

Financial Instruments

Financial instruments that subject us to concentrations of credit risk consist principally of trade accounts receivable, which are primarily due from companies of varying size engaged in oil and gas activities in the United States, Canada, Mexico, Argentina and Chile. Our policy is to review the financial condition of customers before extending credit and periodically updating customer credit information. Payment terms are on a short-term basis. The risk of loss from the inability to collect trade receivables is heightened during prolonged periods of low oil and natural gas commodity prices.

We have currency exchange rate risk exposure related to transactions denominated in a foreign currency as well as to investments in certain of our international operations. Our risk management activities include the use of foreign currency forward purchase and sale derivative contracts as part of a program designed to mitigate the currency exchange rate risk exposure on selected international operations.

We have $56.8 million balance outstanding under our variable rate revolving credit facilities pursuant to the Credit Agreement and the Spartan Credit Agreement as of December 31, 2023 and face market risk exposure related to changes in applicable interest rates.

Significant Customers

During the years ended December 31, 2023 and 2022, one individual customer accounted for 10% or more of our revenues. As of December 31, 2023 and 2022, one individual customer represented 10% or more of our consolidated trade accounts receivable net of allowance for credit losses.

Foreign Currencies

We have designated the Canadian dollar as the functional currency for our operations in Canada. We are exposed to fluctuations between the U.S. dollar and certain foreign currencies, including the Canadian dollar, the Mexican peso, the Argentine peso and the Chilean peso as a result of our international operations. Foreign currency exchange (gains) losses are included in other (income) expense, net, and totaled $5.1 million and $1.9 million during the years ended December 31, 2023 and 2022, respectively.

Leases

Lessee

As a lessee, unless the lease meets the criteria of short-term and is excluded per our policy election described below, we initially recognize a lease liability and related right-of-use asset on the commencement date. The right-of-use asset represents our right to use an underlying asset and the lease liability represents our obligation to make lease payments to the lessor over the lease term.

All of our long-term leases are operating leases and are included in operating lease right-of-use assets, accrued liabilities and other, and operating lease liabilities in our consolidated balance sheet as of December 31, 2023 and 2022. We determine whether a contract is or contains a lease at inception of the contract. Where we are a lessee in a contract that includes an option to extend or terminate the lease, we include the extension period or exclude the period covered by the termination option in our lease term in determining the right-of-use asset and lease liability, if it is reasonably certain that we would exercise the option.

As an accounting policy election, we do not include short-term leases on our balance sheet. Short-term leases include leases with a term of twelve months or less, inclusive of renewal options we are reasonably certain to exercise. The lease payments for short-term leases are included as operating lease costs on a straight-line basis over the lease term in cost of revenues or selling, general, and administrative expense based on the use of the underlying asset. We recognize lease costs for variable lease payments not included in the determination of a lease liability in the period in which an obligation is incurred.

As allowed by U.S. GAAP, we do not separate non-lease components from the associated lease component for our contract services contracts and instead account for those components as a single component based on the accounting treatment of the predominant component. In our evaluation of whether Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 842 “Leases” or ASC 606 “Revenue from Contracts with Customers” is applicable to the combined component based on the predominant component, we determined the services non-lease component is predominant, resulting in the ongoing recognition of our compression services contracts following ASC 606.

Our operating leases are recognized at the present value of lease payments over the lease term. When the implicit discount rate is not readily determinable, we use our incremental borrowing rate to calculate the discount rate used to determine the present value of lease payments. Consistent with other long-lived assets or asset groups that are held and used, we test for impairment of our right-of-use assets when impairment indicators are present.

Lessor

Our agreements for rental equipment contain an operating lease component under ASC 842 because we, as the lessor, retain substantial exposure to changes in the underlying asset’s value, unlike a sale or secured lending arrangement. Therefore, we do not derecognize the underlying asset, and recognize income associated with providing the lessee the right to control the use of the asset ratably over the lease term.

As a lessor, we recognize operating lease revenue on our statements of operations as equipment rentals. This revenue is recognized on a straight-line basis over the term of the lease based on the monthly rate in the agreement. The leased asset remains on the balance sheets consistent with other property, plant and equipment. Cash receipts associated with all leases are classified as cash flows from operating activities in the statement of cash flows. Certain lease agreements provide renewal options. Either party can terminate prior to the next notice period. If neither party terminates the lease automatically renews.

The leased equipment primarily consists of the Spartan Treating amine plants, gas coolers and production equipment. All of this equipment is modular and skid mounted. It can be moved between locations. Lease terms for this equipment vary in length. Lease terms for amine plants range from two to six years while lease terms for the gas coolers range from one month to two years.

Allowance for Credit Losses

Trade accounts receivable are stated at their net realizable value. The allowance for credit losses against gross trade accounts receivable reflects the best estimate of expected credit losses of the receivables portfolio determined on the basis of historical experience, current information, and forecasts of future economic conditions. In developing the estimate for expected credit losses, trade accounts receivables are segmented into pools of assets depending on market (U.S. versus international), delinquency status, and customer type, and fixed reserve percentages are established for each pool of trade accounts receivables.

In determining the reserve percentages for each pool of trade accounts receivables, we considered our historical experience with certain customers and customer types, regulatory and legal environments, country and political risk, and other relevant current and future forecasted macroeconomic factors. These credit risk indicators are monitored on a quarterly basis to determine whether there have been any changes in the economic environment that would indicate the established reserve percentages should be adjusted, and are considered on a regional basis to reflect more geographic-specific metrics. Additionally, write-offs and recoveries of customer receivables are tracked against collections on a quarterly basis to determine whether the reserve percentages remain appropriate. When management becomes aware of certain customer-specific factors that impact credit risk, specific allowances for these known troubled accounts are recorded. Trade accounts receivable are written off after all reasonable means to collect the full amount (including litigation, where appropriate) have been exhausted.

Changes in the allowance are as follows:

	Year Ended December 31,	
	2023	**2022**
	(In Thousands)	
At beginning of period	$ 736	$ 1,223
Activity in the period:		
Provision (recovery) for credit losses	99	(407)
Account charge-offs, net	(375)	(80)
At end of period	$ 460	$ 736

Inventories

Inventories consist primarily of compressor package spare parts and supplies and work in progress. For compressor package spare parts and supplies, cost is determined using the weighted average cost method. The cost of work in progress is determined using the specific identification method.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Expenditures that increase the useful lives of assets are capitalized. The cost of repairs and maintenance is charged to cost of revenues as incurred. Compressors include compressor packages currently placed in service and available for service. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Buildings	15 – 30 years
Compressors, Amine plants, and Production equipment	12 – 25 years
Other equipment	2 – 8 years
Vehicles	3 – 5 years
Information systems	7 years

Depreciation expense for the years ended December 31, 2023 and 2022 was $74.4 million and $75.1 million, respectively.

Leasehold improvements are depreciated over the shorter of the remaining term of the associated building lease or their useful lives.

Construction in progress as of December 31, 2023 and 2022 is primarily associated with the expansion of our contract services fleet and capital expenditures that sustain the capacity of our existing fleet.

Intangible Assets

Trademarks/trade names, customer relationships, and other intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from two to fifteen years. Amortization expense related to intangible assets was $2.9 million and $2.9 million for the years ended December 31, 2023 and 2022, respectively, and is included in depreciation and amortization. The estimated future annual amortization expense of trademarks/trade names, customer relationships, and other intangible assets is $2.9 million each year for 2024 to 2028.

Our intangible assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. In such an event, we will determine the fair value of the asset using an undiscounted cash flow analysis of the asset at the lowest level for which identifiable cash flows exist. If an impairment has occurred, we will recognize a loss for the difference between the carrying value and the estimated fair value of the intangible asset.

Impairments and Other Charges

Impairments of long-lived assets, including identified intangible assets, are determined periodically when indicators of impairment are present. If such indicators are present, the determination of the amount of impairment is based on our judgments as to the future undiscounted operating cash flows to be generated from the relevant assets throughout their remaining estimated useful lives. If these undiscounted cash flows are less than the carrying amount of the related asset, an impairment is recognized for the excess of the carrying value over its fair value. Fair value of intangible assets is generally determined using the discounted present value of future cash flows using discount rates commensurate with the risks inherent with the specific assets. Assets held for disposal are recorded at the lower of carrying value or estimated fair value less estimated selling costs.

During 2023, we did not record any impairments of long-lived assets. During 2022 a specific engine in inventory was sold at a loss, resulting in a charge of $0.1 million.

Accrued Liabilities

Accrued liabilities are detailed as follows:

	December 31,	
	2023	2022
	(In Thousands)	
Accrued interest	$ 12,147	$ 12,093
Operating lease liabilities, current portion	8,762	7,620
Compensation and employee benefits	8,542	7,867
Equipment finance agreements, current portion	7,450	5,394
Accrued taxes	5,037	6,069
Accrued capital expenditures	1,056	6,360
Other accrued liabilities	2,857	1,673
Total accrued liabilities and other	$ 45,851	$ 47,076

Revenue Recognition

Performance Obligations. Revenue is recognized when performance obligations under the terms of a contract with our customer are satisfied. Revenue is generally recognized when we transfer control of our products or services to our customers. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring products or providing services to our customers. We receive cash equal to the invoice price for most product sales and services and payment terms typically range from 30 to 60 days from the date we invoice our customer. With the exception of the initial terms of our compression services contracts of our medium-

and high-horsepower compressor packages, our customer contracts are generally for terms of one year or less. Since the period between when we deliver products or services and when the customer pays for products or services is not to exceed one year, we have elected not to calculate or disclose a financing component for our customer contracts.

Depending on the terms of the arrangement, we may also defer the recognition of revenue for a portion of the consideration received because we have to satisfy a future performance obligation.

For revenue associated with mobilization of service equipment as part of a service contract arrangement, such revenue, if significant, is deferred and amortized over the estimated service period.

Contract services. For compression services revenues recognized over time, our customer contracts typically provide agreed upon monthly service rates and we recognize service revenue based upon the number of days that services have been performed. The majority of our compression services are provided pursuant to contract terms ranging from one month to twenty-four months. Monthly agreements are generally cancellable with 30 days written notice by the customer.

Sales taxes, value added taxes, and other taxes we collect concurrent with revenue-producing activities are excluded from revenue. We recognize the cost for freight and shipping costs when control over our products (i.e., delivery) has transferred to the customer as part of cost of product sales.

Use of Estimates. Our revenues do not include material amounts of variable consideration, as our revenues typically do not require significant estimates or judgments. The transaction prices on a majority of our arrangements are fixed and product returns are immaterial. Additionally, our arrangements typically do not include multiple performance obligations that require estimates of the stand-alone purchase price for each performance obligation. Revenue on certain aftermarket service arrangements that include time as a component of the transaction price is not recognized until the performance obligation is complete.

Contract Assets and Liabilities. We consider contract assets to be trade accounts receivable when we have an unconditional right to consideration and only the passage of time is required before payment is due. In certain instances, particularly those requiring customer specific documentation prior to invoicing, our invoicing of the customer is delayed until certain documentation requirements are met. In those cases, we recognize a contract asset rather than a billed trade accounts receivable until we are able to invoice the customer. Contract assets, along with billed trade accounts receivable, are included in trade accounts receivable in our consolidated balance sheets.

We classify contract liabilities as unearned income in our consolidated balance sheets.

Equity-Based Compensation

We have an equity incentive compensation plan which provides for the granting of phantom units and performance phantom units to the executive officers, key employees, non-executive officers, and directors of our general partner. Total equity-based compensation expense for the years ended December 31, 2023 and 2022, was $1.8 million and $1.6 million, respectively. For further discussion of equity-based compensation, see Note 9 - "Equity-Based Compensation."

Income Taxes

Our operations are not subject to U.S. federal income tax other than the operations that are conducted through taxable subsidiaries. We incur state and local income taxes in certain areas of the U.S. in which we conduct business. We incur income taxes and are subject to withholding requirements related to certain of our operations in Latin America, Canada, and other foreign countries in which we operate. Furthermore, we also incur Texas Margin Tax, which, in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, is classified as an income tax for reporting purposes. A portion of the carrying value of certain deferred tax assets is subject to a valuation allowance. See Note 11 - "Income Taxes" for further discussion.

Accumulated Other Comprehensive Income (Loss)

Certain of our international operations maintain their accounting records in the local currencies that are their functional currencies. For these operations, the functional currency financial statements are converted to U.S. dollar

equivalents, with the effect of the foreign currency translation adjustment reflected as a component of accumulated other comprehensive income (loss). Accumulated other comprehensive income (loss) is included in partners' capital in the accompanying audited consolidated balance sheets and consists of the cumulative currency translation adjustments associated with such international operations. Activity within our accumulated other comprehensive income (loss) is not subject to reclassifications to net income.

Allocation of Net Income (Loss)

Our net income (loss) is allocated to partners' capital accounts in accordance with the provisions of the Partnership Agreement.

Earnings Per Common Unit

Our computations of earnings per common unit are based on the weighted average number of common units outstanding during the applicable period. Basic earnings per common unit are determined by dividing net income (loss) allocated to the common units after deducting the amount allocated to our general partner by the weighted average number of outstanding common units during the period.

When computing earnings per common unit under the two-class method in periods when distributions are greater than earnings, the amount of the distribution is deducted from net income (loss) and the excess of distributions over earnings is allocated between the general partner and common units based on how our Partnership Agreement allocates net losses.

Diluted earnings per common unit are computed using the treasury stock method, which considers the potential future issuance of limited partner common units. Unvested phantom units are not included in basic earnings per common unit, as they are not considered to be participating securities, but are included in the calculation of diluted earnings per common unit. For the years ended December 31, 2023 and 2022, all unvested phantom units were excluded from the calculation of diluted common units because the impact was anti-dilutive.

Fair Value Measurements

We utilize fair value measurements to account for certain items and account balances within our consolidated financial statements. We utilize fair value measurements on a recurring basis in the accounting for our foreign currency forward purchase and sale derivative contracts. For these fair value measurements, we utilize the quoted value (a Level 2 fair value measurement). Refer to Note 10 - "Fair Value Measurements" for further discussion.

Fair value measurements are also utilized on a nonrecurring basis, such as in the allocation of purchase consideration for acquisition transactions to the assets and liabilities acquired, including intangible assets (a Level 3 fair value measurement) and for the impairment of long-lived assets (a Level 3 fair value measurement).

Distributions

On January 19, 2023, April 17, 2023, July 17, 2023 and October 19, 2023, our general partner declared a cash distribution attributable to the respective quarter end of $0.01 per common unit. These distributions each equate to a distribution of $0.04 per outstanding common unit on an annualized basis. These distributions were paid on February 14, 2023, May 15, 2023, August 14, 2023 and November 14, 2023, respectively, to the holders of common units of record as of the close of business on January 31, 2023, April 30, 2023, July 28, 2023 and October 30, 2023, respectively. See Note 15 – Subsequent Events for information regarding the distribution with respect to the quarter ended December 31, 2023.

Discontinued Operations

On July 2, 2020, we completed the sale of our Midland manufacturing facility. The Midland facility was used to design, fabricate and assemble new standard and customized compressor packages for our new unit sales business. In connection with the Midland manufacturing facility sale, we entered into an agreement with the buyer to continue to operate a portion of the facility, which allowed us to close out the remaining backlog for the new unit sales business and to continue to operate our aftermarket services business at that location for an interim period. Following completion of the last unit in October 2020, we ceased fabricating new compressor packages for sales to third parties or for our own service fleet. The operations associated with the new unit sales business were previously reported in equipment sales revenues and are now reflected as discontinued operations in our financial statements for all periods presented. Used equipment sales revenue continues to be included in equipment sales revenue. Income from discontinued operations, net of tax for the year ended December 31, 2022, was $0.2 million related to the warranty reserve not being utilized.

New Accounting Pronouncements

<u>*Standards adopted*</u>

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” ASU 2016-13 amends the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology, which will result in the more timely recognition of losses on financial instruments not accounted for at fair value through net income. The provisions require credit impairments to be measured over the contractual life of an asset and developed with consideration for past events, current conditions, and forecasts of future economic information. Credit impairments will be accounted for as an allowance for credit losses deducted from the amortized cost basis at each reporting date. Updates at each reporting date after initial adoption will be recorded through selling, general, and administrative expense. We adopted this new standard on January 1, 2023 and our adoption of this standard did not have a material impact on our consolidated financial statements.

Standards Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures.” ASU 2023-07 provides accounting guidance to improve the disclosures about a public entity’s reportable segments and address requests from investors for additional, more detailed information about a reportable segment’s expenses. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods after December 15, 2024. The Partnership will adopt this guidance in its Form 10-K for the year ended December 31, 2024. This guidance is expected to impact the disclosures only with no impact to the results of operations, financial position or cash flows.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” ASU 2023-09 provides accounting guidance to enhance the transparency and decision usefulness of income tax disclosures. The guidance includes improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid. This guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Partnership is in the process of evaluating this guidance and the potential effects this guidance will have on its disclosures.

NOTE 3 — REVENUE FROM CONTRACTS WITH CUSTOMERS

As of December 31, 2023, we had $313.2 million of remaining contractual performance obligations for contract services. As a practical expedient, this amount does not include revenue for contract services contracts whose original expected duration is less than twelve months and does not consider the effects of the time value of money. Expected revenue to be recognized in the future as of December 31, 2023 for completion of performance obligations of contract service are as follows:

	2024	2025	2026	2027	2028	Total
			(In Thousands)			
Contract services contracts remaining performance obligations	$ 176,227	$ 91,063	$ 41,104	$ 4,732	$ 70	$ 313,196

Our contract asset balances included in trade accounts receivable in our consolidated balance sheets, primarily associated with revenue accruals prior to invoicing, were $2.9 million and $4.2 million as of December 31, 2023 and December 31, 2022, respectively.

The following table reflects the changes in unearned income in our consolidated balance sheets for the periods indicated:

	December 31, 2023	December 31, 2022
	(In Thousands)	
Unearned income, beginning of period	$ 2,590	$ 2,187
Additional unearned income	11,584	10,725
Revenue recognized	(11,649)	(10,322)
Unearned income, end of period	$ 2,525	$ 2,590

Unearned income is included in accrued liabilities and other on the consolidated balance sheets. As of December 31, 2023 and 2022, contract costs were immaterial.

Disaggregated revenue from contracts with customers by geography is as follows:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Contract services		
U.S.	$ 260,397	$ 227,542
International	23,652	35,699
	284,049	263,241
Aftermarket services		
U.S.	80,773	71,445
International	2,848	1,483
	83,621	72,928
Equipment Rentals		
U.S.	13,267	9,380
International	3,942	5,485
	17,209	14,865
Equipment sales		
U.S.	676	1,945
International	573	419
	1,249	2,364
Total Revenue		
U.S.	355,113	310,312
International	31,015	43,086
	$ 386,128	$ 353,398

NOTE 4 — INVENTORIES

Components of inventories as of December 31, 2023 and December 31, 2022 are as follows:

	December 31, 2023	December 31, 2022
	(In Thousands)	
Parts and supplies	$ 42,736	$ 44,042
Work in progress	2,196	1,860
Total inventories	$ 44,932	$ 45,902

Inventories consist primarily of compressor package spare parts and supplies. Work in progress inventories consist of work in progress for our aftermarket business that has not been invoiced.

NOTE 5 — LEASES

Lessee Accounting

We have operating leases for some of our office space, warehouse space, operating locations, and machinery and equipment. Our leases have remaining lease terms up to ten years. Some of our leases have options to extend for various periods, while some have termination options upon prior notice of typically 30 days or six months. Our leases generally require us to pay all maintenance and insurance costs. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Lease costs are included in either cost of revenues or selling, general, and administrative expense depending on the use of the underlying asset. Total lease expense (inclusive of lease expense for leases not included on our consolidated balance sheet based on our accounting policy election to exclude leases with a term of twelve months or less), was $16.1 million for the year ended December 31, 2023, of which $2.3 million related to short-term leases. Total lease expense was $14.0 million for the year ended December 31, 2022, of which $2.8 million related to short-term leases. Variable rent expense was not material.

Operating lease supplemental cash flow information:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	$ 13,796	$ 10,930
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 11,975	$ 8,777

Supplemental balance sheet information:

	December 31, 2023	December 31, 2021
	(In Thousands)	
Operating leases:		
Operating right-of-use asset	$ 28,244	$ 27,205
Accrued liabilities and other	$ 8,762	$ 7,620
Operating lease liabilities	19,526	19,419
Total operating lease liabilities	$ 28,288	$ 27,039

Additional operating lease information:

	December 31, 2023	December 31, 2022
Weighted average remaining lease term:		
Operating leases	4.60 years	4.39 years
Weighted average discount rate:		
Operating leases	9.94 %	10.05 %

Future minimum lease payments by year and in the aggregate, under non-cancelable operating leases with terms in excess of one year consist of the following at December 31, 2023:

	Operating Leases
	(In Thousands)
2024	$ 11,270
2025	7,356
2026	6,298
2027	3,189
2028	1,512
Thereafter	5,102
Total lease payments	34,727
Less imputed interest	(6,439)
Total lease liabilities	$ 28,288

Lessor Accounting

Our leased equipment primarily consists of amine plants, gas coolers and other production equipment. Certain of our agreements with our customers for rental equipment contain an operating lease component under ASC 842 because (i) there are identified assets, (ii) the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use and (iii) the customer directs the use of the identified assets throughout the period of use. We have elected to apply the practical expedient provided to lessors to combine the lease and non-lease component of a contract where the revenue recognition pattern is the same and where the lease component, when accounted for separately, would be considered an operating lease. The practical expedient also allows a lessor to account for the combined lease and non-lease components under ASC 606, Revenue from Contracts with Customers, when the non-lease component is the predominant element of the combined component.

Our lease agreements generally have contract terms based on monthly rates. Lease revenue is recognized straight-line based on these monthly rates. We do not provide an option for the lessee to purchase the rented assets at the end of the lease and the lessees do not provide residual value guarantees on the rented assets.

We recognized operating lease revenue, which is included in “Equipment rentals” on the consolidated statements of operations as follows:

	December 31, 2023	December 31, 2022
	(In Thousands)	
Equipment rentals	$ 17,209	$ 14,865

The following table presents the maturity of lease payments for operating lease agreements in effect as of December 31, 2023. This presentation includes minimum fixed lease payments and does not include an estimate of variable lease consideration. These agreements have remaining lease terms ranging from one month to five years. The following table presents the undiscounted cash flows expected to be received related to these agreements:

	2024	2025	2026	2027	2028	Thereafter
	(In Thousands)					
Future minimum lease revenue	$ 9,064	$ 1,598	$ 1,576	$ 1,576	$ 1,576	$ 263

NOTE 6 — LONG-TERM DEBT AND OTHER BORROWINGS

Long-term debt consists of the following:

	Scheduled Maturity	December 31, 2023	December 31, 2022
		(In Thousands)	
Credit Agreement [1]	June 29, 2025	$ 9,419	$ 6,312
Spartan Credit Agreement [2]	October 17, 2025	46,501	54,912
7.5% First Lien Notes due 2025 [3]	April 1, 2025	400,086	400,293
10.000%/10.750% Second Lien Notes due 2026 [4]	April 1, 2026	172,581	172,499
Total long-term debt		628,587	634,016
Other borrowings [5]	Various	13,092	14,129
Total long-term debt and other borrowings		$ 641,679	$ 648,145

(1) Net of unamortized deferred financing costs of $0.3 million as of December 31, 2023 and $0.4 million as of December 31, 2022.

(2) Net of unamortized deferred financing costs of $0.5 million as of December 31, 2023 and $0.6 million as of December 31, 2022.

(3) Net of unamortized deferred financing costs of $1.3 million and $2.3 million as of December 31, 2023 and 2022, respectively, unamortized discount of $0.1 million and $0.1 million as of December 31, 2023 and 2022, respectively, and deferred restructuring gain of $1.4 million and $2.7 million as of December 31, 2023 and 2022, respectively.

(4) Net of unamortized deferred financing costs of $1.3 million and $1.9 million, unamortized discount of $0.5 million and $0.7 million, and deferred restructuring gain of $1.7 million and $2.4 million as of December 31, 2023 and 2022, respectively.

(5) Includes $7.5 million of current liability classified as Accrued liabilities and other and $5.6 million classified as Other long-term liabilities as of December 31, 2023 and $5.4 million of current liability classified as Accrued liabilities and other and $8.7 million classified as Other long-term liabilities as of December 31, 2022 on the accompanying consolidated balance sheet.

Scheduled maturities for the next five years and thereafter are as follows:

	December 31, 2023
	(In Thousands)
2024	$ 7,443
2025	462,109
2026	173,112
2027	—
2028	—
Thereafter	—
Total maturities	$ 642,664

Our Credit Agreement, the Spartan Credit Agreement and the indentures governing the Notes contain certain affirmative and negative covenants, including covenants that restrict the ability to pay dividends or other restricted payments. We are in compliance with all covenants of our credit agreements and indentures as of December 31, 2023.

Refer to Note 7 - “Related Party Transactions,” for a discussion of our amounts payable to affiliates.

Credit Agreement

On June 30, 2022, the Partnership, CSI Compressco Sub Inc. and CSI Compressco Operating LLC (collectively with the Partnership and CSI Compressco Sub Inc., the “Borrowers”), and certain subsidiaries of the Partnership named therein as guarantors (the “Guarantors”), entered into that certain Fifth Amendment to Loan and Security Agreement (the “Fifth Amendment”) with the Lenders (as defined below) party thereto, and Bank of America, N.A., in its capacity as administrative agent (in such capacity, “Administrative Agent”), collateral agent, letter of credit issuer and swing line lender.

The Fifth Amendment amends and modifies that certain Loan and Security Agreement among the Borrowers, the Guarantors, the financial institutions from time to time party thereto as lenders (the “Lenders”) and the Administrative Agent dated as of June 29, 2018 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”). The Fifth Amendment provided for changes and modifications to the Credit Agreement as set forth therein, which include, among other things, the reduction of the

reserve to $3.5 million and the extension of the Termination Date (as defined in the Credit Agreement) from June 29, 2023 to June 29, 2025.

As of December 31, 2023, and subject to compliance with the covenants, borrowing base, and other provisions of the agreements that may limit borrowings under the Credit Agreement, we had availability of $17.7 million.

The maturity date of the Credit Agreement is June 29, 2025. As of December 31, 2023, we had $9.8 million outstanding balance and had $1.3 million in letters of credit against our Credit Agreement.

Spartan Credit Agreement

On October 19, 2022, Spartan Energy Services LLC and Treating Holdco LLC entered into that certain Second Amendment to Loan, Security and Guaranty Agreement (the “Second Amendment”) with the lenders party thereto and Bank of America, N.A., in its capacity as agent.

The Second Amendment amends and modifies that certain Loan, Security and Guaranty Agreement dated January 29, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the “Spartan Credit Agreement”) among Spartan Energy Services, LLC, as borrower, Treating Holdco LLC, as guarantor, the financial institutions from time to time party thereto as lenders and Bank of America, N.A., as agent. The Second Amendment provided for changes and modifications to the Spartan Credit Agreement as set forth therein, which include, among other things, the extension of the Termination Date from January 29, 2024 to October 17, 2025.

As of December 31, 2023, and subject to compliance with the covenants, borrowing base, and other provisions of the agreements that may limit borrowings under the Spartan Credit Agreement, we had availability of $22.8 million.

The maturity date of the Spartan Credit Agreement is October 17, 2025. As of December 31, 2023, we had $47.0 million outstanding and no letters of credit against the Spartan Credit Agreement.

7.50% First Lien Notes due 2025

As of December 31, 2023, our 7.50% First Lien Notes due 2025 (the “First Lien Notes”) had $400.1 million outstanding net of unamortized discounts, unamortized deferred financing costs and deferred restructuring gains. Interest on these notes is payable on April 1 and October 1 of each year. The First Lien Notes are secured by a first-priority security interest in substantially all of the Partnership’s and its subsidiaries assets, subject to certain permitted encumbrances and exceptions, and are guaranteed on a senior secured basis by each of the Partnership’s U.S. restricted subsidiaries (other than Finance Corp, certain immaterial subsidiaries and certain other excluded U.S. subsidiaries).

10.000%/10.750% Second Lien Notes due 2026

As of December 31, 2023, our 10.000%/10.750% Second Lien Notes due 2026 (the “Second Lien Notes”) had $172.6 million outstanding, net of unamortized discounts, unamortized deferred financing costs and deferred restructuring gains. Interest on the Second Lien Notes is payable on April 1 and October 1 of each year. The Second Lien Notes are secured by a second-priority security interest in substantially all of the Partnership’s and its subsidiaries assets, subject to certain permitted encumbrances and exceptions, and are guaranteed on a senior secured basis by each of the Partnership’s U.S. restricted subsidiaries (other than Finance Corp and certain other excluded U.S. subsidiaries). In connection with the payment of PIK Interest (as defined below), if any, in respect of the Second Lien Notes, the issuers will be entitled, to increase the outstanding aggregate principal amount of the Second Lien Notes or issue additional notes (“PIK notes”) under the Second Lien Notes indenture on the same terms and conditions as the already outstanding Second Lien Notes. Interest will accrue at (1) the annual rate of 7.250% payable in cash, plus (2) at the election of the Issuers (made by delivering a notice to the Second Lien Trustee not less than five business days prior to the record date), the annual rate of (i) 2.750% payable in cash (together with the annual rate set forth in clause (1), the “Cash Interest Rate”) or (ii) 3.500% payable by increasing the principal amount of the outstanding Second Lien Notes or by issuing additional PIK notes, in each case rounding up to the nearest $1.00 (such increased principal amount or additional PIK notes, the “PIK Interest”).

As of December 31, 2023, our principal amount outstanding included $7.2 million of PIK notes.

Finance Agreements

During 2022, CSI Compressco Leasing LLC and CSI Compressco Operating LLC (individually and collectively as Debtor), with CSI Compressco LP (as Guarantor), entered into a Master Equipment Finance Agreement with a third party in the amount of $16.6 million to finance certain compression equipment. The note is payable in monthly installments of $0.5 million for thirty-six months. The current portion of this amount is classified in accrued liabilities and other and the long-term portion is classified in other long-term liabilities on the accompanying consolidated balance sheet.

During the first quarter of 2023, CSI Compressco Leasing LLC and CSI Compressco Operating LLC (individually and collectively as Debtor), with CSI Compressco LP (as Guarantor), entered into a Master Equipment Finance Agreements with a third party totaling $5.1 million to finance certain compression equipment. The notes are payable in monthly installments totaling $0.2 million for thirty-six months. The current portion of these amounts are classified in accrued liabilities and other and the long-term portion is classified in other long-term liabilities on the accompanying consolidated balance sheet.

NOTE 7 — RELATED PARTY TRANSACTIONS

Transition Services Agreement

TETRA provided back-office support to the Partnership under a Transition Services Agreement for a period of time until the Partnership completed a full separation from TETRA's back-office support functions. The Transition Services Agreement with TETRA expired on January 31, 2022. For the year ended December 31, 2022 we were charged $0.2 million. There were no such charges in for the year ended December 31, 2023.

Spartan and General Partner Ownership

As of December 31, 2023, Spartan's ownership interest in us was approximately 45.4%, with the common units held by the public representing an approximate 55% interest in us. As of December 31, 2023, Spartan's ownership was through various wholly owned subsidiaries and consisted of approximately 44.9% of the limited partner interests plus the approximate 0.5% general partner interest. As a result of its ownership of common units and its general partner interest in us, Spartan received distributions of $2.6 million during the year ended December 31, 2023.

Indemnification Agreement

We have entered into indemnification agreements with each of our current directors and officers with regard to their services as a director or officer, in order to enhance the indemnification rights provided under Delaware law and our Partnership Agreement. The individual indemnification agreements provide each such director or officer with the right to receive his or her costs of defense if he or she is made a party or witness to any proceeding other than a proceeding brought by or in the right of us, provided that such director or officer has not acted in bad faith or engaged in fraud with respect to the action that gave rise to his or her participation in the proceeding.

NOTE 8 — COMMITMENTS AND CONTINGENCIES

From time to time, we are involved in litigation relating to claims arising out of our operations in the normal course of business. While the outcome of any lawsuits or other proceedings against us cannot be predicted with certainty, management does not consider it reasonably possible that a loss resulting from such lawsuits or proceedings in excess of any amounts accrued has been incurred that is expected to have a material adverse effect on our financial condition, results of operations, or cash flows.

NOTE 9 — EQUITY-BASED COMPENSATION

2011 Long Term Incentive Plan

We have granted phantom unit and performance phantom unit awards to certain employees, officers, and directors of our general partner pursuant to the CSI Compressco LP Third Amended and Restated 2011 Long Term Incentive Plan. Awards of phantom units generally vest over a three-year period. Awards of performance phantom units cliff vest at the end of a performance period and are settled based on achievement of related performance measures over the performance period. Each of the phantom unit and performance phantom unit awards includes distribution equivalent rights that enable the recipient to receive additional units equal in value to the accumulated cash distributions made on the units subject to the award from the date of grant. Accumulated distributions associated with each underlying unit are payable upon settlement of the related phantom unit award (and are forfeited if the related award is forfeited). Phantom units are notional units that entitle the grantee to receive a common unit upon the vesting of the award.

During the year ended December 31, 2023, we granted to certain officers and employees an aggregate of 978,917 phantom unit and performance phantom unit awards, having an average market value (equal to the closing price of the common units on the dates of grant) of $1.36 per unit, or an aggregate market value of $1.3 million. During the year ended December 31, 2022, we granted to certain officers and employees 676,335 phantom unit and performance phantom unit awards, having an average market value (equal to the closing price of the common units on the dates of grant) of $1.39 per unit, or an aggregate market value of $0.9 million. The fair value of awards vesting during 2023 and 2022 was approximately $1.6 million and $2.0 million, respectively. The fair value of awards is amortized straight-line over the vesting period. Adjustments to the amortized expense related to performance phantom units may be recognized prior to vesting depending on the expected achievement of the performance target.

The following is a summary of unit activity for the year ended December 31, 2023:

	Units	Weighted Average Grant Date Fair Value Per Unit
	(In Thousands)	
Nonvested units outstanding at December 31, 2022	1,813	$ 1.78
Units granted	979	1.36
Cancelled/forfeited	(104)	1.91
Exercised/released	(924)	1.78
Nonvested units outstanding at December 31, 2023	1,764	$ 1.54

Total estimated unrecognized equity-based compensation expense from unvested units as of December 31, 2023, was approximately $1.1 million and is expected to be recognized over a weighted average period of approximately 1.6 years. The amount recognized in 2023 and 2022 was approximately $1.8 million and $1.6 million, respectively, and is included in selling, general, and administrative expense in our consolidated statements of operations.

NOTE 10 — FAIR VALUE MEASUREMENTS

Fair value is defined by ASC Topic 820 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date” within an entity’s principal market, if any. The principal market is the market in which the reporting entity would sell the asset or transfer the liability with the greatest volume and level of activity, regardless of whether it is the market in which the entity will ultimately transact for a particular asset or liability or if a different market is potentially more advantageous. Accordingly, this exit price concept may result in a fair value that may differ from the transaction price or market price of the asset or liability.

Under U.S. GAAP, the fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value. Fair value measurements should maximize the use of observable inputs and minimize the use of unobservable inputs, where possible. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs may be needed to measure fair value in situations where there is little or no market activity for the asset or liability at the measurement date and are developed based on the best information available in the circumstances, which could include the reporting entity's own judgments about the assumptions market participants would utilize in pricing the asset or liability.

Financial Instruments

Derivative Contracts

We have currency exchange rate risk exposure related to transactions denominated in a foreign currency as well as to investments in certain of our international operations. We enter into 30-day foreign currency forward derivative contracts as part of a program designed to mitigate the currency exchange rate risk exposure on selected transactions of certain foreign subsidiaries. As of December 31, 2023 and 2022, we had the following foreign currency derivative contracts outstanding relating to a portion of our foreign operations:

	December 31, 2023		
	US Dollar Notional Amount (In Thousands)	**Traded Exchange Rate**	**Settlement Date**
Forward sale Mexican peso	$ 2,296	$ 17.42	1/16/2024

	December 31, 2022		
	US Dollar Notional Amount (In Thousands)	**Traded Exchange Rate**	**Settlement Date**
Forward sale Mexican peso	$ 2,071	$ 19.31	1/3/2023

Under a program designed to mitigate the currency exchange rate risk exposure on selected transactions of certain foreign subsidiaries, we may enter into similar derivative contracts from time to time. Although contracts pursuant to this program will serve as economic hedges of the cash flow of our currency exchange risk exposure, they will not be formally designated as hedge contracts or qualify for hedge accounting treatment. Accordingly, any change in the fair value of these derivative instruments during a period will be included in the determination of earnings for that period.

The fair values of our foreign currency derivative contracts are based on quoted market values (a Level 2 fair value measurement). None of our foreign currency derivative instruments contains credit risk related contingent features that would require us to post assets or collateral for contracts that are classified as liabilities. During the years ended December 31, 2023 and 2022, we recognized approximately $0.5 million and $1.6 million of net losses, respectively, associated with our foreign currency derivatives programs. These amounts are included in other (income) expense, net, in the accompanying consolidated statement of operations.

Fair Value of Debt

The fair value of our debt has been estimated in accordance with the accounting standard regarding fair value. The fair value of our fixed rate long-term debt is estimated based on recent trades for these notes. The carrying and fair value of our debt, excluding unamortized debt issuance costs, are as follows (in thousands):

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Thousands)			
7.50% First Lien Notes	$ 400,000	$ 399,000	$ 400,000	$ 373,0
10.000%/10.750% Second Lien Notes	172,717	178,330	172,717	136,4
	$ 572,717	$ 577,330	$ 572,717	$ 509,4

Other

The fair values of cash, accounts receivable, accounts payable, accrued liabilities, and variable-rate long-term debt pursuant to our Credit Agreement and the Spartan Credit Agreement approximate their carrying amounts due to the short-term nature of these items.

NOTE 11 — INCOME TAXES

As a partnership, we are generally not subject to income taxes at the entity level, and our partners are separately taxed on their share of our taxable income. However, a portion of our business is conducted through taxable U.S. corporate subsidiaries. Accordingly, a U.S. federal and state income tax provision has been reflected in the accompanying statements of operations. State tax expense relating to the Texas franchise tax liability is included in the provision for income taxes. Certain of our operations are located outside of the United States, and the Partnership, through its foreign subsidiaries, is responsible for income taxes in these countries.

The income tax provision (benefit) attributable to our operations for the years ended December 31, 2023 and 2022, consists of the following:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Current		
Federal	$ —	$ —
State	630	827
Foreign	2,800	3,583
	3,430	4,410
Deferred		
Federal	—	(5)
State	1,176	2
Foreign	(833)	379
	343	376
Total tax provision	$ 3,773	$ 4,786

A reconciliation of the provision for income taxes computed by applying the federal statutory rate to income (loss) before income taxes and the reported income taxes is as follows:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Income (loss) tax provision computed at statutory federal income tax rates	$ (1,199)	$ (3,671)
Partnership (earnings) losses	1,199	3,671
Corporate subsidiary earnings (loss) subject to federal tax	(1,470)	(1,141)
Valuation allowances	4,094	896
Income tax expense attributable to foreign earnings	(621)	3,277
State income taxes (net of federal benefit)	1,515	1,681
Other	255	73
Total tax provision	$ 3,773	$ 4,786

Income (loss) before income tax provision includes the following components:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
United States	$ (2,922)	$ (26,788)
International	(2,785)	9,306
Total	$ (5,707)	$ (17,482)

We file U.S. federal, state, and foreign income tax returns on behalf of all of our consolidated subsidiaries. With few exceptions, we are not subject to U.S. federal, state, local, or non-U.S. income tax examinations by tax authorities for years prior to 2016. We file tax returns in the U.S. and in various state, local and non-U.S. jurisdictions. The following table summarizes the earliest tax years that remain subject to examination by taxing authorities in any major jurisdiction in which we operate:

Jurisdiction	Earliest Open Tax Period
United States – Federal	2017
United States – State and Local	2017
Non-U.S. jurisdictions	2016

We use the liability method for reporting income taxes, under which current and deferred tax assets and liabilities are recorded in accordance with enacted tax laws and rates. Under this method, at the end of each period, the amounts of deferred tax assets and liabilities are determined using the tax rate expected to be in effect when the taxes are actually paid or recovered. We establish a valuation allowance to reduce the deferred tax assets when it is more likely than not that some portion or all of the deferred tax assets will not be realized. While we consider taxable income in prior carryback years, future reversals of existing taxable temporary differences, future taxable income, and tax planning strategies in assessing the need for the valuation allowance, there can be no guarantee that we will be able to realize all of our deferred tax assets. Significant components of our deferred tax assets and liabilities are as follows:

	December 31, 2023	December 31, 2022
Deferred Tax Assets	(In Thousands)	
Other - Reserves	$ 13	$ 54
Amortization for book in excess of tax expense	13,482	15,802
Accruals	1,016	1,197
Net operating losses	36,323	29,867
Accruals - Right of use liability	3,948	3,264
Other - Plant, property, and equipment	1,283	1,251
Other	4,273	3,515
Total deferred tax assets	60,338	54,950
Valuation allowance	(34,074)	(30,273)
Net deferred tax assets	$ 26,264	$ 24,677

Deferred Tax Liabilities	December 31, 2023	December 31, 2022
	(In Thousands)	
Accruals	$ 504	$ 1,476
Depreciation for tax in excess of book expense	23,016	20,604
Right-of-use Asset	3,855	3,213
Other - Intangibles	78	87
Other - Reserves	194	217
Other	368	329
Total deferred tax liability	28,015	25,926
Net deferred tax liability	$ 1,751	$ 1,249

At December 31, 2023, we have federal, state, and foreign net operating loss carryforwards/carrybacks equal to approximately $28.4 million, $2.9 million, and $5.0 million, respectively. In those foreign jurisdictions and states in which net operating losses are subject to an expiration period, our loss carryforwards, if not utilized, will expire from 2023 to 2042. Utilization of the net operating loss and credit carryforwards may be subject to a significant annual limitation due to ownership changes that have occurred previously or could occur in the future provided by Section 382 of the Internal Revenue Code of 1986, as amended.

The valuation allowance increased $3.8 million and $2.5 million during the year ended December 31, 2023 and December 31, 2022, respectively, primarily due to the increase in deferred tax assets as a result of losses generated by our U.S. corporate subsidiaries.

ASC 740, “Income Taxes” provides guidance on measurement and recognition in accounting for income tax uncertainties and provides related guidance on derecognition, classification, disclosure, interest, and penalties. As of December 31, 2023 and 2022, the Partnership had no material unrecognized tax benefits (as defined in ASC 740-10). We do not expect to incur interest charges or penalties related to our tax positions, but if such charges or penalties are incurred, our policy is to account for interest charges as interest expense and penalties as tax expense in the consolidated statements of operations.

NOTE 12 — EARNINGS PER COMMON UNIT

The computations of earnings per common unit are based on the weighted average number of common units outstanding during the applicable full-year period. Basic earnings per common unit is determined by dividing net income (loss) allocated to the common units after deducting the amount allocated to our general partner by the weighted average number of outstanding common units during the period.

When computing earnings per common unit under the two-class method in periods when distributions are greater than earnings, the amount of the distributions is deducted from net income (loss) and the excess of distributions over earnings is allocated between the general partner and common units based on how our partnership agreement allocates net losses.

When earnings are greater than distributions, we determine cash distributions based on available cash. The amount of net income is allocated between the general partner and common units based on how our partnership agreement allocates net earnings.

The following is the number of the weighted average basic and diluted common units outstanding:

	Year Ended December 31,	
	2023	2022
Weighted average basic and diluted common units outstanding	141,900,481	141,109,230

Diluted earnings per unit are computed using the treasury stock method which considers the potential future issuance of limited partner common units. Unvested phantom units are not included in basic earnings per common unit, as they are not considered to be participating securities, but are included in the calculation of diluted earnings per common unit. As of December 31, 2023 and 2022 there were no units excluded from the dilution calculation.

NOTE 13 — SEGMENTS

ASC 280, “Segment Reporting”, defines the characteristics of an operating segment as (i) being engaged in business activity from which it may earn revenues and incur expenses, (ii) being reviewed by the company’s chief operating decision maker (“CODM”) to make decisions about resources to be allocated and to assess its performance, and (iii) having discrete financial information. The Partnership (excluding Spartan Treating) and Spartan Treating operating segments are both individually material, however, because they have similar economic characteristics and are similar in the nature of products and services, the type or class of customers, methods used to distribute their products or provides services, and production process and regulatory environment, management has determined that they should be aggregated. Based on this, our general partner has concluded that we operate in one reportable segment.

NOTE 14 — GEOGRAPHIC INFORMATION

Our headquarters are in the United States of America and we also have operations in Latin America, Canada, and to a lesser extent, in other countries located in Europe and the Asia-Pacific region. As of June 30, 2023, we no longer have operations in Egypt. We attribute revenue to the countries based on the location of customers. Long-lived assets consist primarily of compressor packages and are attributed to the countries based on the physical location of the compressor packages at a given year-end. Information by geographic area is as follows:

	Year Ended December 31,	
	2023	2022
	(In Thousands)	
Revenues from external customers:		
U.S.	$ 355,113	$ 310,312
Latin America	23,022	32,040
Canada	5,118	4,755
Egypt	2,400	4,045
Other	475	2,246
Total	$ 386,128	$ 353,398
Identifiable assets:		
U.S.	$ 629,567	$ 654,515
Latin America	51,901	57,683
Egypt	—	6,341
Canada	5,568	3,864
Total identifiable assets	$ 687,036	$ 722,403

NOTE 15 — SUBSEQUENT EVENTS

The Partnership has evaluated subsequent events through the filing of this Annual Report on Form 10-K and determined that there have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements except for the transactions described below.

On January 18, 2024, the board of directors of our general partner declared a cash distribution attributable to the quarter ended December 31, 2023, of $0.01 per common unit. This distribution equates to a distribution of $0.04 per outstanding common unit on an annualized basis. This distribution was paid on February 14, 2024, to the holders of common units of record as of the close of business January 31, 2024.

CHANGE IN CONTROL SEVERANCE AGREEMENT

This Change in Control Severance Agreement ("***Agreement***") is made and entered into by and between CSI Compressco LP, a Delaware limited partnership (the "***Company***"), and [●] ("***Executive***"), effective as of December [●], 2023 (the "***Effective Date***"). Executive and the Company are each referred to herein as a "***Party***" and together as the "***Parties.***"

W I T N E S S E T H:

WHEREAS, the Company acknowledges that Executive possesses skills and knowledge that are valuable to the Company and the Company wishes to enter this Agreement in order to better ensure itself of access to the continued services of Executive, to provide further incentive for Executive to build and preserve the goodwill of the Company, and in order to protect its legitimate business interests, including the preservation of its goodwill and Confidential Information (as defined below); and

WHEREAS, Executive wishes to continue in employment with the Company, advance the business interests of the Company, and be eligible for the benefits set forth herein.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, the Company and Executive agree as follows:

1. **Definitions**.

In addition to the terms defined in the body of this Agreement, for purposes of this Agreement, the following capitalized words shall have the meanings indicated below:

(a) "***Accrued Obligations***" means (i) accrued but unpaid base salary through the Date of Termination, which shall be paid within the time required by applicable law, but no later than 30 days following the Date of Termination; (ii) accrued but unpaid annual bonus amount for any year prior to the year in which the Date of Termination occurs; (iii) reimbursement for all incurred but unreimbursed expenses for which an Executive is entitled to reimbursement in accordance with the expense reimbursement policies of the Company in effect as of the Date of Termination; and (iv) benefits to which an Executive may be entitled pursuant to the terms of any plan or policy sponsored by a member of the Company Group as in effect from time to time.

(b) "***Affiliate***" means a corporation or other entity controlled by, controlling, or under common control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any Person (as defined in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended from time to time), means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.

(c) "***Board***" means the Board of Directors of the General Partner.

(d) "***Business***" means the business of equipment rental, contract services, and after-market services, in each case with respect to natural gas compression, treating and cooling.

(e) "***Business Opportunity***" shall mean any commercial, investment or other business opportunity relating to the Business.

(f) "***Cause***" shall mean the following (as determined by the Company in its reasonable discretion): (i) willful neglect in the performance of Executive's duties to the Company or an Affiliate or willful or repeated failure or refusal to perform such duties; (ii) engagement in conduct in connection with Executive's employment or services for the Company, which results, or could reasonably be expected to result in, material harm to the business or reputation of the Company or an Affiliate; (iii) conviction, or plea of guilty or no contest to, any felony or any other crime that results, ; (iv) material violation of the policies of the Company, including but not limited to those relating to sexual harassment or the disclosure or misuse of confidential information, or those set forth in the manuals or statements of policy of the Company; (v) fraud or misappropriation, embezzlement, or misuse of funds or property belonging to the Company or an Affiliate; (vi) act of personal dishonesty that involves personal profit ; or (vii) any breach of any non-competition, non-solicitation, no- hire, or confidentiality covenant between Executive and the Company or an Affiliate.

(g) "***Change of Control***" shall have the meaning given such term in the CSI Compressco LP Second Amended and Restated 2011 Long Term Incentive Plan, as amended.

(h) "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(i) "***Code***" means the Internal Revenue Code of 1986, as amended, and applicable administrative guidance issued thereunder.

(j) "***Company Group***" means the Company and its Affiliates.

(k) "***Date of Termination***" means the effective date of the termination of Executive's employment with the Company Group, as applicable, such that Executive is no longer employed by any member of the Company Group in accordance with Section 2; *provided*, *however*, that in all events, a "Date of Termination" shall only occur upon the Executive's "separation from service" as defined within Section 409A (as defined below).

(l) "***General Partner***" means CSI Compressco GP LLC.

(m) "***Good Reason***" means with respect to Executive's termination of employment from the Company Group, the occurrence of any of the following events without the written consent of Executive: (i) a material diminution in Executive's base salary, target bonus or long-term incentive compensation opportunities, (ii) a material diminution in Executive's authority, duties, responsibilities or reporting relationship with the Company or any applicable member of the Company Group, (iii) Executive's being required to be based at any other office or location of employment more than 50 miles from Executive's primary office or location of employment immediately prior to the Change of Control, (iv) a failure of the Company to require a successor to expressly assume and perform this Plan, or (v) a material diminution in the aggregate benefits offered under the Company Group's benefit programs, including but not limited to employer health, vision, or dental employee paid premiums, or 401(k) plan, other than as a result of, or response to, changes in applicable law.

Executive cannot terminate their employment for Good Reason unless they have provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within 30 days of the initial existence of such grounds and the Company has had at least 30 days from the date on which such notice is provided to cure such circumstances, if curable. If Executive does not terminate their employment for Good Reason within 90 days after the first occurrence of the applicable grounds, then the Participant will be deemed to have waived their right to terminate for Good Reason with respect to such grounds.

(n) "***Market Area***" shall mean the State of Texas and the State of New Mexico.

(o) "***Prohibited Period***" means the period during which Executive is employed by any member of the Company Group and continuing for a period of twenty-four (24) months following the Date of Termination.

(p) "***Protected Customer or Supplier***" means any customer or supplier of the Company for whom or which Executive had direct or indirect responsibilities or about whom or which Executive obtained Confidential Information, in each case within the twelve months prior to the Date of Termination.

(q) "***Release Conditions***" means Executive's (or, following Executive's death, Executive's estate's) execution and delivery to the Company on or prior to the Release Expiration Date of a release of claims agreement in a form acceptable to the Company (the "***Release***"), which Release shall be in a form substantially similar to that contained at Exhibit A (as may be revised to reflect any changes in applicable law, the circumstances of Executive's separation, and the timing of payments), and which Release shall be provided by the Company to Executive within seven (7) days of the Date of Termination), and, where applicable, Executive's (or Executive's estate's) non-revocation of such Release in the time set forth within the Release to do so.

(r) "***Release Expiration Date***" is that date that is twenty-one (21) days following the date upon which the Company delivers the Release to Executive or, in the event that such termination of employment is "in connection with an exit incentive or other employment termination program" (as such phrase is defined in the Age Discrimination in Employment Act of 1967) and Executive is age forty (40) or over on the Date of Termination, the date that is forty- five (45) days following such delivery date.

2. **Severance Benefits**.

(a) *Termination Without Cause or Termination For Good Reason Following a Change of Control*. If Executive's employment is terminated (such that, as a result of such termination, Executive is no longer employed by any member of the Company Group), and such termination is (x) by the Company (or, if applicable, another member of the Company Group) without Cause or (y) by Executive for Good Reason, in each case, on or within twelve (12) months following a Change of Control, then Executive shall be entitled to receive the Accrued Obligations, and so long as (and only if) Executive satisfies the Release Conditions and abides by the terms of Section 4, then the Company shall provide Executive with the following:

(i) A severance payment in an amount equal to [2.5/ 2][1] times the sum of (1) Executive's annualized base salary immediately prior to the Date of Termination *plus* (2) the target value of Executive's annual cash bonus opportunity, if any, for the calendar year during which the Date of Termination occurs (such payment, the "***CIC Severance Payment***"), payable as described in Section 2(b);

(ii) A pro-rated portion of Executive's target annual bonus for the calendar year that includes Executive's Date of Termination, multiplied by a fraction, (A) the numerator of which equals the number of calendar days that Executive was employed by any member of the Company during the calendar year in which the Date of Termination occurs and (B) the denominator of which equals 365 or 366, as applicable (the "***Pro-Rata Bonus***"), payable as described in Section 2(b); and

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[1]

(iii) COBRA premium payments for group health care coverage continuation, or other continuation coverage payments, for or equal to a period of twenty-four (24) months following the Date of Termination, paid in accordance with Section 2(d).

(b) _Timing of Payments_. Subject to Executive's satisfaction of the Release Conditions and so long as (and only if) Executive satisfies the Release Conditions and abides by the terms of Section 4, the CIC Severance Payment and the Pro-Rata Bonus shall be paid to Executive in accordance with the election form attached hereto as Exhibit B; *provided*, *however*, that in the event Executive fails to properly execute the Election Form for any reason, all such payments shall be made to Executive in a lump sum within sixty (60) days following the Date of Termination.

(c) _Equity Incentive Awards_. For clarity, in the event that an Executive's employment with the Company is terminated for any reason, all outstanding equity incentive awards then held by such Executive will be treated in accordance with the award agreement applicable to such award or governing plan, as applicable.

(d) _COBRA_. During the eighteen month period immediately following Executive's date of termination pursuant to Section 2(a), (the "***Benefit Continuation Period***") provided that Executive elects to continue coverage for Executive and Executive's spouse and eligible dependents, if any, under the Company's group health plans pursuant to COBRA, the Company shall pay, promptly and directly, on a monthly basis the amount Executive would be required to pay to effect and continue such coverage (the "***COBRA Benefit***"). Each payment of the COBRA Benefit shall be paid directly to the health plan providers. Notwithstanding the foregoing, Executive shall only be eligible to receive such COBRA continuation coverage until the earliest of: (i) the last day of the Benefit Continuation Period; (ii) the date Executive is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which Executive becomes eligible to receive coverage under a group health plan sponsored by another employer (and any such eligibility shall be promptly reported to the Company by Executive). In the event that Executive is remains eligible to receive the COBRA Benefit for the entirety of the Benefits Continuation Period, then following the end of the Benefits Continuation Period, the Company will pay to the Executive a lump sum cash payment equal to the cost of an additional six (6) months of the COBRA Benefit, calculated using costs applicable to Executive and any eligible spouse and dependents on the last day of the Benefits Continuation Period, with such lump sum payment to be paid within ten (10) business days following the last day of the Benefits Continuation Period. Executive will promptly notify the Company of any circumstances or events that would be necessary for the Company to fulfill (or cease) its payment obligations pursuant to this Section 2(d). Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on Executive or the Company, then the Company and Executive shall negotiate in good faith to determine an alternative manner in which the Company provides substantially equivalent benefits to Executive.

3. **Certain Excise Taxes**. Notwithstanding anything to the contrary in this Agreement, if Executive is a "disqualified individual" (as defined in Section 280G(c) of the Code), and the payments and benefits provided for in this Agreement, together with any other payments and benefits which Executive has the right to receive from the Company Group, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), then the payments and benefits provided for in this Agreement shall be either (a) reduced (but not below zero) so that the present value of such total amounts and benefits received by Executive from the Company Group shall be one dollar ($1.00) less than three times Executive's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such amounts and benefits received by Executive shall be subject to the excise tax imposed by Section 4999 of the Code or

(b) paid in full, whichever produces the better net after-tax position to Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The reduction of payments and benefits hereunder, if applicable, shall be made by reducing, first, payments or benefits to be paid in cash hereunder in the order in which such payment or benefit would be paid or provided (beginning with such payment or benefit that would be made last in time and continuing, to the extent necessary, through to such payment or benefit that would be made first in time) and, then, reducing any benefit to be provided in-kind hereunder in a similar order. The determination as to whether any such reduction in the amount of the payments and benefits provided hereunder is necessary shall be made by Company in good faith. If a reduced payment or benefit is made or provided and through error or otherwise that payment or benefit, when aggregated with other payments and benefits from the Company Group used in determining if a "parachute payment" exists, exceeds one dollar ($1.00) less than three times Executive's base amount, then Executive shall immediately repay such excess to Company upon notification that an overpayment has been made. Nothing in this Section 3 shall require the Company to be responsible for, or have any liability or obligation with respect to, Executive's excise tax liabilities under Section 4999 of the Code.

4. **Restrictive Covenants**.

(a) *Confidentiality*. In the course of Executive's employment with the Company and the performance of Executive's duties on behalf of the Company Group following the Effective Date, Executive will be provided with, and will have access to, Confidential Information (as defined below). In consideration of Executive's receipt and access to such Confidential Information and, and as an express inducement for the Company to enter into this Agreement, Executive shall comply with this Section 4.

(i) Both during the term of Executive's employment with the Company and thereafter, except as expressly permitted by this Agreement or by an authorized representative of the Company in writing, Executive shall not disclose any Confidential Information to any person or entity and shall not use any Confidential Information except for the benefit of the Company Group. Executive shall follow all Company policies and protocols regarding the security of all documents and other materials containing Confidential Information (regardless of the medium on which Confidential Information is stored). The covenants of this Section 4(a) shall apply to all Confidential Information, whether now known or later to become known to Executive during the period that Executive is employed by or affiliated with the Company or any other member of the Company Group.

(ii) Notwithstanding any provision of this Agreement to the contrary, Executive may make the following disclosures and uses of Confidential Information (A) disclosures to other employees of the Company Group who have a need to know the information in connection with the businesses of the Company Group; (B) disclosures to customers and suppliers when, in the reasonable and good faith belief of Executive, such disclosure is in connection with Executive's performance of Executive's duties and is in the best interests of the Company Group; (C) disclosures and uses that are approved in writing by the Company; or (D) disclosures to a person or entity that has (1) been retained by a member of the Company Group to provide services to one or more members of the Company Group and (2) agreed in writing to abide by the terms of a confidentiality agreement in a form acceptable to the Company.

(iii) Upon the Date of Termination, and at any other time upon request of the Company, Executive shall promptly surrender and deliver to the Company all documents (including electronically stored information) and all copies thereof and all other materials of any nature containing or pertaining to all Confidential Information and

any other Company Group property (including any Company Group-issued computer, mobile device or other equipment) in Executive's possession, custody or control and Executive shall not retain any such documents or other materials or property of the Company Group. Within five (5) days of any such request, Executive shall certify to the Company in writing that all such documents, materials and property have been returned to the Company.

(iv) All trade secrets, non-public information, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are or have been conceived, made, developed or acquired by or disclosed to Executive, individually or in conjunction with others, during the period that Executive is or has been employed by the Company or any other member of the Company Group (whether during business hours or otherwise and whether on the Company's premises or otherwise) that relate to any member of the Company Group's businesses or properties, products or services (including all such information relating to corporate opportunities, operations, future plans, methods of doing business, business plans, strategies for developing business and market share, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or acquisition targets or their requirements, the identity of key contacts within customers' organizations or within the organization of acquisition prospects, or marketing and merchandising techniques, prospective names and marks) is defined as "***Confidential Information.***" For purposes of this Agreement, Confidential Information shall not include any information that (A) is or becomes generally available to the public other than as a result of a disclosure or wrongful act of Executive or any of Executive's agents; (B) was available to Executive on a non-confidential basis before its disclosure by a member of the Company Group; or (C) becomes available to Executive on a non-confidential basis from a source other than a member of the Company Group; *provided*, *however*, that such source is not bound by a confidentiality agreement with, or other obligation with respect to confidentiality to, a member of the Company Group.

(v) Notwithstanding the foregoing, nothing in this Agreement or in any other agreement between Executive and the Company or any other member of the Company Group shall prohibit or restrict Executive from lawfully (A) initiating communications directly with, cooperating with, providing information to, causing information to be provided to, or otherwise assisting in an investigation by, any governmental agency (including the Securities and Exchange Commission) regarding a possible violation of any law; (B) responding to any inquiry or legal process directed to Executive from any governmental agency; (C) testifying, participating or otherwise assisting in any action or proceeding by any governmental agency relating to a possible violation of law, or (D) making any other disclosures that are protected under the whistleblower provisions of any applicable law. Additionally, pursuant to the federal Defend Trade Secrets Act of 2016, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (1) is made (a) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (2) is made to the individual's attorney in relation to a law suit for retaliation against the individual for reporting a suspected violation of law or (3) is made in a complaint or other document filed in a law suit or proceeding, if such filing is made under seal. Nothing in this Agreement requires Executive to obtain prior authorization before engaging in any conduct described in this paragraph, or to notify the Company or any other member of the Company Group that Executive has engaged in any such conduct.

(b) *Non-Competition; Non-Solicitation*.

(i) As an express incentive for the Company to enter into this Agreement, Executive has voluntarily agreed to the covenants set forth in this Section 4(b). Executive agrees and acknowledges that the limitations and restrictions set forth herein, including geographical and temporal restrictions on certain competitive activities, are reasonable in all respects, will not cause Executive undue hardship, and are material and substantial parts of this Agreement intended and necessary to prevent unfair competition and to protect the Company Group's Confidential Information, goodwill and legitimate business interests.

(ii) During the Prohibited Period, Executive shall not, without the prior written approval of the Board, directly or indirectly, for Executive or on behalf of or in conjunction with any other person or entity of any nature:

(A) engage or carry on within the Market Area in competition with any member of the Company Group in any aspect of the Business, which prohibition shall prevent Executive from directly or indirectly (A) owning, managing, operating or being an officer or director of any business that competes with any member of the Company Group in the Market Area, or (B) joining, becoming an employee or consultant of, or otherwise being affiliated with, any person or entity engaged in, or planning to engage in, the Business in the Market Area in competition, or anticipated competition, with any member of the Company Group in any capacity (with respect to this clause (B)) in which Executive's duties or responsibilities involve direct or indirect responsibilities with respect to the Business;

(B) solicit, canvass, approach, encourage, entice or induce any Protected Customer or Supplier of any member of the Company Group to cease or lessen such Protected Customer's or Supplier's business with any member of the Company Group; or

(C) solicit, canvass, approach, encourage, entice or induce any employee or contractor of any member of the Company Group with respect to whom or which Executive had direct or indirect responsibilities or about whom Executive obtained Confidential Information to terminate his, her or its employment or engagement with any member of the Company Group. Notwithstanding the foregoing or anything contained in this Agreement to the contrary, nothing shall prohibit Executive from purchasing or owning less than five percent (5%) of any corporation or entity, provided that such ownership represents a passive investment and that Executive is not a controlling person of, or a member of a group that controls, such corporation.

(iii) Because of the difficulty of measuring economic losses to the Company Group as a result of a breach or threatened breach of the covenants set forth in this Section 4(b), and because of the immediate and irreparable damage that would be caused to the members of the Company Group for which they would have no other adequate remedy, the Company and each other member of the Company Group shall be entitled to enforce the foregoing covenants, in the event of a breach or threatened breach, by injunctions and restraining orders from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall not be the Company's or any other member of the Company Group's exclusive remedy for a breach, but instead shall be in addition to all

other rights and remedies available to the Company and each other member of the Company Group at law and equity.

(iv) The covenants in this Section 4(b), and each provision and portion hereof, are severable and separate, and the unenforceability of any specific covenant (or portion thereof) shall not affect the provisions of any other covenant (or portion thereof). Moreover, in the event any court of competent jurisdiction shall determine that the scope, time or territorial restrictions set forth are unreasonable, then it is the intention of the parties that such restrictions be enforced to the fullest extent which such court deems reasonable, and this Agreement shall thereby be reformed.

5. **Withholdings; Deductions**. The Company may withhold and deduct from any benefits and payments made or to be made pursuant to this Agreement (a) all federal, state, local and other taxes as may be required pursuant to any law or governmental regulation or ruling and (b) any deductions consented to in writing by Executive.

6. **Applicable Law; Submission to Jurisdiction; Attorneys' Fees**. This Agreement shall in all respects be construed according to the laws of the State of Texas without regard to its conflict of laws principles that would result in the application of the laws of another jurisdiction. With respect to any claim or dispute related to or arising under this Agreement, the parties hereby recognize and agree that should any resort to a court be necessary and permitted under this Agreement, then they consent to the exclusive jurisdiction, forum and venue of the state and federal courts (as applicable) located in Harris County, Texas. Following the occurrence of a Change of Control, if a dispute between the Parties (or between Executive and any successor to a member of the Company Group) arises: (i) by virtue of the Company's or its applicable successor's or Affiliate's failure to provide the severance payments or benefits set forth in Section 2(a) above, and (ii) following Executive's good faith written demand for such payments or benefits, then the Company shall be responsible for paying Executive's reasonable legal fees incurred after such written demand is provided. WITH RESPECT TO ANY CLAIM OR DISPUTE RELATED TO OR ARISING OUT OF THIS AGREEMENT, THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RIGHTS TO A JURY TRIAL.

7. **Entire Agreement and Amendment**. This Agreement contains the entire agreement of the parties with respect to the matters covered herein and supersede all prior and contemporaneous agreements and understandings, oral or written, between the parties hereto concerning the subject matter hereof; provided, however, this Agreement shall be in addition to and complement (and shall not replace or supersede) any other non-competition, non-solicitation, non-disclosure or return of property obligation that Executive may have to any member of the Company Group (whether such obligation arises from contract, statute, common law or otherwise). This Agreement may be amended only by a written instrument executed by both parties hereto.

8. **Severability and Reformation**. If a court of competent jurisdiction determines that any provision of this Agreement (or portion thereof) is invalid or unenforceable, then the invalidity or unenforceability of that provision (or portion thereof) shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect. In the event a court of competent jurisdiction shall determine that the scope of restrictions set forth herein are unreasonable, then it is the intention of Executive and the Company that such restrictions be enforced to the fullest extent which the court deems reasonable, and this Agreement shall thereby be reformed.

9. **Successors**. This Agreement will be binding upon any successor to the Company, its assets, its businesses or its interest (whether as a result of the occurrence of a Change in

Control or otherwise), in the same manner and to the same extent that the Company would be obligated under the Agreement if no succession had taken place, and the term "Company" shall then refer to that successor. All payments and benefits that become due to the Executive under the Agreement will inure to the benefit of his or her heirs, assigns, designees or legal representatives.

10. **Counterparts**. This Agreement may be executed in any number of counterparts, including by electronic mail or .pdf, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a copy hereof containing multiple signature pages, each signed by one party, but together signed by both parties hereto.

11. **Notice**. All notices, consents, waivers, and other communications required under this Agreement must be in writing and will be deemed to have been duly given when (i) delivered by hand (with written confirmation of receipt), (ii) sent by facsimile (with confirmation of receipt), provided that a copy is mailed by certified mail, return receipt requested, or (iii) when received by the addressee, if sent by a nationally recognized overnight delivery service, in each case to the appropriate addresses and facsimile numbers set forth below (or to such other addresses and facsimile numbers as a party may designate by notice to the other parties):

If to the Company:
CSI Compressco LP
Attn: General Counsel
1735 Hughes Landing Blvd., Suite 200
The Woodlands, Texas 77380
Facsimile No.: 281-364-4398

If to Executive:
[●]
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12. **Clawback**. Notwithstanding any provision in this Agreement to the contrary, to the extent required by (a) applicable law, including, without limitation, the requirements of the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, any Securities and Exchange Commission rule or any applicable securities exchange listing standards and/or (b) any policy that may be adopted or amended by the Board from time to time, all payments hereunder shall be subject to forfeiture, repurchase, recoupment and/or cancellation to the extent necessary to comply with such law(s) and/or policy.

13. **At-Will Employment**. Nothing herein alters the at-will nature of Executive's employment or provides a guarantee of Executive's employment with the Company or any other member of the Company Group for any particular time, as Executive and the Company remain free to end the employment relationship at any time and for any reason or no reason at all.

14. **Section 409A**.

(a) Notwithstanding any provision of this Agreement to the contrary, all provisions of this Agreement are intended to comply with Section 409A of the Code, and the applicable Treasury regulations and administrative guidance issued thereunder (collectively, "***Section 409A***") or an exemption therefrom and shall be construed and administered in accordance with such intent. Any payments under this Agreement that may be excluded from

Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Any payments to be made under this Agreement upon a termination of Executive's employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment.

(b) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A), (i) any such expense reimbursement shall be made by the Company no later than the last day of Executive's taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; *provided*, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period in which the arrangement is in effect.

(c) Notwithstanding any provision in this Agreement to the contrary, if any payment or benefit provided for herein would be subject to additional taxes and interest under Section 409A if Executive's receipt of such payment or benefit is not delayed until the earlier of (i) the date of Executive's death or (ii)the date that is six (6) months after the Date of Termination (such date, the "***Section 409A Payment Date***"), then such payment or benefit shall not be provided to Executive (or Executive's estate, if applicable) until the Section 409A Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement are exempt from, or compliant with, Section 409A and in no event shall any member of the Company Group be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by Executive on account of non- compliance with Section 409A.

[Remainder of Page Intentionally Blank;
Signature Page Follows]

IN WITNESS WHEREOF, the Company and Executive have caused this Agreement to be executed and effective as of the Effective Date.

CSI COMPRESSCO LP

By: CSI Compressco GP LLC,
it's General Partner

By: __
Name:
Title:

EXECUTIVE

__
Name:

Signature Page to
Severance Agreement

Exhibit A

[Form of Release]

SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS

This Separation Agreement and General Release of Claims (this "***Release***") is entered into by [●] ("***Executive***") and CSI Compressco LP, a Delaware limited partnership (the "***Company***") and is the Release, as referenced (and defined) the Change in Control Severance Agreement effective as of [●], 2023 by and between Executive and the Company (the "***CIC Agreement***"). Capitalized terms not defined herein have the meanings given to them in the CIC Agreement.

1. **Executive's Separation**. Executive's employment with the Company ended as of [●] (the "***Termination Date***"). As of the Termination Date, Executive was no longer employed by the Company or any of its Affiliates.

2. **Severance Payment**. Provided that Executive (x) executes this Release on or after the Termination Date and returns a copy of this signed Release to the Company so that it is received by the Company, care of [NAME] [ADDRESS AND/OR E-MAIL ADDRESS], no later than forty-five (45) days after the Termination Date (the "***Release Expiration Date***"); (y) does not revoke Executive's acceptance of this Release pursuant to Section 4(c) below; and (z) abides by the terms of Section 4 of the CIC Agreement, then the Company shall provide Executive with the CIC Severance Payment, the Pro-Rata Bonus and the Continued Benefit Payment, each as set forth in the CIC Agreement and, as applicable, the Election Form executed by Executive.

3. **Release of Claims**.

(a) As consideration for (and as a condition of) the payment to Executive of the consideration referenced in Section 2 (and any portion thereof), Executive, on behalf of Executive and Executive's successors and anyone purporting to claim through or on behalf of Executive, hereby forever, fully and finally releases, acquits, and discharges the Company, CSI Compressco GP LLC, each of their respective parents, subsidiaries, and other affiliates and each of the foregoing entities' respective past, present and future affiliates and subsidiaries and each of the foregoing entities' respective predecessors, successors, shareholders, members, partners, officers, managers, directors, fiduciaries, employees, representatives, agents, and benefit plans (and the fiduciaries of such plans), in their personal and representative capacities (collectively, the "***Released Parties***" and each a "***Released Party***"), from liability for, and does hereby covenant and agree never to institute or cause to be instituted any lawsuit, arbitration or similar proceeding against any of the Released Parties based upon, claims, demands, losses, indebtedness, agreements, promises, causes of action, obligations, damages and liabilities of any nature whatsoever, in law or in equity, whether or not known, suspected or claimed, that Executive has ever had, has claimed to have, now has, or could have against any Released Party by reason of any act, event, occurrence, or thing existing or occurring on or before the date that Executive signs this Release (the "***Signing Date***"), including any and all claims, demands, losses, indebtedness, agreements, promises, causes of action, obligations, damages and liabilities relating to Executive's ownership of any interest in any Released Party, Executive's employment with or engagement by any Released Party, Executive's awards under any compensation or bonus plan or arrangement sponsored or maintained by any Released Party, or any other acts or omissions related to any matter existing or occurring on or prior to the Signing Date, including: (i) any alleged violation of any federal, state or local labor or employment law, including those relating to anti-discrimination and anti-retaliation, or any other local, state or federal law, regulation or ordinance, including, for the avoidance of doubt, the Age Discrimination in Employment Act (including as amended by the Older Workers Benefit Protection Act); Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; Sections 1981 through 1988 of Title 42 of the United States Code; the Americans with Disabilities Act of 1990; the Employee Retirement Income Security Act of 1974 ("***ERISA***"); the Family and Medical Leave Act of 1993; the Immigration Reform Control Act; the Americans with Disabilities Act of 1990; the

Occupational Safety and Health Act; the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act; any federal, state or local wage and hour law; the Texas Labor Code (including the Texas Payday Law, the Texas Anti-Retaliation Act, Chapter 21 of the Texas Labor Code, and the Texas Whistleblower Act); (ii) any public policy, contract, tort, or common law claim, including any claim for defamation, emotional distress, fraud or misrepresentation of any kind, promissory estoppel, breach of any implied duty of good faith and fair dealing, breach of implied or express contract, breach of fiduciary duty or wrongful discharge; (iii) any allegation for costs, fees, or other expenses including attorneys' fees incurred in, or with respect to, any Released Claims (as defined below); (iv) any claim, whether direct or derivative, arising from, or relating to, Executive's status as a holder of any shares or interests in any Released Party; (v) any and all rights, benefits or claims Executive may have under (x) any employment agreement, the CIC Agreement, incentive plan, bonus agreement, or award agreement, or otherwise with respect to any amount owed on or before the Signing Date or (y) any other agreement, plan or arrangement with, or sponsored or maintained by, any Released Party; and (vii) any claim for compensation or benefits of any kind through the Signing Date (collectively, the "***Released Claims***"). **THIS RELEASE INCLUDES MATTERS ATTRIBUTABLE TO THE SOLE OR PARTIAL NEGLIGENCE (WHETHER GROSS OR SIMPLE) OR OTHER FAULT, INCLUDING STRICT LIABILITY, OF ANY OF THE RELEASED PARTIES.**

(b) The foregoing release does not release or impair (i) any rights to vested benefits under an employee benefit plan of any Released Party that is subject to ERISA and that cannot be released pursuant to ERISA, (ii) any claims first arising after the Signing Date, or (iii) Executive's ability to file a claim for unemployment insurance or workers' compensation benefits. Further, *nothing in this Release prevents Executive from filing any non-legally waivable claim, including a challenge to the validity of this Agreement, with the Equal Employment Opportunity Commission, the Securities and Exchange Commission, or other federal, state or local governmental agency or commission (collectively "**Governmental Agencies**") or participating in (or cooperating with) any investigation or proceeding conducted by any Governmental Agency; however, Executive understands and agrees that, to the extent permitted by law, Executive is waiving any and all rights to recover any monetary or personal relief or recovery from the Released Parties as a result of such Governmental Agency proceeding or subsequent legal actions*. Nothing herein waives (and the Released Claims shall not include) Executive's right to receive an award for information provided to a Governmental Agency (including, for the avoidance of doubt, any monetary award or bounty from any governmental agency or regulatory or law enforcement authority in connection with any protected "whistleblower" activity), and nothing herein or in any other agreement between Executive and any Released Party shall prohibit or restrict Executive from (w) initiating communications directly with, cooperating with, providing information or making statements to, causing information to be provided to, or otherwise assisting in an investigation by, any Governmental Agency; (x) responding to any inquiry or legal process directed to Executive from any Governmental Agency; (y) testifying, participating or otherwise assisting in any action or proceeding by any Governmental Agency; or (z) making any disclosures that are protected under the whistleblower provisions of any applicable law. Nothing in this Agreement requires Executive to obtain prior authorization before engaging in any conduct described in the previous sentence or to notify any Released Party that Executive engaged in any such conduct.

(c) Except as provided in (b) above, Executive promises that Executive will not file, instigate or participate in any proceeding against any of the Released Parties relating to any of the Released Claims. In the event Executive breaches the covenant contained in this Section 3(c), Executive agrees to indemnify the Released Parties for all damages and expenses, including attorneys' fees, incurred by any Released Parties in defending, participating in or investigating any matter or proceeding covered by this Section 3.

4. **Executive Acknowledgments; Advice to Consult with Legal Counsel**. *This is an important legal document. Executive is advised to consult with legal counsel of Executive's choosing before signing this Release*.

(a) Executive acknowledges that Executive's entry into this Release is a condition to Executive's receipt of the consideration set forth in Section 2, and that, in the absence of timely executing and returning this Release and complying with its terms, Executive would not be entitled to receive such consideration (or any portion thereof).

(b) Executive further acknowledges that: (i) Executive has had sufficient time (and at least forty-five (45) days) since this Release was first provided to Executive to consider this Release before the execution and delivery hereof to the Company; and (ii) Executive has been advised, and hereby is advised in writing, to discuss this Release with an attorney of Executive's choice before signing this Release, and Executive has had adequate opportunity to do so. Executive further agrees that no changes to this Release after the time it was first provided to Executive, whether material or immaterial, will re-start the period for Executive to consider whether to enter into this Release.

(c) Executive has seven (7) days after signing this Release to revoke it (such seven-day period is referred to herein as the "***Release Revocation Period***"). This Release will not become effective or enforceable unless the Release Revocation Period has expired without Executive exercising Executive's revocation right. To be effective, such revocation must be in writing received by the Company, care of [NAME] at [ADDRESS AND/OR E-MAIL ADDRESS], so that it is received by [NAME] no later than 11:59 p.m. Houston, Texas time, on the last day of the Release Revocation Period. If an effective revocation is delivered in the foregoing manner and timeframe, then no consideration shall be provided to Executive pursuant to Section 2, and the release of claims set forth in Section 3. shall be of no force or effect, and this Release shall be null and void; provided, however, Section 1 shall remain in full force and effect.

(d) This Release and the releases and covenants contained herein shall be binding upon Executive, Executive's heirs, executors, administrators, assigns, agents, and anyone purporting to claim through or on behalf of Executive. This Release and the releases and covenants contained herein shall inure to the benefit of all Released Parties.

(e) Executive has been provided with, and attached to this Agreement is, a listing of: (i) the job titles and ages of all employees selected for participation in the exit incentive program or other employment termination program pursuant to which Executive is being offered this Release; (ii) the job titles and ages of all employees in the same job classification or organizational unit who were not selected for participation in the program; and (iii) information about the unit affected by the program, including any eligibility factors for such program and any time limits applicable to such program.

5. **Counterparts**. This Release may be executed in one or more counterparts (including portable document format (.pdf) and facsimile counterparts), each of which shall be deemed to be an original, but all of which together will constitute one and the same Release.

6. **Severability**. To the extent permitted by applicable law, the Company and Executive hereby agree that any term or provision of this Release that renders such term or provision or any other term or provision hereof invalid or unenforceable in any respect shall be severable and shall be modified or severed to the extent necessary to avoid rendering such term or provision invalid or unenforceable, and such modification or severance shall be accomplished in the manner that most nearly preserves the benefit of the parties' bargain hereunder.

7. **Headings; References; Interpretations**. Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes. The words “hereof,” “herein” and “hereunder” and other compounds of the word “here” shall refer to the entire Release and not to any particular provision hereof. The use herein of the word “including” following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation”, “but not limited to”, or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. The word “or” as used herein is not exclusive and is deemed to have the meaning “and/or.” All references herein to a law, agreement, instrument or other document shall be deemed to refer to such law, agreement, instrument or other document as amended, supplemented, modified and restated from time to time to the extent permitted by the provisions thereof. Neither this Release nor any uncertainty or ambiguity herein shall be construed against any party, whether under any rule of construction or otherwise. This Release has been reviewed by each of the parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Release with the intent to be legally bound.

[EXECUTIVE NAME]

__
[Executive Name]

__
Date

CSI COMPRESSCO LP

By:__
Name: __
Title:__

Exhibit B

[Severance Payment Election Form]

*****MUST BE COMPLETED AND RETURNED TO DEREK J. ANCHONDO, GENERAL COUNSEL, BY DECEMBER 18, 2023*****

CHANGE IN CONTROL SEVERANCE AGREEMENT
Severance Payment Election Form

Executive Last Name First Middle

This Severance Payment Election Form (the "***Election Form***") has been made this _____ day of December, 2023, between the Executive and the Company. All capitalized words shall have the meaning given to the same term under the Change in Control Severance Agreement dated December [•], 2023 (the "***Agreement***"). **Please fill out only Section A or Section B, as applicable**.

Section A: Waiver of Election

I do **not** wish to elect an alternative payment date pursuant to Section 2(b) of the Agreement. If applicable, I will receive my CIC Severance Payment and the Pro-Rata Bonus (together, the "***Severance Payments***") at the default time or times set forth in Section 2(b) of the Agreement.

Section B: Payment Date Election

I elect that my Severance Payments (if any) be paid to me according to the schedule noted below. I understand that I may check the box for as few as one (1), and as many as four (4), payment dates. If I choose more than one payment date, the amounts due will be split equally between the dates checked. Notwithstanding any elections made below, in no event shall any portion of the payments be made to me following December 31, 2025, therefore if any portion of the Severance Payments remain unpaid as of December 31, 2025, all remaining payments will be made to me in lump sum payment on December 31, 2025.

Sixty (60) days following my Date of Termination

Six (6) months following my Date of Termination

Twelve (12) months following my Date of Termination

Eighteen (18) months following my Date of Termination

I acknowledge that (i) certain events, as further described in the Agreement document, may supersede the payment election I have made pursuant to this Election Form, including my compliance with the Release Conditions and any restrictive covenants contained within the Agreement; and (ii) I have been furnished with, and have carefully read, the Agreement and have been given the opportunity to (a) ask questions of, and receive answers from, the Company concerning the terms and conditions of the Agreement and other related matters, and (b) obtain any additional information necessary to evaluate the merits and risks of executing this Election Form, including consulting with my own personal counsel or tax advisors. I further acknowledge that all payment elections pursuant to this Election Form and the Agreement are intended to comply with Section 409A of the Code, and will be interpreted and administered in accordance with Section 409A of the Code to the fullest extent permissible under law. This election shall become irrevocable following December 31, 2023. If any portion of this Election Form is found not to be compliant with Section 409A of the Code or is not executed properly, all Severance Payments will be made in accordance with the default payment provisions of Section 2(b) of the Agreement.

In Witness Whereof, the parties hereto have entered into this Election Form on the day and year written above.

Company Group Representative Signature Executive Signature

Name Date

Title

Date

EXHIBIT 21

CSI Compressco LP
List of Subsidiaries or Other Related Entities
December 31, 2023

Name	Jurisdiction
CSI Compressco LP	Delaware
CSI Compressco Sub Inc.	Delaware
CSI Compressco Finance Inc.	Delaware
CSI Compression Holdings, LLC	Delaware
Rotary Compressor Systems, Inc.	Delaware
Compressor Systems de Mexico, S. de RL de CV	Mexico
CSI Compressco Operating LLC	Delaware
CSI Compressco Holdings LLC	Delaware
CSI Compressco Field Services International LLC	Delaware
Compressco de Argentina SRL	Argentina
CSI Compressco International LLC	Delaware
CSI Compressco Leasing LLC	Delaware
Compressco Netherlands Cooperatief U.A.	Netherlands
Compressco Netherlands B.V.	Netherlands
Compressco Canada, Inc.	Canada
CSI Compressco Mexico Investment I LLC	Delaware
CSI Compressco Mexico Investment II LLC	Delaware
Providence Natural Gas, LLC	Oklahoma
Production Enhancement Mexico, S. de RL de C.V.	Mexico
Treating Holdco LLC	Delaware
Spartan Energy Services LLC	Delaware
Spartan International LLC	Delaware
Gas Services Manpower, LLC	Egyptian
Spartan Terminals Operating, Inc.	Delaware
Spartan Operating Company LLC	Delaware

Subsidiary Guarantors and Co-Issuer

Each of the following direct or indirect, wholly-owned subsidiaries of CSI Compressco LP, a Delaware limited partnership (the “Partnership”) is either (i) a co-issuer of or (ii) guarantees, jointly and severally, on a senior unsecured basis, the registered debt securities of the Partnership listed below:

Co-Issuer

1. CSI Compressco Finance Inc., a Delaware corporation

Subsidiary Guarantors

1. CSI Compressco Field Services International LLC
2. CSI Compressco Holdings LLC
3. CSI Compressco International LLC
4. CSI Compressco Leasing LLC
5. CSI Compressco Operating LLC
6. CSI Compressco Sub Inc.
7. CSI Compression Holdings LLC
8. Rotary Compressor Systems, Inc.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated March 1, 2024, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of CSI Compressco, LP, on Form 10-K for the year ended December 31, 2022. We consent to the incorporation by reference of said reports in the Registration Statements of CSI Compressco LP on Forms S-3 (File No. 333-228400 effective November 30, 2018, File No. 333- 256737, and File 333-261870) and on Forms S-8 (File No. 333-175007, File No. 333-228675, and File No. 333-262527).

/s/ GRANT THORNTON LLP

Houston, Texas
March 1, 2024

EXHIBIT 31.1

Certification Pursuant to
Rule 13a-14(a) or 15d-14(a) of the Exchange Act
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, John E. Jackson, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2023, of CSI Compressco LP;

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

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

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

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

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

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

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

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

   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: March 1, 2024

/s/John E. Jackson
John E. Jackson
Chief Executive Officer of CSI Compressco GP LLC,
General Partner of CSI Compressco LP
(Principal Executive Officer)

EXHIBIT 31.2

Certification Pursuant to
Rule 13a-14(a) or 15d-14(a) of the Exchange Act
As Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Jonathan W. Byers, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2023, of CSI Compressco LP;

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

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

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

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

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

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

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

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

   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: March 1, 2024

/s/Jonathan W. Byers
Jonathan W. Byers
Chief Financial Officer of CSI Compressco GP LLC,
General Partner of CSI Compressco LP
(Principal Financial Officer)

EXHIBIT 32.1

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

In connection with the Annual Report of CSI Compressco LP (the “Partnership”) on Form 10-K for the year ending December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John E. Jackson, Chief Executive Officer of CSI Compressco GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: March 1, 2024

/s/John E. Jackson
John E. Jackson
Chief Executive Officer of CSI Compressco GP LLC,
General Partner of CSI Compressco LP
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

In connection with the Annual Report of CSI Compressco LP (the “Partnership”) on Form 10-K for the year ending December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jonathan W. Byers, Chief Financial Officer of CSI Compressco GP LLC, the General Partner of the Partnership, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Dated: March 1, 2024

/s/Jonathan W. Byers
Jonathan W. Byers
Chief Financial Officer of CSI Compressco GP LLC,
General Partner of CSI Compressco LP
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.